


KANNAPOLIS

Annual Budget for Fiscal Year 2016-2017
City of Kannapolis, North Carolina

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CITY OF KANNAPOLIS, NORTH CAROLINA

MAYOR AND CITY OFFICIALS

Milton D. Hinnant
Mayor

Tom Kincaid
Mayor Pro-Tem

Dianne Berry
Council Member

Darrell Jackson
Council Member

Doug Wilson
Council Member

Roger Haas
Council Member

Ryan Dayvault
Council Member

City Officials

Michael B. Legg
City Manager

Bridgette L. Bell
City Clerk

Eric Davis
Finance Director

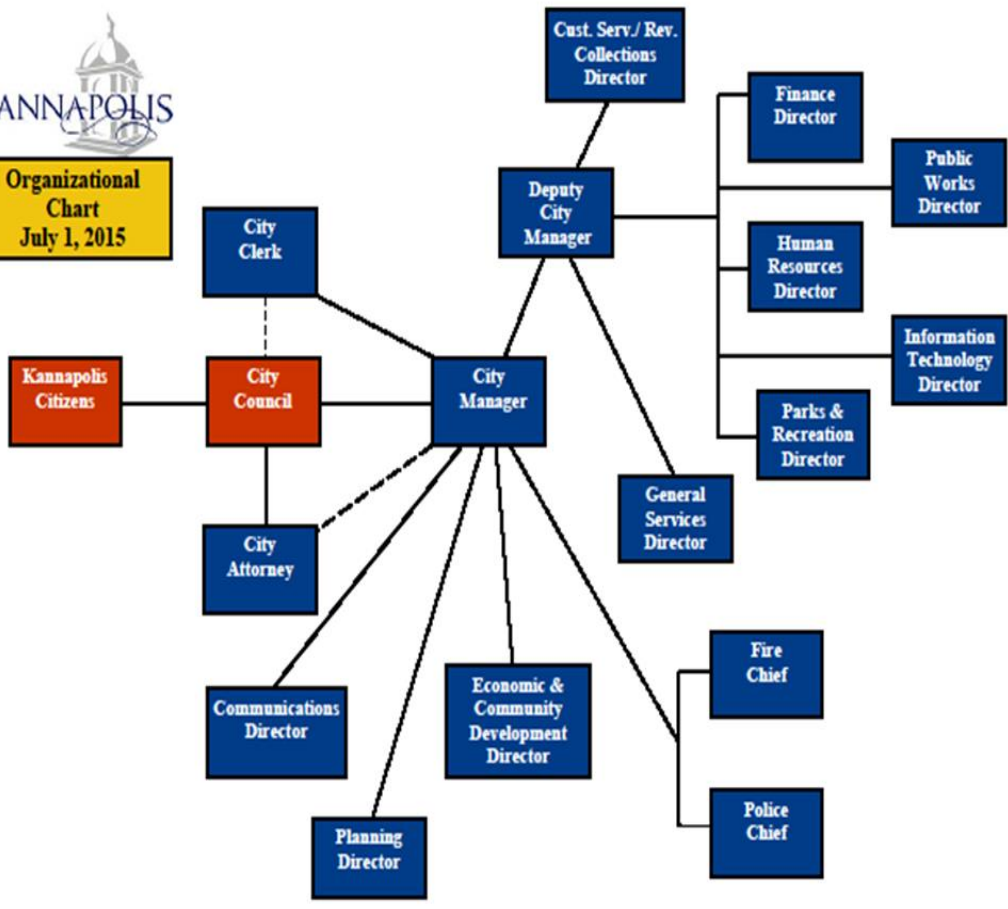
R. Edward Smith
Deputy City Manager

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

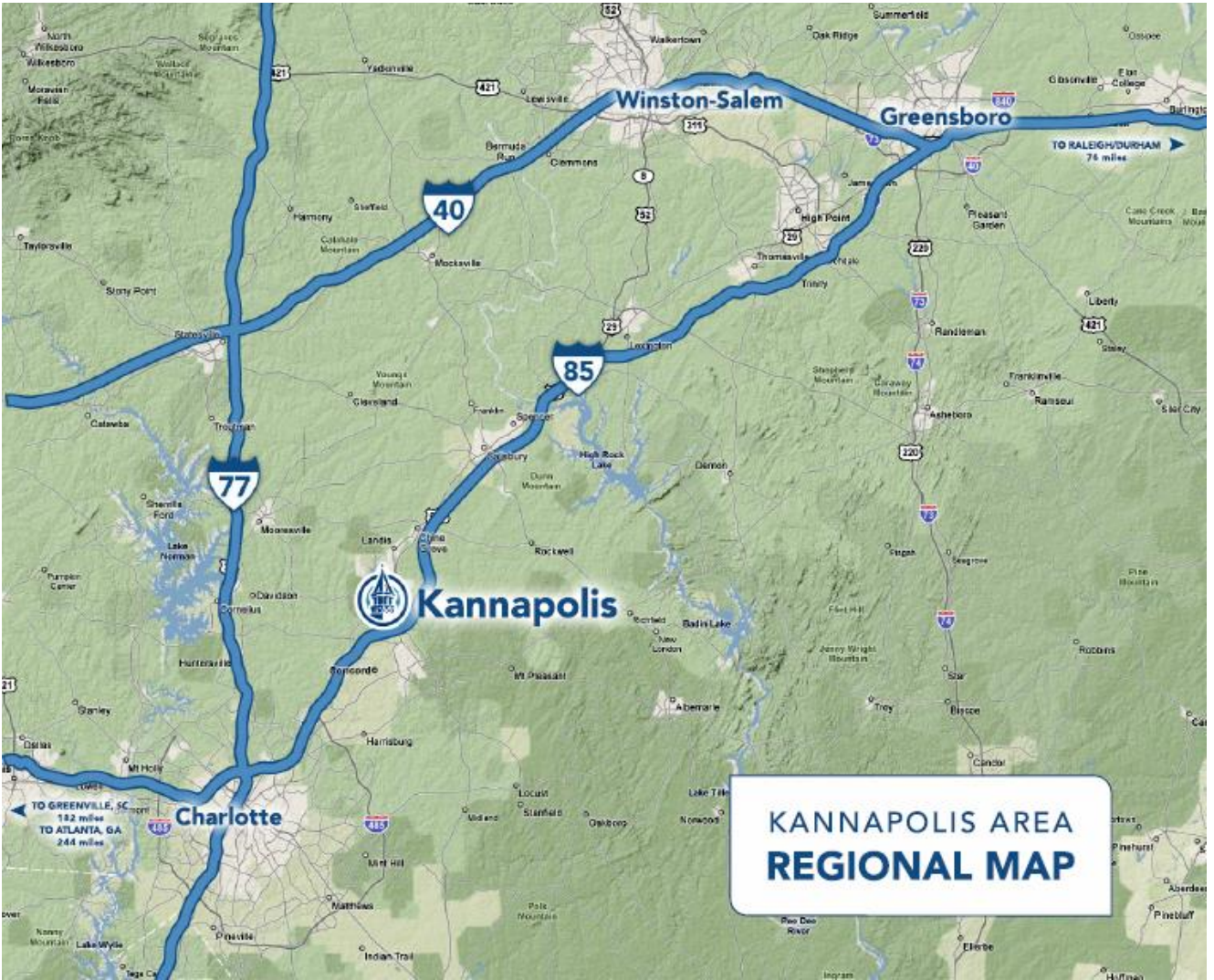
July 1, 2015

Executive Director

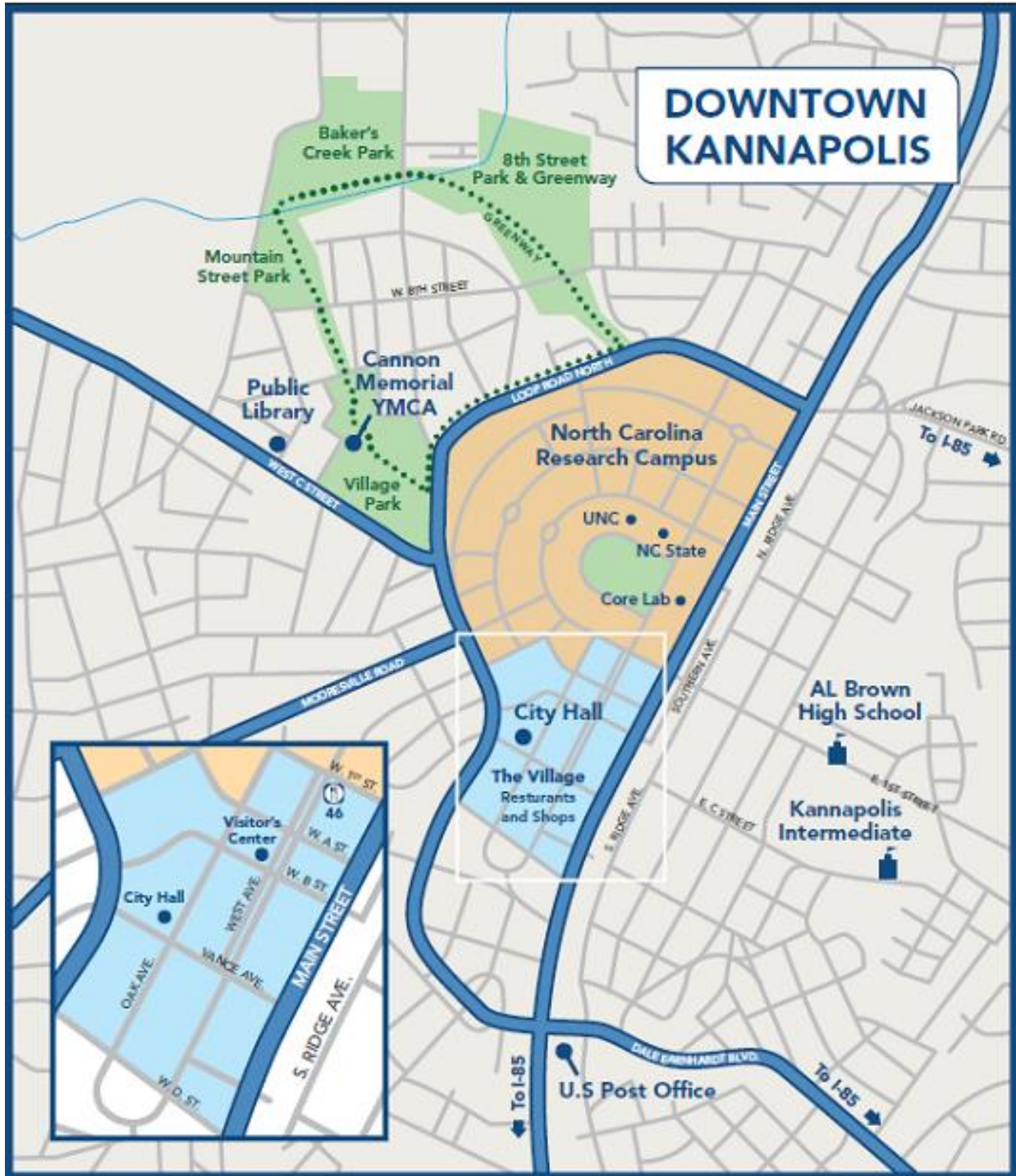
The Governmental Finance Officers Association of the United States and Canada (GFOA) presented an award for *Distinguished Budget Presentation* to the City of Kannapolis, North Carolina for its annual budget for the fiscal year beginning July 1, 2015. In order to receive this award, a governmental unit 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

| FY2012 | FY2013 | FY2014 | FY2015 | FY2016 |
|--------|--------|--------|--------|--------|
| 43,000 | 43,312 | 43,782 | 44,359 | 46,144 |

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 \$2,324,480 of the approximate \$23,404,948 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.

TRANSPORATION

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 2016 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

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Single-Family Residential Permits (Value in millions) | 356 \$42.8 | 405 \$38.7 | 368 \$27.5 | 92 \$7.8 | 183 \$15.8 | 65 \$7.8 | 130 \$16.0 | 434 \$43.9 | 291 \$51.3 |
| Commercial/ Industrial Building Permit (Value in millions) | 60 \$72.8 | 34 \$17.8 | 31 \$22.5 | 9 \$5.6 | 119 \$17.8 | 102 \$9.2 | 102 \$2.1 | 71 \$73.7 | 89 \$90.7 |
| Total Building Permit (Value in millions) | 416 \$115.6 | 439 \$56.5 | 399 \$50 | 101 \$13.4 | 302 \$33.6 | 167 \$17.0 | 232 \$18.1 | 505 \$117.6 | 380 \$142.0 |

Per Capita Personal Income in Cabarrus and Rowan County

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

Unemployment Rate in Cabarrus and Rowan County

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

*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 16 will see the commencement of the Albemarle Water Line. The city will begin purchasing 8 MGD through this new source; the City will no longer purchase water from the City of Salisbury after FY 17. 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 2017

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 \$40,000 for this purpose.

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

The annual budget includes \$35,000 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 \$27,000 for this purpose.

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

The annual budget includes \$6,500 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 17.

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 \$3,597,518 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 \$1,237,963 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 \$1,025,484 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 23, 2016

Subject: Recommended FY 2016-17 Budget

Dear Mayor Hinnant and Members of the Kannapolis City Council:

I am pleased to present to you the recommended Fiscal Year 2016-17 (FY 2017) Budget for the City of Kannapolis, North Carolina, which begins July 1, 2016 and ends June 30, 2017. 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 2017.

The total proposed FY 2017 Budget for the City of Kannapolis is **\$64,012,300**, a 7.5% increase (\$4,472,917 actual) from the FY 2016 Budget.

| RECENT BUDGET HISTORY | | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|-------------------------|
| FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 Proposed |
| \$45,381,754 | \$45,027,535 | \$49,821,781 | \$51,589,343 | \$53,046,396 | \$59,539,383 | \$64,012,300 |

Two major milestones in the City’s history were achieved in FY 2016: 1) the completion of the new City Hall and Police Headquarters building (including the Laureate Center), and 2) the aggressive move to purchase 50-acres and 700,000 square feet of space in Downtown Kannapolis. These two major investments have had tremendous impact on the FY 17 budget preparation. The downtown effort will continue to have influence over many future budgets.

As always, Staff and City Council will need to continue to balance economic development efforts with the ongoing basic operational needs of the City to keep our services to our community at the highest level possible. The theme

of the FY 16 Budget was improving operational effectiveness. Key efforts to that end in FY 16 were: the construction of the new City Hall and PD HQ, the establishment of General Services and in-house Planning departments; and investment in employees through the implementation of the salary and staffing studies.

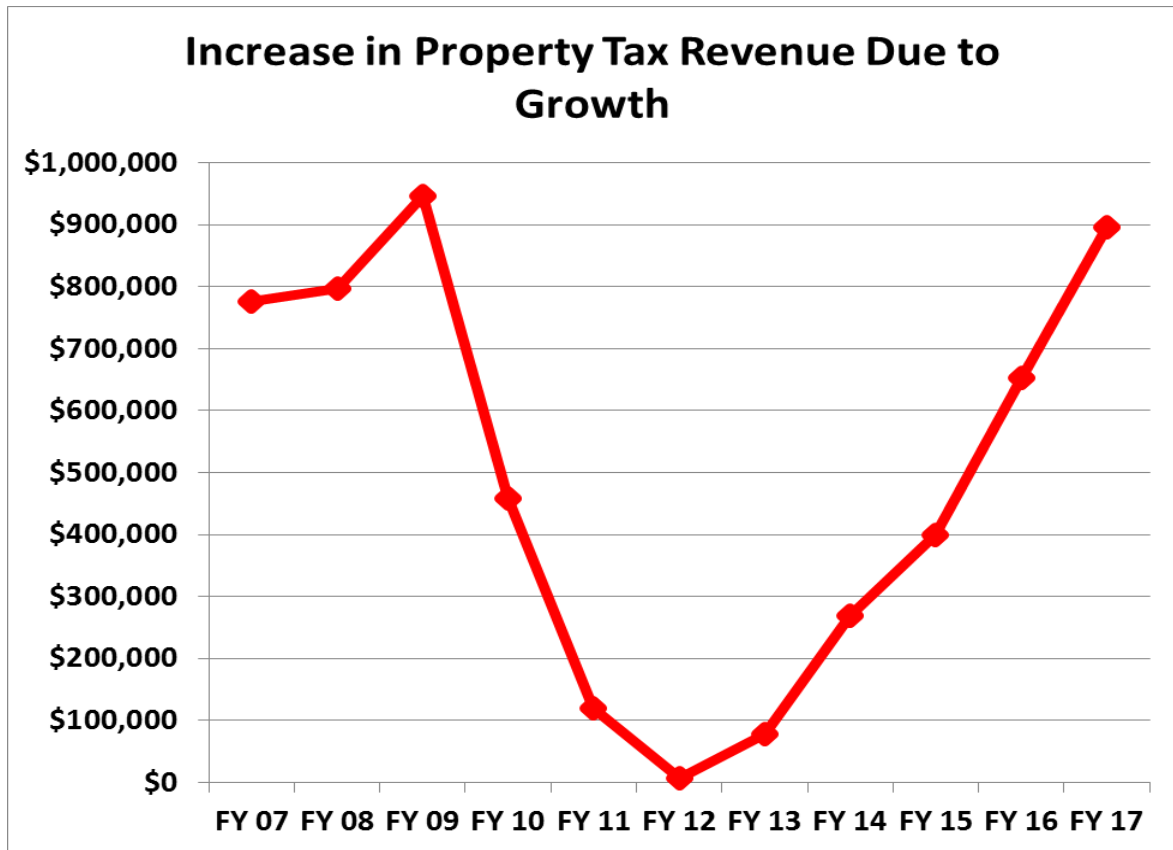
The theme of the FY 17 Budget has three main components:

- *Continued aggressive efforts to revitalize and redevelop Downtown Kannapolis.* The demonstration project (including a \$6 million investment was committed to in FY 16 and will impact the FY 18 budget). City Council is committed to exploring options for a Downtown Sports and Entertainment Venue which is well underway. Additionally, City Council has committed to hiring a commercial leasing agent and has also directed the design work to begin on Phase I of the Downtown Infrastructure project (including a new streetscape plan). As the Downtown Master Redevelopment Plan is adopted in early FY 17 and implementation begins, additional investment priorities will emerge. To help fund these priorities \$32 million is programmed in the Capital Improvements Plan for economic development investments over the next 4 years; most of it will be in Downtown Kannapolis.
- *A focus on implementing the Capital Improvement Plan.* Included in this budget are two major utility lines in western Cabarrus County, replacement/renovations of two fire stations, a park expansion and construction of a new greenway. More than \$15 million in capital investment is included in the FY 17 Budget.
- *Continued efforts to improve overall City services.* The hiring of 10 new employees will continue to improve service and citizen responsiveness. More than \$1 million is included in operating capital to help our employees perform their jobs more efficiently and effectively. FY 17 will also include a renewed emphasis on customer service and community outreach.

There are a number of factors contributing to the increase in the FY 2017 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 2017 Budget:

1. Per the City's 10-year Financial Plan, the proposed FY 17 Budget includes no Property Tax increase, no Water and Sewer Rate increases and no Stormwater Fee increases. Due to previous rate increases per the Financial Plan, the Stormwater Fund is now completely self-sustaining (no subsidies from other funds). 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 16 rate.
2. Property taxes due solely to the Cabarrus County revaluation resulted in an additional \$402,303 in revenue. This growth in overall property value is approximately \$63.9 million. This is lower than originally projected in the Financial Plan. The ad valorem (property tax) revenue neutral tax rate for Kannapolis for FY 2017 is 61.94 cents per \$100 of value (about 1 cent below the current and proposed rate).
3. Property tax revenues due solely to new private investment are \$895,553 (up about \$250,000 from FY 2016). This organic growth in the city was approximately \$142 million over the past year. This is the highest private sector development impact since FY 2009. This change is depicted in the graph below.



4. Sales tax revenue is projected to increase substantially (12.5% increase of \$863,900 from FY 16). This is compared to \$470,000 in growth in FY 16 from FY 15. This increase is due to the economic growth, as well as changes in the State's sales tax collection structure.
5. Franchise taxes on private utilities will increase a projected 35.9% (\$700,000) from FY 16. This is compared to (5% and \$100,000 in growth in FY16 from FY 15). Tax policy changes on the State level has resulted in substantial increases in Franchise tax receipts. The increase in this line item, coupled with the sales tax increases have more than made up for the revenue shortfall experienced in the property tax receipts from the revaluation.
6. Water and Sewer revenues are projected to increase by 3.59% (\$562,500). This increase is about \$200,000 less than the increase in FY 16 from FY 15 but is still very healthy growth.
7. Per the City's 10-year Financial Plan, an increase in the Environmental User Fee of \$2.50 per account per month is incorporated into the budget for FY 2017. The fee will go from \$9.35 to \$11.85. Similar increases are planned in the future *every other year* until the Environmental Fund is completely self-sustaining (without required transfers from other operating funds).
8. The proposed FY 17 Budget includes more than \$15 million in new capital investment in accordance with the Capital Improvement Plan. The major projects include:

| Capital Improvement Program Project | Total Cost | Budget Impact |
|--|-------------------|----------------------|
| Fire Station #2 Replacement | \$ 3,885,000 | \$ 349,650 |
| Irish Buffalo Creek Greenway Phase 1* | \$ 2,670,000 | \$ 73,840 |
| Shiloh Church Road Sewer Extension | \$ 2,500,000 | \$ 225,000 |
| Village Park Phase 3 | \$ 1,600,000 | \$ 121,500 |
| Charlotte-Mecklenburg Water Extension | \$ 1,500,000 | \$ 135,000 |
| Ladder Truck in the Fire Dept. | \$ 1,300,000 | \$ 185,250 |
| Fire Station #3 Remodeling | \$ 1,200,000 | \$ 156,000 |

*This is the total cost for the greenway including DOT funds. The City's portion is \$534,000.

9. The proposed FY 17 budget includes 10 new full-time positions (in line with the 2015 Staffing Study):

- Two (2) Patrol Officers in the Police Dept.
- One (1) Maintenance Technician in the Parks & Recreation Dept.
- One (1) Building Engineer in the General Services Dept.
- Three (3) Firefighters in the Fire Dept.
- Three (3) Street Maintenance Workers in the Stormwater Dept.

10. The FY 17 Budget continues with significant investment in economic development. Included is nearly \$1 million of direct, personnel and operating investments to advance economic growth and job creation city-wide as well as more than \$2 million for the downtown initiatives.

11. The proposed budget includes no increase in medical insurance premiums for the *fifth consecutive year*. This can, in part, be attributed to the City's successful wellness program, the City becoming self-insured program and an overall trend in fewer claim numbers and lower claim amounts.

The FY 2017 Budget continues to be developed on the solid foundation of multi-year planning efforts that City Council spent much of the past three years developing. Emerging from those long range planning exercises were several substantial conclusions upon which the annual budgeting process has been constructed over the past several years. Based on these FY 2012-13 Planning efforts, the following **Core Values and Overarching Goals** have been established.

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.

From these planning exercises several clear objectives emerged which served as a foundation for the past several fiscal year budgets and will serve (with the exception of the first objective) several future budgets going forward. The three primary objectives are:

1. **Construct a City Hall and Police Headquarters.** This objective was completed in FY 16. The facility has far exceeded expectations of more efficient government operations, public support and economic growth and prosperity. This is still included as a key objective because its opening has influenced many of the components of this year's budget.
2. **Aggressively facilitate economic growth development.** In response to this objective, City Council adopted a multi-year Economic Development Plan of which the following broad goals have been identified as priorities. These goals are the foundation for the economic development strategies included in the Plan. They 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. The investment in Downtown Kannapolis is absolutely in keeping with the larger goals of this Plan. However the purchase and active redevelopment effort has resulted in an almost exclusive focus on this one area of the Economic Development Plan. Frank discussions about this Plan and the prioritization of resources to implement it needs to occur in FY 17.

3. **Implement sound financial management to guide the City's decisions.** In response to this objective City Council has adopted a new 10-year Financial Plan and a new set of financial policies. The FY 2017 Budget is the third year of full implementation of this Financial Plan. This Plan includes a clear path that will accomplish the following if it is faithfully implemented over the next decade. 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 2013 budget and this continues in FY 2017.*
- 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 2017 Budget.*
- c. Reliance more on user fees than taxes to implement the Financial Plan. *The increase in the Environmental Fee increase is included in the FY 2017 Budget.*

Capital Improvement.

- a. City Council will adopt a Capital Improvement Plan. *This has been completed and revised. 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.*

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 both approaches in the FY 2017 Budget. Nearly \$2 million is included as cash outlay for operating capital needs (generally items less than \$200,000). About \$1.4 million in new debt service is included to fund approximately \$15.6 million in major capital improvement projects.*
- b. City's Net Debt (tax supported) would be 2% 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 1.67% of the assessed value (1.36 if the downtown debt is removed). It is likely that this number will remain steady and decrease over time as more debt comes off line. State law permits up to 8%.*
- c. Debt service expenditures will not exceed 15% of total fund expenditures. *The City is in compliance with this provision.*
- 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 2017 Budget.*
- b. Establishes General Fund - Fund Balance range of 25% to 33% (13 -17 weeks operating expenses). *The percentage is projected to be 30% in the FY 2017 Budget (up from 24% in FY 2012). 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 will take several years to achieve but staff continues to make progress on this objective.*

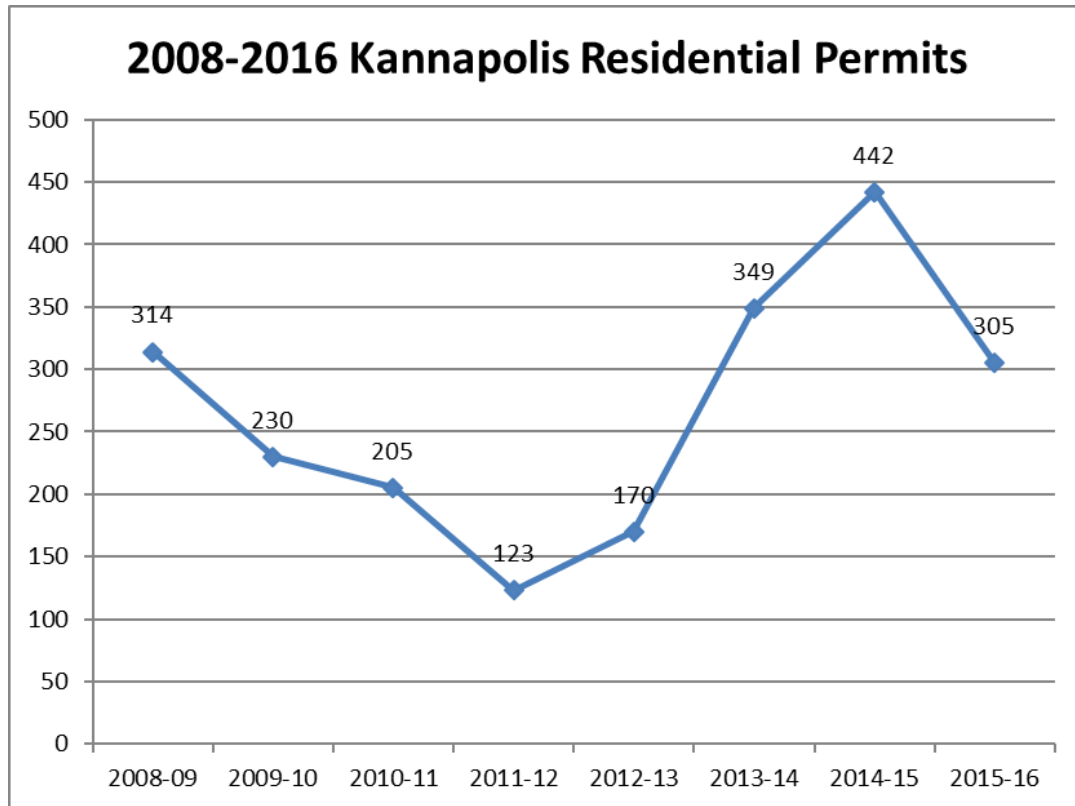
Investment Management. Establishes approved investment instruments. *This is occurring.*

Looking Ahead – FY 2017 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). 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 as depicted in the graph on the following page. The one year decrease is not indicative of any concerning trend. Permitting is unpredictable and is all about timing.

There is strong evidence that this positive development trend will continue in FY 2017 and well beyond. The fact that the City is expected to experience the largest jump in private investment since 2009 is further evidence of a positive growth trend. The Downtown revitalization efforts will play a much large role in the City's growth over the coming years.



In support of a growing economy and a growing municipality, there are a number of City investments planned in the next four 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 following is a list of CIP projects for the next four years.

FY 2018-FY 2021 CIP Projects (some subject to change)

- Downtown Infrastructure Replacement Phase I and II
- Royal Oaks Waterline Replacement Phase I, II and III
- Three (3) Economic Development Investments (\$7 million to be defined)
- Rocky River Greenway
- Westside Park Phase I

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

Closing Thoughts

This proposed FY 2017 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 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 fortunate to work with a dedicated group of employees that strive only 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, our Finance Director Eric Davis was the lead budget manager for the second year and he did a terrific job. Budget Analyst Jason May also played a critical role in the preparation of the documents and the numbers behind them. 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 appreciative of 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. However, without these plans in place I am convinced we would not have been able to construct a new City Hall/Police Headquarters building. Without these plans the purchase of our downtown would have been almost impossible to have achieved. It is clear that City Council sees the vision of what can be

accomplished for our community if given a sufficient level of resources. 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 2016-17 Budget to the City Council for its thoughtful consideration.

Sincerely,

Mike Legg
City Manager

**ORDINANCE ADOPTING A BUDGET FOR THE
CITY OF KANNAPOLIS, NORTH CAROLINA FOR THE
FISCAL YEAR BEGINNING JULY 1, 2016 AND ENDING JUNE 30, 2017**

BE IT ORDAINED by the City Council of the City of Kannapolis, North Carolina, meeting in open session this 27th day of June, 2016, 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, 2016 and ending June 30, 2017:

| | |
|---------------------------|-----------------------------|
| Ad Valorem taxes | \$ 24,158,300 |
| Sales taxes | 7,763,900 |
| Intergovernmental | 6,326,400 |
| Miscellaneous | 3,352,200 |
| Appropriated Fund Balance | <u>0</u> |
| TOTAL | <u>\$ 41,600,800</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, 2016 and ending June 30, 2017:

| | |
|----------------------|----------------------------|
| Charges for Services | \$15,058,000 |
| Other Revenues | 1,180,000 |
| TOTAL | <u>\$16,238,000</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, 2016 and ending June 30, 2017:

| | |
|------------------|----------------------------|
| Storm Water Fees | \$ 2,340,000 |
| Miscellaneous | <u>0</u> |
| TOTAL | <u>\$ 2,340,000</u> |

SECTION IV – ENVIRONMENTAL FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2016 and ending June 30, 2017:

| | |
|---------------------------|----------------------------|
| User Fees | \$ 2,393,000 |
| Transfer from Other Funds | 1,364,700 |
| Solid Waste Disposal Tax | <u>30,000</u> |
| TOTAL | <u>\$ 3,787,700</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, 2016 and ending June 30, 2017:

| | |
|-----------------------------|--------------------------|
| Motor Vehicle Privilege Tax | \$ 190,000 |
| Transfer from General Fund | <u>245,300</u> |
| TOTAL | <u>\$ 435,300</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, 2016 and ending June 30, 2017:

| | |
|----------------------------|--------------------------|
| Transfer from General Fund | \$ 445,000 |
| TOTAL | <u>\$ 445,000</u> |

SECTION VII – DOWNTOWN FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2016 and ending June 30, 2017:

| | |
|----------------------------|---------------------------|
| Property Leases | \$ 750,000 |
| Transfer from General Fund | \$1,341,200 |
| Miscellaneous | \$ 105,800 |
| TOTAL | <u>\$2,197,000</u> |

SECTION VIII - GENERAL FUND: A total of \$41,600,800 is hereby authorized to be expended from the departmental accounts of the General Fund as follows:

| | |
|---------------------------------|----------------------------|
| General Government | \$ 5,714,074 |
| Community Development | 756,321 |
| Police | 8,718,426 |
| Fire | 7,159,029 |
| Parks and Recreation | 1,947,810 |
| Public Works, incl. Powell Bill | 4,715,317 |
| Other | 4,368,723 |
| Contingency | 206,000 |
| Debt Service | <u>8,015,100</u> |
| TOTAL | <u>\$41,600,800</u> |

SECTION IX - WATER AND SEWER FUND: A total of \$16,238,000 is hereby authorized to be expended from the Water and Sewer Fund as follows:

| | |
|---|----------------------------|
| General Management Services Fee | \$1,539,416 |
| Billing and Collections – Water and Sewer | 836,495 |
| Distribution - Water and Sewer | 2,935,425 |
| WSACC – Sewage Treatment | 2,921,500 |
| Water Treatment Plant | 2,938,688 |
| Transfer to Other Funds | 364,700 |
| Debt Service | <u>4,701,776</u> |
| TOTAL | <u>\$16,238,000</u> |

SECTION X – STORM WATER FUND: A total of \$2,340,000 is hereby authorized to be expended from the Storm Water Fund as follows:

| | |
|---------------------------------|----------------------------|
| Personnel | \$ 770,343 |
| Operations | 534,548 |
| Debt Service | 682,325 |
| General Management Services Fee | <u>241,784</u> |
| TOTAL | <u>\$ 2,340,000</u> |

SECTION XI – ENVIRONMENTAL FUND: A total of \$3,787,700 is hereby authorized to be expended from the Environmental Fund as follows:

| | |
|----------------------------------|----------------------------|
| Recycling Collection | \$ 544,000 |
| Household Solid Waste Collection | \$ 2,340,100 |
| Yard Waste Collection | 903,600 |
| Debt Service | <u>0</u> |
| TOTAL | <u>\$ 3,787,700</u> |

SECTION XII – PUBLIC TRANSIT SYSTEM FUND: A total of \$435,300 is hereby authorized to be expended from the Public Transit System Fund as follows:

| | |
|---------------------|--------------------------|
| Contracted Services | \$ <u>435,300</u> |
| TOTAL | <u>\$ 435,300</u> |

SECTION XIII - SEPARATION PAY FUND: A total of \$445,000 is hereby authorized to be expended from the Separation Pay Fund as follows:

| | |
|-------------------------|--------------------------|
| Salaries-Separation Pay | \$ <u>445,000</u> |
| TOTAL | <u>\$ 445,000</u> |

SECTION XIV - DOWNTOWN FUND: A total of \$2,197,000 is hereby authorized to be expended from the Downtown Fund as follows:

| | |
|--------------|---------------------------|
| Operations | \$ 955,800 |
| Debt Service | \$1,241,200 |
| TOTAL | <u>\$2,197,000</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 \$3,859,718,981 and an estimated 97.5 percent collection rate, which was at least the collection rate experienced during the 2014-2015 fiscal year. Allocation of the 2016-2017 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 329 Full Time positions for fiscal year 2017.

This Ordinance is approved and adopted this 27th day of June, 2016.


Milton D. Hinnant, Mayor

ATTEST:


Bridgette Bell, MMC, NCCMC
City Clerk



City Manager's
FY 2017 Budget Summary

May 23, 2016

1 | General Fund

For more information please see page 1 of the FY 2017 Preliminary Budget document.

The recommended FY 2017 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 2016 budget. Public Safety (Police and Fire) expenditures account for 38% of all General Fund expenditures.

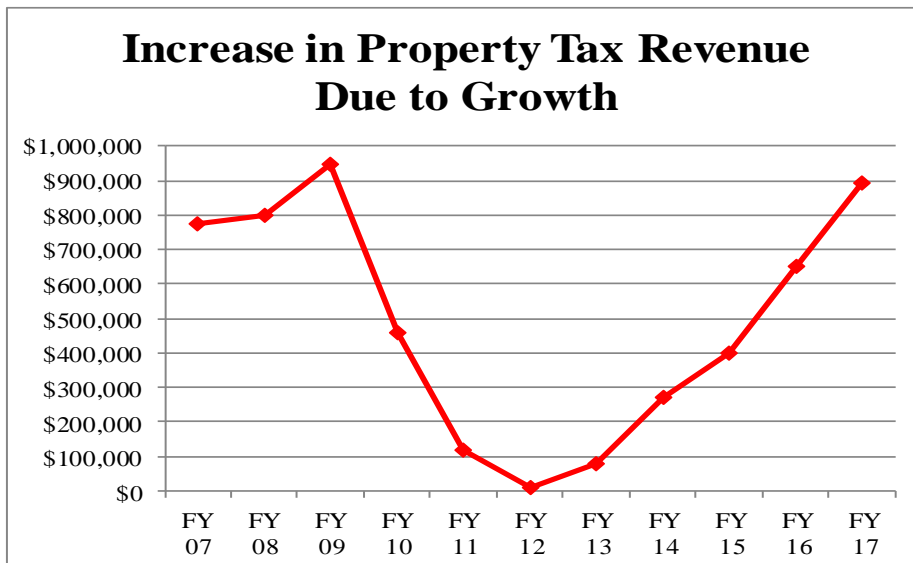
General Fund Revenues

Property taxes and sales taxes continue to be the predominant revenue streams in the FY 2017 General Fund Budget (58.1% and 18.6%, 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. Based on the 10-year Financial Plan, there are property tax rate increases planned for the next several years.

The proposed FY 2017 General Fund Budget is **\$41,600,800**, which represents an 8.35% increase from the FY 2016 Budget (\$3,205,787 actual). The total ad valorem (property) tax revenue projected for FY 2017 is \$24,158,300 based upon an estimated tax base of \$3.9 billion (approximately \$200 million more than FY 16) and a collection rate of 97.5%. Property tax revenues are projected to rise by 6.41% or \$1,455,500 in FY 17. Each penny on the tax rate is now equal to approximately \$383,465 (up from \$354,410 in FY 16).

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

1. Approximately \$895,553 is the projected increase in *ad valorem tax revenue due to natural growth* in the tax base (private sector investment). This represents about \$250,000 more than that the increase from FY 15 to FY 16. This is the largest projected amount of natural growth since 2009 (approximately \$946,000). This organic growth in the city was approximately \$142 million over the past year (36 million more than the increase from FY 15 to FY 16). The historical increases in property tax revenues are shown on the graph on the following page. The City and the region are rebounding strongly from the economic downturn. There are no indications that this growth is slowing in any way.



2. Approximately \$402,303 is from an increase in property taxes due to the Cabarrus County property revaluation. This growth in revenue attributable solely to rising in property values is approximately \$63.9 million. Fiscal Year 2017 will incorporate the revaluation of properties in Cabarrus County in Calendar Year 2016. The City's 10-year Financial Plan assumed an eight percent increase in the overall tax base. While organic growth was healthy, it is important to note that the values of property within Cabarrus County did not increase as much as was forecasted in the Plan. The difference in tax base between projected and actual is \$86,287,819. This translates into a revenue shortfall of \$530,022 annually. At current values, this equates to 1.41 cents on the property tax rate. Fortunately other revenues have more than made up for this projected shortfall but this change will need to be monitored going forward. Assuming this year's revenue picture is duplicated in coming years, the Financial Plan will not be altered in a significant way.
3. \$863,900 projected increase in *local option sales tax revenue*. This represents a 12.5% increase from FY 2016. This is a significantly larger increase than the FY 2015 change from FY 2014 (5.4%) and the FY 16 change from FY 15 (7.3% or \$470,000). This increase is due to robust economic growth, as well as changes in the State's sales tax collection structure.
4. \$700,000 projected increase in *franchise taxes on private utilities* (35.9% increase from FY 16). This is compared to 5% (\$100,000 actual) growth in FY16 from FY 15). Tax policy changes on the State level, coupled with natural growth has resulted in substantial increases. Additional tax policy changes took effect on January 1, 2016, which should generate even further growth in this revenue stream going forward.
5. Smaller increases in General Fund revenues include: building rental revenues (\$97,000), Park fees (\$95,000 largely from the opening of the Carousel at Village Park around December 2016);
6. The only significant reduction in General Fund Revenues is due to the change in fund balance appropriation from \$250,000 to \$0.

General Fund Expenditures – Personnel

The General Fund includes several recommended new full time personnel, generally in-line with the recommendations from last year's completed Staffing Study. The proposed FY 2017 budget includes ten (10) new full-time positions, seven (7) of which are in the General Fund:

- Two (2) Patrol Officers in the Police Dept.
- One (1) Maintenance Technician in Parks & Recreation.
- One (1) Building Engineer in General Services.
- Three (3) Firefighters in the Fire Dept.

The budget impact of these seven positions is \$232,455 excluding two patrol vehicles (\$88,000 total cost) and normal gear, uniform and equipment costs.

Additionally, two positions are being transferred to other departments. First, an Administrative Assistant position will be transferred from the City Manager's Department to General Services to focus on managing the City's new rental spaces. Second, the Environmental Educator position in Public Works is being transferred to the Water and Sewer Fund but will be managed by the Communication's Director in an effort to streamline and better coordinate

public information and education in all departments. Environmental education, especially related to stormwater and water conservation will continue to be a key point of emphasis for the position.

Several positions which would have been included in the FY 17 recommended budget were added by City Council during FY 16. These included two (2) additional patrol officers (to the three that were already in the FY 16 Budget), three (3) street maintenance workers and the conversion of a part-time administrative support position to full time in the Fire Department. This action also added two (2) Water Treatment Plant Operators in the Water and Sewer Fund.

For a variety of reasons, three positions included in the Staffing Study are *not* included in the FY 17 recommended budget. These include a Logistics Officer in the Fire Department, a part-time Accreditation Officer and a GIS (computer mapping) Technician in the Public Works Dept.

Many employee salaries were adjusted via the Compensation Study recommendations in FY 16. The normal pay for performance plan has been restored for FY 17.

To assist with staffing needs in many of the City's departments, the Human Resources Department is pursuing two programs administered through the Career and Education Training services of the Salisbury Rowan Community Action Agency. These two programs are for older young adults. The following is a description of both programs:

- Through the internship program, participants are placed in short term positions and can work up to 35 hours each week. The employment opportunity is part of the career readiness program and helps the participant develop positive work experience and job references. The program is fully funded by federal funds through the SRCAA.
- The on the job training program is intended to provide more long term employment for individuals who have no real work experience or specific job skills. Participants placed with the City through this program are expected to continue into full time employment status with the City following the completion of their training. While they are completing their training, their hourly rate is offset through \$5 per hour reimbursement through the SRCAA. This program is best suited for entry level jobs that are in the City's staffing study (Parks and Recreation and General Services mostly, but possibly a few other departments).

The City Manager and Police Chief also continue to explore the establishment of a Police Officer Volunteer and/or Reserve program in future budgets. The Fire Department already has a strong Reserve program. While there would be a cost to this kind of effort it may be an economical way to quickly add more capacity to the Police Department.

General Fund Expenditures – Capital

Funding is included in the recommended FY 17 General Fund Budget for several capital projects. These projects are all programmed for this budget year in the Capital Improvement Plan (CIP). These projects total \$10.6 million with a budget impact of \$1.4 million. All of these projects (except the last three on the list) will be financed.

| Capital Improvement Program Project | Total Cost | Budget Impact |
|--|----------------------|----------------------|
| Fire Station #2 Replacement | \$ 3,885,000 | \$ 349,650 |
| Irish Buffalo Creek Greenway Phase 1* | \$ 2,670,000 | \$ 73,840 |
| Village Park Phase 3 | \$ 1,600,000 | \$ 121,500 |
| Fire Dept.: Ladder Truck | \$ 1,300,000 | \$ 185,250 |
| Fire Station #3 Remodeling | \$ 1,200,000 | \$ 156,000 |
| I-85 Gateway Monument signs | \$ 500,000 | \$ 65,000 |
| Public Works: Replace Dump Truck (S-5) | \$ 168,000 | \$ 168,000 |
| Purchase E-911 ProQA Dispatch Software | \$ 140,000 | \$ 140,000 |
| I-3802B Sidewalk (I-85 project) | \$ 122,000 | \$ 122,000 |
| Totals | \$ 10,615,000 | \$ 1,381,240 |

*This is the total cost for the greenway including DOT funds. The City’s portion is \$534,000.

Several other smaller operating capital items and projects are included in the recommended FY 17 General Fund Budget (not included in the CIP). These projects total \$227,200 and will all be paid for with cash.

| Operating Capital Project | Budget Impact |
|--|----------------------|
| Fire Dept.: Quantar VHF Base radio for paging firefighters | \$ 34,000 |
| Mill & Repave Fire Station #1 Parking Lot | \$ 86,500 |
| Repave Station #4 Parking Lot | \$ 24,500 |
| Repair & Seal Station #5 Parking Lot | \$ 17,100 |
| Fire Dept.: FEMA Grant Match for Training Computers | \$ 7,300 |
| Streets: Street Maintenance Trailer | \$ 20,500 |
| Parks & Rec. Dept.: Replace 2004 Reel Mower | \$ 29,000 |
| Parks & Rec. Dept.: Purchase Seeder Sprayer | \$ 8,300 |
| Totals | \$ 227,200 |

Finally, there are a number of vehicle purchases (mostly replacements) included in the recommended FY 17 General Fund Budget. These vehicles total \$747,450 and will be paid for with cash.

| Vehicle Description | Budget Impact |
|---|----------------------|
| General Services Dept.: One truck to replace GS-3 (brought over from Parks) | \$ 25,000 |
| Police Dept.: 11 police cruisers & 1 Explorer for patrol (10 replacements – 2 new officers =12) | \$ 530,500 |

| | |
|---|-------------------|
| Fire Dept.: SUV to replace F409 (2006 Crown Vic) | \$ 35,000 |
| Public Works Dept.: SUV to replace PW-2; 1997 Chevy Blazer | \$ 25,000 |
| Streets Dept.: Replace S-26 Dump Truck | \$ 66,950 |
| Streets Dept.: Replace S-1 1997 Ford F-150 | \$ 40,000 |
| Parks & Rec. Dept.: One pick-up truck to replace an old police cruiser at Bakers Creek Park | \$ 25,000 |
| Totals | \$ 747,450 |

General Fund Expenditures – Operating

The following are operating expenditure highlights in the General Fund. This list is a mix of: 1) recurring expenditures of note, 2) new expenditures, 3) increased expenditures, and 4) substantially decreased expenditures.

| | |
|------------------------|---|
| \$9,100 Increase | <i>Membership dues changes.</i> A few membership dues have increased: NC League of Municipalities (\$600), Cabarrus/South Rowan MPO (\$300) NC School of Government (\$200), Metro Mayor’s Coalition (\$109), and the Cabarrus Arts Council (\$100). In addition, \$8,000 in new funding is included to support the Cabarrus Health Alliance’s Zika Virus awareness program. |
| \$4,096 Increase | <i>Increase in City Council Compensation.</i> The acquisition of the Downtown properties, the complexities and time commitment of the job in our community is virtually unparalleled for a City our size. The City Manager believes this 5% base pay adjustment is warranted |
| (\$85,000) Decrease | <i>Economic Development Recruitment Initiatives</i> have been reduced by \$85,000 from previous year, which was merely a placeholder for new programs that may have emerged during the year. Those funds were not spent. Certainly if larger economic development opportunities arise, contingency funds or fund balance appropriations can be considered. The following programs are included: <ul style="list-style-type: none"> • \$20,000 in Small Business Facade Grants. • \$20,000 in Corridor Improvements (historically for Cannon Blvd). These funds could be redirected as other potential initiatives emerge in FY 17. • \$40,000 Strategic Initiatives. The use of these funds is to be determined. They could be used to fund consultant/part-time recruiter or other economic development efforts). • \$5,000 to the Cabarrus EDC for a “Fam (Familiarity) Tour” which is an event hosting site selection professionals & economic developers from across the country to learn about what land is available in Cabarrus County and Kannapolis. This is the City’s portion of an overall event costs. |
| \$38,950 Increase | <i>Community Support.</i> Funding (\$64,900 total) in this line item has been increased to widen support for community groups not eligible for CDBG funding. These funds can provide financial support for the use of City rental facilities (thus maintaining the integrity of the pricing structure). About \$30,000 was included in FY 16 for the following purposes (of which will generally need to apply through a competitive process in early FY 17): 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. |
| (\$86,250) Decrease | <i>Communications.</i> The communications budget has been decreased substantially because most of the excess funding was a carry-over from FY 15 when most of this effort was funding consultant services. The FY 17 budget is “rightsizing” of the in-house effort. The \$159,500 in funding support the following activities: Run Kannapolis initiative and other Healthy Living Initiatives; marketing for new rental spaces; Kannapolis Matters publications; Special Event Mailings; Wayfinding Signs; Economic Development Marketing and one Citizen Academy. |
| (\$29,000) Decrease (all departments collectively) | <i>Centralizing all Pre-employment Expenses.</i> This involves moving funding for background checks, drug tests, etc. from all departments into one location in Human Resources. Taking advantage of economies of scale allows the City to reduce the budgeted amount by \$29,000. |
| \$22,500 Increase | <i>Tax Collection.</i> This increase is primarily due to State’s tax and tag fee implementation which is budgeted for full implementation in FY 17. |
| \$52,630 Increase | <i>Network Administration.</i> Includes funding personnel for the Information Technology Department at \$433,000 through the City’s contract with Technologies Edge. The increase is due to increased daily demands from all departments, and to support special events and meetings in the Laureate Center and other rental facilities downtown. Historically, the I.T. department would have to allocate individuals to specific departments due to operations being located in more than a dozen different buildings. Now that operations are mainly concentrated into the new City Hall, I.T. staff can be allocated across functions and needs, not geographic locations. |
| \$103,867 Increase in I.T. (mostly consolidation) | <i>Annual Maintenance (Software Maintenance and Licenses).</i> The FY 17 Budget consolidates all software contract expenditures from all departments into the Information Technology Department. This move didn’t save money but provides an easier way to manage these expenses. A small part of the increase is due to new software contracts. |
| \$224,000 Increase | <i>Building Utility Expenses.</i> A total of \$260,000 is budgeted for utility payments on City owned properties including the new City Hall/Police HQ. A significant portion of these expenses is in the purchase of hot/chilled water from the NCRC. |
| \$44,000 Increase in General Services (mostly consolidation) | <i>Equipment rental.</i> The total funding for is budgeted at. \$75,000. This line consolidates 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. Generally the number of machines did not decrease. |
| \$119,200 Increase | <i>Operation and Maintenance of City Hall.</i> These contracts and activities include: Fire protection, landscaping, HVAC maintenance, wood touch up, window washings, elevator maintenance, etc. |
| \$30,000 Increase | <i>Train Station Renovations.</i> These funds will be used to transform the former City Council meeting room into a usable (rentable) public space. |

| | |
|-------------------------|---|
| (\$78,000) Decrease | <i>Grounds Maintenance for City Facilities.</i> Total funding includes \$62,000. This cost covers all five Fire Station locations, the Gateway Business Park, Public Works Operations Center, two railroad overpasses. It does not include parks maintenance. The decrease from the FY 16 Budget is the result of changing maintenance companies and moving the maintenance of the two downtown parks and common areas downtown to the Downtown Fund |
| \$67,982 Increase | <i>Public Safety Supplies in Police Field Operations.</i> The City is budgeting \$137,300 for public safety supplies in the Field Operations Budget. \$52,300 is earmarked for equipment needed to outfit two new police officers. The department will have discretion over how the remaining \$85,000 will be spent in order to address the department's operational needs. |
| \$24,000 Increase | <i>Contract with Odell Fire Department.</i> \$150,000 is budgeted (increase of 19%) for fire protection services in the Kannapolis's western growth area (west of Coddle Creek Reservoir). This area is experiencing 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, Odell Fire Department and the City of Concord regarding the long range plan for this area's fire protection will begin in FY 17. |
| \$10,000 Increase | <i>Fire Department's 100 year anniversary.</i> Expenses are for this celebration. |
| \$55,000 Increase | <i>Contract Engineering.</i> This brings the Contract-Engineering line item to \$700,000 for FY17. This line item has increased \$233,858, or 50%, from FY 2013 proposed budget to FY 2017 proposed budget. Growth is the primary driver of this increase. The exploration of more efficient approaches to ongoing engineering services will commence in FY 17 with changes potentially being brought to City Council for consideration sometime during the next 12 months. |
| \$160,000 Increase | <i>New Street Lights.</i> The majority of the budgeted \$175,000 is for new lights on Laureate Way and Watson Crick Drive to fill in a lighting gap downtown. The original project estimate was for \$300,000 so this project may need to be phased in over two years. |
| \$63,400 Increase | <i>Electricity for the City's Street Lights.</i> The total funding recommendation for street light electricity in FY17 is \$613,000 (11.54% increase). This is due to additional lights coming under the City's account from new residential developments (fixtures being funded by private developers) as well as the downtown area described above. |
| (\$102,320) Decrease | <i>Reduction in Public Works Operations Center Expenses.</i> This budget was reduced due to administrative operations relocating to the new City Hall and several maintenance contracts moving to General Services Dept. |
| \$101,000 Increase | <i>Street and Sidewalk Maintenance.</i> A total of \$525,000 is budgeted. This is a 23.8% increase over FY 16. The additional dollars will mostly be used to fund additional sidewalk repairs throughout the City. |
| No Change | <i>Street Resurfacing.</i> \$500,000 for Street resurfacing: The city maintains over 900 streets with more than 225 miles of paved roads-currently on over a 100 year resurfacing plan. |

| | |
|---------------------|--|
| \$20,000 Increase | <i>Comprehensive Plan.</i> This plan will utilize outside consultants on this project. \$40,000 was budgeted for this endeavor in FY16 but not spent so the total for FY 17 will be \$60,000. Planning staff has estimated that a proper plan should cost between \$125,000 and \$150,000. It is proposed that the balance of the plan would be paid for in FY 18. |
| \$8,000 Increase | <i>Park Facilities Electricity Costs.</i> This 15.7% increase (\$51K to \$59K) is in anticipation of the Village Park Carousel coming online in FY 17. |
| \$10,700 Increase | <i>Travel and Training in Parks.</i> Will fund full Parks and Recreation staff to attend national conference as reward and recognition for achieving national accreditation. |
| \$18,000 Increase | <i>Parks Program Supplies.</i> Total budgeted is \$70,000; an increase of 34.6%. \$10,000 of this increase is earmarked for the Run Kannapolis program. |
| \$50,000 Increase | <i>The Summer Events Series.</i> This budget is \$215,000 which represents a 30% increase over FY 16. These additional funds will provide staff the opportunity to bring in higher name recognition acts for the summer concert series; resulting in higher visitor counts to the downtown area. |
| \$181,000 Increase | <i>Stadium Expenses.</i> This increase is in response to the agreement with the new owners of the Intimidators to participate in the funding of utilities and maintenance of the Stadium. This agreement is for a constant amount of \$176,000 per year for four years. The decision regarding a downtown Sports and Entertainment Venue may impact this agreement over the following three years. A continuation of \$30,000 is budgeted for lawn maintenance outside of the stadium building itself and continuation of \$10,000 is budgeted for miscellaneous repairs and maintenance to the stadium itself. The total Stadium Budget is \$216,000. |
| (\$40,000) Decrease | <i>General Liability Insurance</i> is budgeted for \$190,000 in FY 17, which is a \$40,000 decrease from FY 16. However there is \$50,000 increase budgeted in the Downtown Fund. |
| \$16,000 Increase | <i>Contingency Funds.</i> The 10-year Financial Plan recommends 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 17, the total amount of contingency is \$206,000. |
| \$38,000 Increase | <i>Building & Contents Insurance</i> is budgeted for \$100,000 in FY 17 (a \$38,000 increase). This is a 61.29% (\$38,000) increase from actual FY 16 budget amount. The new City Hall and Downtown purchase are driving this increase. |
| \$23,800 Increase | <i>Worker's Compensation Insurance.</i> Worker's compensation premiums are a function of salaries which are driven by salary increases from the salary study implementation and additional staff as new positions are added. Overtime and part time salaries also have an impact on the premium. This was an unusually large increase because there were so many changes at one time last year. |
| (\$55,000) Decrease | <i>Self-Insured Claims Funding.</i> This decrease is based on the trend for the past year. That 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. |

| | |
|-------------------------|--|
| (\$274,977) Decrease | <i>Non-Departmental Special Expenses.</i> This budget line is a catch all for a variety of purposes. In FY 16 the Salary Study, the Staffing Study, the railroad quiet zone implementation, and festival planning (Jiggy with the Piggy) were included here. The festival planning funds were moved to the Downtown Fund for FY 17 and the other items were one-time expenditures. The budget for FY 17 is \$40,023. |
| \$17,650 Increase | <i>Transfer to the other Funds.</i> This budget account is increased slightly to \$3,031,500 but there were substantial changes explained in more detail in the various funds. The transfer to the Downtown Fund increased by \$317,375. The transfer to the Separation Pay fund increased by \$80,000. Decreases in the transfers to the Environmental Fund (\$309,825) and the Transit Fund (\$69,900) are included. |

General Fund Debt Service

The FY 2017 Budget includes an increase of \$859,000 in General Fund debt service, largely to cover full principal and interest debt service on the Limited Obligation Bonds for the New City Hall and Police Headquarters. The payment included in the FY 17 is \$2,410,456 which will be the largest of the debt structure (i.e., it will decrease annually going forward). The debt term is 20-years at 3.10% interest. The last payment on April 1, 2034 will be \$1,414,481.

Part of the General Management Services Fee from the Water and Sewer Fund (approximately \$572,000) is earmarked for a portion of the debt service for the New City Hall building.

Note: CDBG Debt (HUD 108) is included and tracked with General Fund Debt.

General Fund - Fund Balance

The General Fund available fund balance at June 30, 2016 is estimated to be approximately \$11,360,914 or 30.0% of the estimated FY 2016 General Fund expenditures. This is up from 24.0% in FY 16; 10.1% in FY 15; 20.0% in FY 14 and 14.9% in FY 13. The FY 2015 fund balance was impacted by the short-term purchase of the Pine Street nursing facility of which the City was ultimately reimbursed from FEMA. This caused the temporary decrease. Without that impact, the FY 2015 amount would have been similar to the FY 2014 and 2016 amounts).

The FY 17 amount is likely the highest fund balance percentage in the City’s history. The 10-year Financial Plan set a target of maintaining at least a 25% fund balance which has now been achieved.

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 69 of the FY 2017 Preliminary Budget document.

Water and Sewer Fund Revenues

The proposed FY 2017 Water and Sewer Fund Budget is \$16,238,000, which represents a 3.59% increase from the current year budget (\$562,500 actual increase). By comparison, the FY 2016 increase from FY 2015 was 5.14% (\$765,679). In keeping with the 10-year Financial Plan, for the fourth consecutive year, no water or sewer rate increases are included in the recommended Budget. The projected FY 17 revenue increase in the Water and Sewer Fund is attributable to growth in the system (largely new home construction) and more accurate water meter readings with the installation of the new water meters city-wide. An additional \$75,000 is also budgeted for an increase in connection fees from new development (\$525,000 total budget). There are planned rate increases for capital projects in Fiscal Year 2018.

The wholesale sewer treatment and sewer collection rates from the Water and Sewer Authority of Cabarrus County (WSACC) are increasing by 5% in FY 16. The new rate will be \$1.359/ 1,000 gallons vs the current rate \$1.294/ 1,000 gallons. This is the second 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 2017 Budget (not passed along to the City’s customers).

Proposed Water and Sewer Fee and Charge Schedule

(Tier One)

| Charge | FY 09 | FY 10 | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 | FY 16 | Proposed FY 17 |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|-------------------|
| Variable Water Rate | \$5.40 | \$5.40 | \$5.40 | \$5.40 | \$5.40 | \$5.75 | \$5.75 | \$5.75 | \$5.75 |
| Variable Sewer Rate | \$5.30 | \$5.30 | \$5.30 | \$5.30 | \$5.30 | \$5.65 | \$5.65 | \$5.65 | \$5.65 |
| Fixed Water Charge | \$3.30 | \$3.30 | \$4.65 | \$6.00 | \$6.00 | \$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 | \$3.80 |

Variable Rates are charged per 1,000 gallons usage per month, per customer.

Fixed Charges are flat charges per month, per customer regardless of usage.

Proposed Monthly Impact by Usage

(Tier One; Water and Sewer combined; All Rates and Charges)

| Usage | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 | FY 16 | Proposed FY 17 | FY 16 to FY 17 % Change | FY 16 to FY 17 \$ Change |
|--------------|-------|---------|---------|---------|---------|---------|-------------------|-------------------------------|--------------------------------|
| 2000 gallons | 29.85 | \$31.20 | \$31.20 | \$33.50 | \$33.50 | \$33.50 | \$33.50 | + 0% | + \$0 |
| 4000 gallons | 51.25 | \$52.60 | \$52.60 | \$55.50 | \$55.50 | \$55.50 | \$55.50 | + 0% | + \$0 |
| 5000 gallons | 61.95 | \$63.30 | \$63.30 | \$66.50 | \$66.50 | \$66.50 | \$66.50 | + 0% | + \$0 |

The Water and Sewer Fund remains healthy with adequate cash reserves.

Water and Sewer Fund Expenditures – Personnel

There is one new position included in the Water and Sewer Fund Budget for FY 17. A Communications Specialist position that has previously been budgeted in the Environmental Fund has been transferred to the Water & Sewer Fund. This position is currently vacant. This position will work in conjunction with the City’s Communication Director in promoting water conservation, water quality enhancement, and environmental awareness (recycling). This position will also assist in expanding the City’s social media efforts for all public information. The impact of this move to the Water and Sewer Fund is \$50,664.

Water and Sewer Fund Expenditures - Capital

Funding is included in the recommended FY 17 Water and Sewer Fund Budget for several capital projects. These projects are all programmed for this budget year in the Capital Improvement Plan (CIP). These projects total \$4.5 million with a budget impact of \$596,000. The two utility expansion projects will be financed through the issuance of revenue bonds. The Jet-Vac will be funded through short term financing. The mini-excavator will be paid for with cash.

| Capital Improvement Program Project | Total Cost | Budget Impact |
|--|---------------------|----------------------|
| Shiloh Church Road Sewer Extension | \$ 2,500,000 | \$ 225,000 |
| Charlotte-Mecklenburg Water Extension | \$ 1,500,000 | \$ 135,000 |
| Jet-Vac Truck | \$ 382,000 | \$ 134,946 |
| Mini-Excavator | \$ 101,000 | \$ 101,000 |
| Totals | \$ 4,483,000 | \$ 595,946 |

Several other smaller operating capital items and projects are included in the recommended FY 17 Water and Sewer Fund Budget but are not included in the CIP. These projects total \$370,700 and will all be paid for with cash.

| Operating Capital Project | Budget Impact |
|---|----------------------|
| Diesel Generator | \$ 27,600 |
| Highway 3 Line Abandonment (Phase I) | \$ 137,500 |
| Utility Vehicle (Truck) for Treatment Plant | \$ 40,000 |
| Rehabilitation of Elevated South Water Tank | \$ 165,600 |
| Totals | \$ 370,700 |

Water and Sewer Fund Expenditures – Operating

There is not a tremendous amount of change in the operations budget for FY 17 Water and Sewer Fund Budget. A few items of note are:

- *Bulk Water Purchases.* This budgeted amount of \$1,316,066 is for the minimum 0.8 MGDs at \$2.26 per 1000 gallons from the City of Albemarle and the remainder from the City of Salisbury. The City is

entering the final year on the Salisbury Water Purchase Contract, which ends June 30, 2017. Upon completion of contract, the City of Kannapolis no longer plans to purchase water from the City of Salisbury, in which the City expects to save approximately \$625,000 annually in water purchases beginning in FY 18.

- *General Management Services Fee.* The Water & Sewer fund will pay a \$1,539,416 General Management Services Fee to the General Fund. The Water & Sewer fund will transfer \$364,700 to the Environmental Fund, as well. Both of these transfers follow the City’s Financial Plan.

Water and Sewer Fund Debt Service

No new debt is included in the recommended FY 2017 Budget. The total Water and Sewer Debt will be approximately \$4,701,776 up from \$4,276,590 in FY 2016. The increase is primarily for debt issuance costs for the two Western Cabarrus water and sewer lines. This debt will be issued in FY 17 but there will likely be no payment due until FY 18. Most of the debt in the Water and Sewer Fund has a remaining term of between 6 and 20 years. Debt Service is 28.8% of the total fund for Water & Sewer.

3 | Stormwater Fund

For more information please see page 85 of the FY 2017 Preliminary Budget document.

Stormwater Fund Revenues

The proposed FY 2016 Stormwater Fund Budget is \$2,340,000, which represents a 15.56% increase from the current year budget (\$315,000 actual). By comparison, the FY 2016 budget increase from FY 2015 was 1.68% (\$33,464 actual). The projected increase is due primarily to growth and development.

No rate increase is included in the Stormwater Fund Budget. The rates will be as follows (as compared to previous years):

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

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

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. 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 beyond FY 17 will be specifically related to new projects or services.

Stormwater Fund Expenditures – Personnel

There are two (3) new Construction Maintenance Worker positions are included in the recommended FY 17 Stormwater Fund Budget in accordance with the 2015 Staffing Study. Each position has a total budgetary impact of \$41,100 (total of \$123,300). These positions will be hybrid positions, performing both stormwater and street maintenance work.

Stormwater Fund Expenditures – Operating

There is not a tremendous amount of change in the operations budget for FY 17 Stormwater Budget. A few items of note are:

- *Phase II Stormwater Regulations Compliance.* \$140,000 is budgeted for professional services in order to assist the City in compliance with Federal Phase 2 Stormwater Regulations, and the Stormwater Monitoring Program. This represents a \$35,000 (30.4%) increase over FY 16.
- *General Management Service Fee.* This fee of \$250,000 will be paid to the General Fund in FY 17. This is a \$37,000 (17.37%) increase over the FY 16 fee of \$213,000. For the previous 2 years, the General Management Service Fee to the General Fund had been underfunded due to an inability to pay the full amount. This coming year's fee of \$250,000 represents the full amount owed to the General Fund. The General Management Service Fee covers the administrative expense incurred by the General Fund in providing leadership and financial directives for the Stormwater Fund.
- *Street Repair and Maintenance.* An additional \$57,448 (52.23%) is budgeted in 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.* \$111,000 is budgeted in Capital Machinery & Equipment for the purchase of three (3) utility trucks that will replace aging and failing vehicles currently in the fleet.

Stormwater Fund Expenditures - Capital

There are no new stormwater capital improvement projects or capital outlay planned for FY 2017. The Downtown stormwater system replacement is programmed for FY 18 (under design and construction beginning in FY 17).

Stormwater Fund Debt Service

Total debt service in the Stormwater Fund is projected to be \$682,325 a slight increase of \$10,275 from FY 2015. As noted above, there are no new stormwater capital projects planned for the upcoming year. As a result, there is no new debt service in this Fund.

Nearly one third of the Stormwater fund is debt service.

4 | Environmental Fund

For more information please see page 93 of the FY 2017 Preliminary Budget document.

Environmental Fund Revenues

The proposed FY 2017 Environmental Fund Budget is \$3,787,700, which represents a 1.23% increase from the current FY 2016 year budget (\$46,005 actual). By comparison, the FY 2016 budget increase from FY 2015 was 4.95% (\$176,518 actual). The projected increase is due primarily to growth and development.

In accordance with the City's 10-Year Financial Plan, a rate increase of \$2.50 per account per month is incorporated into the Environmental Fund Budget for FY 17.

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.

\$2,358,500 in revenue is projected to be generated from user fees. This is an increase of \$580,130 from FY 16. \$1,000,000 will come in the form of a transfer from the general fund, and \$364,700 will come via transfer from the Water & Sewer fund. All transfers follow the projections found in the Financial Plan.

Environmental Fund Expenditures – Personnel

This fund is primarily service contract oriented. There are no personnel expenditures in the FY 17 Environmental Fund Budget. The only position (Environmental Educator) in FY 16 has been now moved to the Water and Sewer Fund and will be reporting to the Communications Director in the City Manager's office. This has resulted in a reduction of \$59,483 in this Fund and an increase of \$50,664 in the Water and Sewer Fund (the new position will likely require a slightly lower salary).

Environmental Fund Expenditures – Operating

The City has budgeted \$1,579,000 for residential solid waste collection; \$602,000 for landfill tipping fees; \$903,000 for yard waste disposal; and \$544,000 for recycling efforts. All of these items have increased due to natural growth in households and non-residential customers as well as from Consumer Price Index increases for the year. The only exception is for recycling. Recycling service has increased \$76,000 (18.2%) beyond the normal growth due to the elimination of sales of recyclable commodities on the open market. This is a situation occurring across the nation. This service also increased \$60,100 (14.4%) due to the expansion of commercial and institutional (schools) recycling throughout Kannapolis. There is an offsetting revenue to the commercial recycling (and solid waste) services.

The FY 17 Budget also includes an increase of \$40,000 in contracted services to cover Electronics Waste Disposal. Similar to recycling, this market has now disappeared and the disposal will now cost the City. The city currently

disposes of approximately 16,000 pounds of E-waste per month. Staff continues to explore ways to address this issue in the most effective way possible.

Environmental Fund Expenditures – Capital

Container purchases continue to be a significant expenditure for this fund. In FY 17, \$85,500 is budgeted for container purchases. Two loads of carts (588 per load) are slated to be purchased in FY 17. Additionally, two loads of container lids will also be purchased at a total of \$16,000. These purchases will be paid for in cash.

There are no other capital projects or expenditures in the FY 17 Environmental Fund.

Environmental Fund Debt Service

There is no new Environmental Fund debt service added to the recommended FY 2017 Environmental Fund Budget. The only debt carried in the FY 16 Budget included in this Fund was the 2011 recycling cart purchases (\$175,929 annual payment). This debt has now been paid off.

5 | Separation Pay Fund

For more information please see page 101 of the FY 2017 Preliminary Budget document.

Separation Pay Fund Revenues

The proposed FY 17 Separation Pay Fund Budget is \$445,000, which represents a 21.92% increase from the current year budget (\$80,000 actual). 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 FY 2016 budget increase from FY 2015 was 20.54% (\$20,800 actual). 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 five (5) employees projected that will retire during FY 2017. Three (3) former employees will be coming off separation pay rolls in FY 2017 and eight (8) current employees are eligible to receive separation pay in FY 2017.

Twenty four (24) former employees currently receive separation pay benefits.

Separation pay fund includes FICA for the second year.

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 105 of the FY 2017 Preliminary Budget document.

Public Transit Fund Revenues

The Transit Fund is proposed to decrease 8.98% in FY17 from FY16. \$435,300

The proposed FY 2017 Public Transit Fund Budget is \$435,300, which represents an 8.98% *decrease* from the current year budget (\$42,859 actual). By comparison, the FY 2015 Budget increase from FY 2014 was 1.54% (\$7,274 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 \$10 Vehicle tax. In FY 17 it estimated that the City will have 38,000 tax eligible vehicles. The \$5 tax is expected to generate \$190,000 (an increase of \$27,000 from FY 16). 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 17, the total revenue generated by the \$10 vehicle tax is expected to be \$380,000 however only \$245,300 is required by the CK Rider program. The balance will remain in the General Fund. 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 for personnel.

Public Transit Fund Expenditures – Operating

The full amount of the Public Transit System fund is projected to be spent on contracted services, mostly through the City of Concord as the Transit System's lead agency. There are no major new operating expenses.

Decreases to the Transit Fund are related to two actions. First, effective July 1, 2016, the CK Rider program will switch operators to TransDev. Operational costs for this program will actually decrease in FY 17, and should see a return of incremental increases moving forward in the coming years. Second, the substantial reduction in the cost for fuel had a significant impact on operational costs.

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 109 of the FY 2017 Preliminary Budget document.

Downtown Fund Revenues

The proposed FY 2017 Downtown Fund Budget is \$2,197,000 which represents a 17.31% increase (\$324,175 actual) over FY 16.

\$1,341,200 in revenue comes from a transfer from the General Fund generally to cover debt service obligations. The debt financing comes from the sale of 15-year Special Obligation Bonds. FY 17 will be the first full year of debt service pertaining to the acquisition of the Downtown properties.

\$780,000 in revenue is projected from commercial and residential leases, as well as common area maintenance fees. A total of \$45,000 in revenue is projected from Special Events (\$30,000) and Short-term building rental (\$15,000) primarily from the former Cabarrus Bank building and Rotary Hall.

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), a to-be-determined Commercial Leasing Broker, 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.

A Special Events Coordinator position in the Parks and Recreation Department has been reassigned to work primarily on downtown events. However, for the FY 17 Budget the position will be funded from the General Fund as it has been in previous years. That could change in FY 18.

Downtown Fund Expenditures – Operating

Several significant operating expenditures in the Downtown Fund are noteworthy:

- The Development Finance Initiative (DFI) will continue to serve in the role of Asset Manager and overall downtown advisor in FY 17. The City also contracts with NAI-Southern Real Estate for the daily property management of downtown spaces. The DFI Asset Management fee is contractually bound at \$118,500 and the NAI property management fee for daily operations and tenant services is \$60,000 plus hourly expenses which is expected to be another \$60,000 (\$120,000 total). The Pre-Development Service Agreement with DFI was a one-time fee in FY 16 for the work in the first-year related mostly to the creation of the Master Redevelopment Plan which is to be completed in June/July 2016.
- Included in the Downtown Fund is an allocation of \$140,000 for Downtown festivals, including the Jiggy with the Piggy Festival. The City also plans to support additional special events in the downtown area with \$40,000 for specifically targeted activities. Some of these funds were in the General Fun in FY 16.
- The NC Music Hall of Fame will again receive \$25,000 in operational support from the Downtown Fund in FY 17.
- \$100,000 is included for preliminary site and financial planning for the Sports and Entertainment Venue downtown.
- Significant funding is allocated for property and building maintenance and utilities. Many of these lines items have been adjusted and reorganized to as more is known about the day-to-day management of the Downtown properties. There continues to be a number of complexities to this budget. Flexibility in the administration of this budget will continue be important.

Downtown Fund Expenditures - Capital

At this time no capital expenditures are budgeted for downtown. Future investments will be in adherence with the Master Redevelopment Plan. The debt service for the demonstration project parking deck will be included in the FY 18 Budget. \$32 million is included in the CIP for economic development investments (mostly downtown) over the next four years.

Downtown Fund Debt Service

The total debt service for FY 17 will be \$734,000 for Bond Principal and \$507,200 in Bond Interest. This is the first full year of debt service related to the downtown acquisition. Due to the debt structure, it will be the largest annual debt service obligation for the remaining term of 14 years.

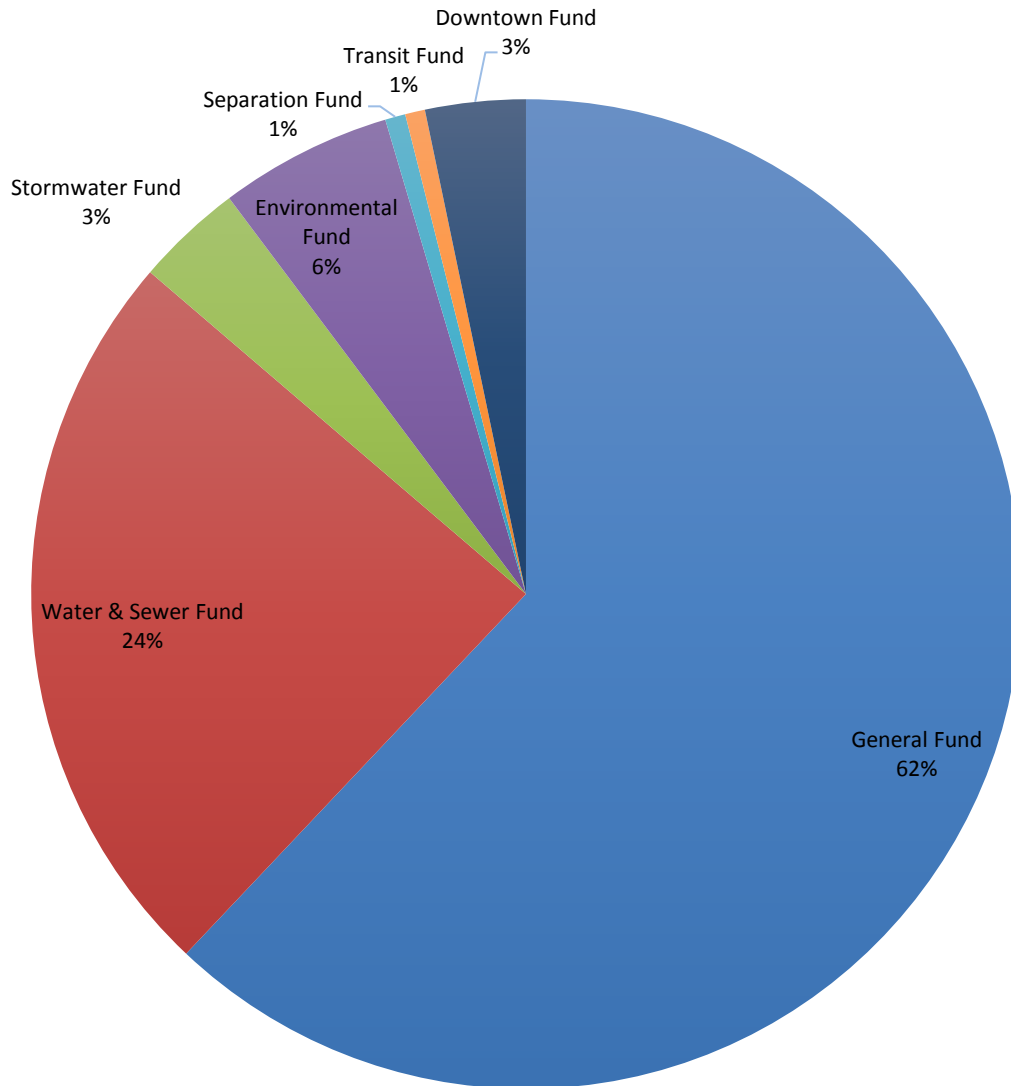
Downtown Fund - Fund Balance/Reserves

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. As of May 2016, 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).

Combined, the City of Kannapolis could have approximately \$1.8 million available in reserves to address capital needs in FY 17 and beyond.

City of Kannapolis FY 17 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 2016-2017**

- ***** New Personnel or reclassification requests not included in the implementation of the staffing study will not be considered for the FY 2016-2017
- ***** No Capital Project requests over \$100,000 not currently found in the Council approved CIP will be considered.
- 1/11/16** (Monday) Department Heads receive FY 2016-2017 Budget Manual. (*Munis level 1 open*)
- 1/11/16** (Monday) Budget Calendar is given to the City Council in open session.
- 1/30/16** (Friday) Financial Impact Analysis on new personnel prescribed in staffing study due to Finance Director from the Human Resource Director. Personnel cost projections for existing employees also due.
- 2/26/16** (Friday) Finance Director receives operations budget requests from Department Heads. Debt Service requirements are due to Finance Director from Deputy Finance Director.
- 2/29/16** Finance begins reviews of Departmental Operations requests (*Munis level 2 open*)
- March 14th** City Council holds budget retreat
- 3/21/16-4/1/16** Preliminary Budget meetings held with Department Heads to discuss operation request.
- 4/4/16-4/15/16** Preliminary Budget balanced by Finance Department Staff (*Munis level 3 open*)
- 4/18/16** (Monday) Preliminary Budget presented to City Manager
- 5/9/16** (Monday) Preliminary Budget is submitted to City Council in open session. (Budget Notebooks completed internally by 5/6/16.)
- 5/17/16** (Monday) **Preliminary Budget is made available for public review.** (*Munis level 4 open*)
- 5/17/16-5/31/16** City staff makes final revisions to the budget
- 6/13/16** (Monday) City Council holds Public Hearing on the proposed budget.
- 6/27/16** (Monday) **City Council adopts the 2016 - 2017 fiscal year budget ordinance, and fee schedule for the City of Kannapolis.**
- 6/14/16-6/30/16** 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 as 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.

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.

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

**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 2016-2017 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 \$3,859,718,981 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 97.5%. The collection remained level from last year's 97.5%. The prior year tax budget amount is based upon previous historical trends. **Estimate – General Fund – Current year tax - \$23,708,300; prior year tax - \$450,000.**

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 \$1,280,000.**

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 \$7,763,900**

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 \$150,000; Water & Sewer Fund \$5,000.**

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 \$1,781,200**

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 \$14,693,000; Wholesale \$365,000.**

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 \$610,000.**

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 \$550,000.**

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 \$30,000**

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 \$1,962,400.**

Community Development Block Grant Reimbursement

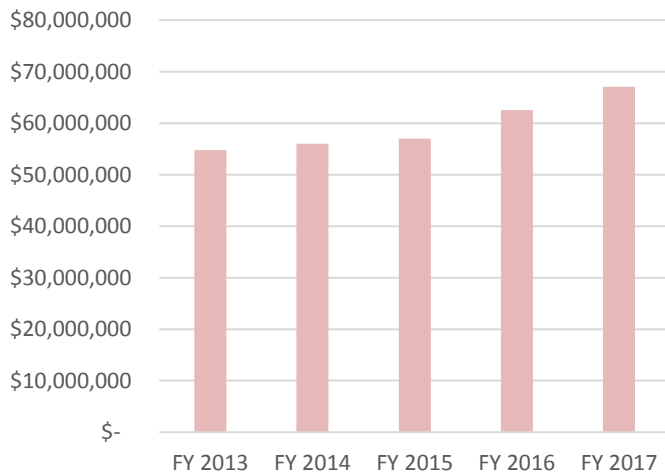
The City has a full time Grant Administrator in the City Manager's office and will receive funds from the HUD CDBG program as reimbursement for this staff position. **Estimate – General Fund \$70,000.**

**CITY OF KANNAPOLIS
FY 17 CONSOLIDATED BUDGET
SUMMARIES**

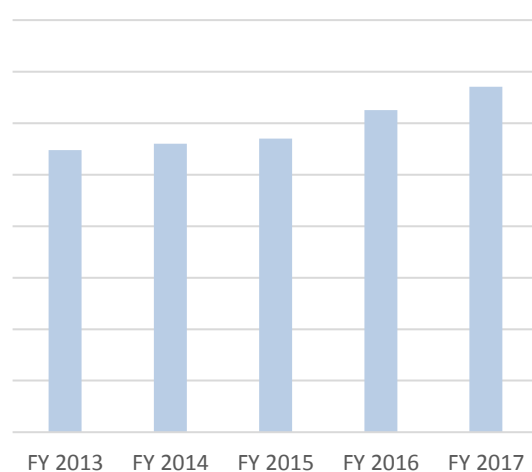
| REVENUES | ACTUAL FY2014 | ACTUAL FY2015 | BUDGETED FY2016 | MANAGER PROPOSED FY 2017 | ADOPTED FY2017 |
|-----------------------------|---------------------|---------------------|---------------------|--------------------------------|---------------------|
| GENERAL FUND | \$34,937,472 | \$35,772,647 | \$38,395,013 | \$41,600,800 | \$41,600,800 |
| WATER & SEWER FUND | \$14,746,836 | \$14,909,821 | \$15,675,500 | \$16,238,000 | \$16,238,000 |
| STORMWATER FUND | \$2,010,000 | \$1,991,536 | \$2,025,000 | \$2,340,000 | \$2,340,000 |
| ENVIRONMENTAL FUND | \$3,560,000 | \$3,565,177 | \$3,741,695 | \$3,787,700 | \$3,787,700 |
| TRANSIT FUND | \$470,926 | \$470,926 | \$478,200 | \$445,000 | \$445,000 |
| SEPARATION PAY FUND | \$282,000 | \$302,800 | \$365,000 | \$435,300 | \$435,300 |
| DOWNTOWN FUND | \$0 | \$0 | \$1,872,825 | \$2,197,000 | \$2,197,000 |
| TOTAL REVENUES | \$56,007,234 | \$57,012,907 | \$62,553,233 | \$67,043,800 | \$67,043,800 |
| LESS INTER-FUND TRANSFERS | \$4,167,891 | \$3,966,511 | \$3,013,850 | \$3,031,500 | \$3,031,500 |
| GRAND TOTAL REVENUES | \$51,839,343 | \$53,046,396 | \$59,539,383 | \$64,012,300 | \$64,012,300 |

| EXPENDITURES | ACTUAL FY2014 | ACTUAL FY2015 | BUDGETED FY2016 | MANAGER PROPOSED FY 2017 | ADOPTED FY2017 |
|---------------------------------|---------------------|---------------------|---------------------|--------------------------------|---------------------|
| GENERAL FUND | \$34,937,472 | \$35,772,647 | \$38,395,013 | \$41,600,800 | \$41,600,800 |
| WATER & SEWER FUND | \$14,746,836 | \$14,909,821 | \$15,675,500 | \$16,238,000 | \$16,238,000 |
| STORMWATER FUND | \$2,010,000 | \$1,991,536 | \$2,025,000 | \$2,340,000 | \$2,340,000 |
| ENVIRONMENTAL FUND | \$3,560,000 | \$3,565,177 | \$3,741,695 | \$3,787,700 | \$3,787,700 |
| TRANSIT FUND | \$470,926 | \$470,926 | \$478,200 | \$445,000 | \$445,000 |
| SEPARATION PAY FUND | \$282,000 | \$302,800 | \$365,000 | \$435,300 | \$435,300 |
| DOWNTOWN FUND | \$0 | \$0 | \$1,872,825 | \$2,197,000 | \$2,197,000 |
| GRAND TOTAL EXPENDITURES | \$56,007,234 | \$57,012,907 | \$62,553,233 | \$67,043,800 | \$67,043,800 |

**Total Revenues
FY 2013 - FY 2017**



**Total Expenditures
FY 2013 - FY 2017**



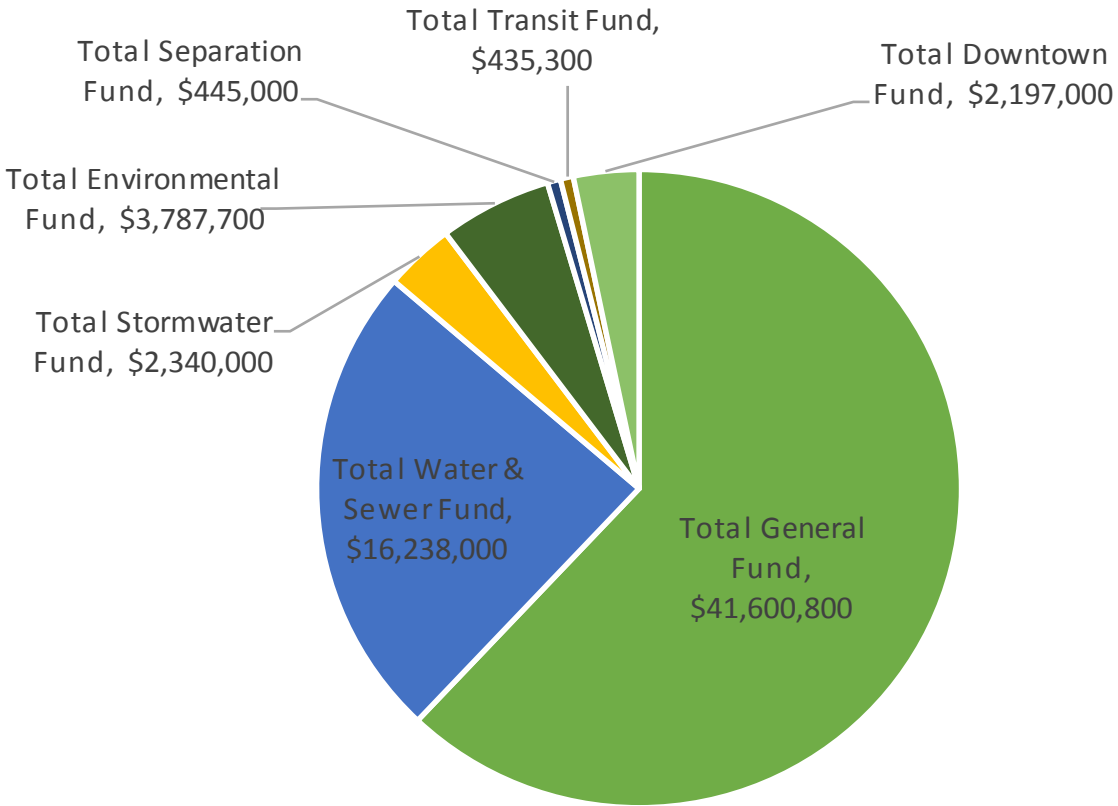
City of Kannapolis
FY 2017 Expanded Budget Summaries

| | FY 2017 General Fund Budget | FY 2017 Water & Sewer Budget | FY 2017 Stormwater Budget | FY 2017 Environmental Budget | FY 2017 Separation Pay Budget | FY 2017 Transit Fund Budget | FY 2017 Downtown Budget | FY 2017 Total All Funds |
|------------------------|-----------------------------------|------------------------------------|---------------------------------|------------------------------------|-------------------------------------|-----------------------------------|-------------------------------|-------------------------------|
| SOURCE OF FUNDS | | | | | | | | |
| AD VALOREM TAXES | \$ 24,158,300 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 24,158,300 |
| SALES TAXES | \$ 7,763,900 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,763,900 |
| INTERGOVERNMENTAL | \$ 6,326,400 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,326,400 |
| INVESTMENT INCOME | \$ 150,000 | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 155,000 |
| OTHER | \$ 2,822,200 | \$ 930,000 | \$ - | \$ 30,000 | \$ - | \$ 190,000 | \$ 105,800 | \$ 4,078,000 |
| CHARGES FOR SERVICES | \$ - | \$ 14,693,000 | \$ 2,340,000 | \$ 2,393,000 | \$ - | \$ - | \$ 750,000 | \$ 20,176,000 |
| TAP/CONNECTION FEES | \$ - | \$ 610,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 610,000 |
| VEHICLE LICENSE TAX | \$ 380,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 380,000 |
| FUND BALANCE | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TRANSFERS | \$ - | \$ - | \$ - | \$ 1,364,700 | \$ 445,000 | \$ 245,300 | \$ 1,341,200 | \$ 3,396,200 |
| TOTAL SOURCES | \$ 41,600,800 | \$ 16,238,000 | \$ 2,340,000 | \$ 3,787,700 | \$ 445,000 | \$ 435,300 | \$ 2,197,000 | \$ 67,043,800 |

| | FY 2017 General Fund Budget | FY 2017 Water & Sewer Budget | FY 2017 Stormwater Budget | FY 2017 Environmental Budget | FY 2017 Separation Pay Budget | FY 2017 Transit Fund Budget | FY 2017 Downtown Budget | FY 2017 Total All Funds |
|------------------------|-----------------------------------|------------------------------------|---------------------------------|------------------------------------|-------------------------------------|-----------------------------------|-------------------------------|-------------------------------|
| USES OF FUNDS | | | | | | | | |
| GENERAL GOVERNMENT | \$ 5,714,074 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,714,074 |
| COUMMUNITY DEVELOPMENT | \$ 756,321 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 756,321 |
| PUBLIC SAFETY | \$ 15,877,455 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 15,877,455 |
| PARKS AND RECREATION | \$ 1,947,810 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,947,810 |
| PUBLIC WORKS | \$ 4,715,317 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,715,317 |
| OTHER | \$ 1,543,223 | \$ - | \$ 2,098,216 | \$ 3,787,700 | \$ 445,000 | \$ 435,300 | \$ 955,800 | \$ 9,265,239 |
| DEBT SERVICE | \$ 8,015,100 | \$ 4,701,776 | \$ - | \$ - | \$ - | \$ - | \$ 1,241,200 | \$ 13,958,076 |
| DISTRIBUTION | \$ - | \$ 2,935,425 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,935,425 |
| FILTER PLANT | \$ - | \$ 2,938,688 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,938,688 |
| SEWAGE TREATMENT | \$ - | \$ 2,921,500 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,921,500 |
| BILLING AND COLLECTION | \$ - | \$ 836,495 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 836,495 |
| TRANSFER OTHER FUNDS | \$ 3,031,500 | \$ 1,904,116 | \$ 241,784 | \$ - | \$ - | \$ - | \$ - | \$ 5,177,400 |
| TOTAL USES | \$ 41,600,800 | \$ 16,238,000 | \$ 2,340,000 | \$ 3,787,700 | \$ 445,000 | \$ 435,300 | \$ 2,197,000 | \$ 67,043,800 |

**City of Kannapolis
Revenue Summary**

| Revenues | Actual FY 2015 | Budget FY 2016 | Projected FY 2016 | Manager Proposed FY 2017 | Adopted FY 2017 |
|-------------------------------------|---------------------------|---------------------------|------------------------------|---|----------------------------|
| Ad Valoren Taxes | \$ 20,986,315 | \$ 22,702,800 | \$ 22,702,800 | \$ 24,158,300 | \$ 24,158,300 |
| Sales Taxes | \$ 6,490,000 | \$ 6,900,000 | \$ 6,900,000 | \$ 7,763,900 | \$ 7,763,900 |
| Intergovernmental | \$ 5,613,386 | \$ 5,598,823 | \$ 5,598,823 | \$ 6,326,400 | \$ 6,326,400 |
| Other | \$ 2,647,946 | \$ 2,943,390 | \$ 2,943,390 | \$ 3,352,200 | \$ 3,352,200 |
| Fund Balance | \$ 35,000 | \$ 250,000 | \$ 250,000 | \$ - | \$ - |
| Total General Fund | \$ 35,772,647 | \$ 38,395,013 | \$ 38,395,013 | \$ 41,600,800 | \$ 41,600,800 |
| Total Water & Sewer Fund | \$ 14,909,821 | \$ 15,675,500 | \$ 15,675,500 | \$ 16,238,000 | \$ 16,238,000 |
| Total Stormwater Fund | \$ 1,991,536 | \$ 2,025,000 | \$ 2,025,000 | \$ 2,340,000 | \$ 2,340,000 |
| Total Environmental Fund | \$ 3,565,177 | \$ 3,741,695 | \$ 3,741,695 | \$ 3,787,700 | \$ 3,787,700 |
| Total Separation Fund | \$ 470,926 | \$ 478,200 | \$ 478,200 | \$ 445,000 | \$ 445,000 |
| Total Transit Fund | \$ 302,800 | \$ 365,000 | \$ 365,000 | \$ 435,300 | \$ 435,300 |
| Total Downtown Fund | \$ - | \$ 1,872,825 | \$ 1,872,825 | \$ 2,197,000 | \$ 2,197,000 |
| Less Interfund Transfers | \$ 3,966,511 | \$ 3,013,850 | \$ 3,013,850 | \$ 3,031,500 | \$ 3,031,500 |
| Grand Total All Funds | \$ 53,046,396 | \$ 59,539,383 | \$ 59,539,383 | \$ 64,012,300 | \$ 64,012,300 |



**CITY OF KANNAPOLIS
REVENUE DETAIL ANALYSIS**

| Revenues | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|--|----------------------|----------------------|--------------------------------|--------------------------------|----------------------|
| Ad Valorem Taxes - Current Year | \$ 20,642,940 | 22,327,800 | 22,327,800 | \$ 23,708,300 | \$ 23,708,300 |
| Ad Valorem Taxes - Prior Year | \$ 343,375 | 375,000 | 375,000 | \$ 450,000 | \$ 450,000 |
| Total Ad Valorem Taxes | \$ 20,986,315 | 22,702,800 | 22,702,800 | \$ 24,158,300 | \$ 24,158,300 |
| 1% Sales Tax (State) | \$ 2,800,000 | 3,100,000 | 3,100,000 | \$ 3,513,900 | \$ 3,513,900 |
| 1/2% Sales Tax (Local) | \$ 3,630,000 | 3,800,000 | 3,800,000 | \$ 4,250,000 | \$ 4,250,000 |
| Total Sales Tax | \$ 6,430,000 | 6,900,000 | 6,900,000 | \$ 7,763,900 | \$ 7,763,900 |
| Fire District Sales Tax | \$ 70,000 | 72,500 | 72,500 | \$ 75,000 | \$ 75,000 |
| Franchise Tax | \$ 1,850,000 | \$ 1,950,000 | \$ 1,950,000 | \$ 2,650,000 | \$ 2,650,000 |
| Beer & Wine Tax | \$ 185,000 | \$ 200,000 | \$ 200,000 | \$ 210,000 | \$ 210,000 |
| ABC Funds | \$ 70,000 | \$ 90,000 | \$ 90,000 | \$ 75,000 | \$ 75,000 |
| Cabarrus Contributions | \$ 1,509,503 | \$ 1,512,803 | \$ 1,512,803 | \$ 1,511,400 | \$ 1,511,400 |
| Build America Bond Subsidy Pay | \$ 433,883 | \$ 448,000 | \$ 448,000 | \$ 451,000 | \$ 451,000 |
| CDBG Administration Revenues | \$ 70,000 | \$ 70,000 | \$ 70,000 | \$ 70,000 | \$ 70,000 |
| Rowan County Contributions | \$ - | \$ 4,020 | \$ 4,020 | \$ 4,000 | \$ 4,000 |
| Police - Federal Grants | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fire - Federal Grants | \$ 150,000 | \$ - | \$ - | \$ - | \$ - |
| Powell Bill Funds | \$ 1,265,000 | \$ 1,251,500 | \$ 1,251,500 | \$ 1,280,000 | \$ 1,280,000 |
| Total Intergovernmental | \$ 5,603,386 | \$ 5,598,823 | \$ 5,598,823 | \$ 6,326,400 | \$ 6,326,400 |
| Vehicle License | \$ 306,000 | \$ 315,000 | \$ 315,000 | \$ 380,000 | \$ 380,000 |
| Vehicle Rental Tax | \$ 4,500 | \$ 4,750 | \$ 4,750 | \$ 5,000 | \$ 5,000 |
| Buildings Rental | \$ 3,000 | \$ 3,000 | \$ 3,000 | \$ 100,000 | \$ 100,000 |
| Tower Rental | \$ 95,000 | \$ 85,000 | \$ 85,000 | \$ 55,000 | \$ 55,000 |
| Miscellaneous Revenue | \$ 175,000 | \$ 175,000 | \$ 175,000 | \$ 175,000 | \$ 175,000 |
| Investment Income | \$ 105,000 | \$ 120,000 | \$ 120,000 | \$ 150,000 | \$ 150,000 |
| Enterprise Fund Management Fee Reimbursement | \$ 1,307,608 | \$ 1,679,140 | \$ 1,679,140 | \$ 1,781,200 | \$ 1,781,200 |
| Police - Charges and Fees | \$ 60,338 | \$ 60,000 | \$ 60,000 | \$ 60,000 | \$ 60,000 |
| Officer Court Reimbursement | \$ 21,500 | \$ 21,500 | \$ 21,500 | \$ 20,000 | \$ 20,000 |
| False Alarm Fees | \$ - | \$ 7,000 | \$ 7,000 | \$ 8,000 | \$ 8,000 |
| Fire - Technical Services - Charges and Fees | \$ 21,000 | \$ 18,000 | \$ 18,000 | \$ 18,000 | \$ 18,000 |
| Street Lighting Fees and Charges | \$ 20,000 | \$ 55,000 | \$ 55,000 | \$ 75,000 | \$ 75,000 |
| Code Enforcement - Charges and Fees | \$ 125,000 | \$ 80,000 | \$ 80,000 | \$ 100,000 | \$ 100,000 |
| City Code Violations | \$ 25,000 | \$ 30,000 | \$ 30,000 | \$ 30,000 | \$ 30,000 |
| Parks - Charges and Fees | \$ 205,000 | \$ 205,000 | \$ 205,000 | \$ 300,000 | \$ 300,000 |
| Recreation Programs - Charges and Fees | \$ 30,000 | \$ 35,000 | \$ 35,000 | \$ 45,000 | \$ 45,000 |
| Recreation Programs - Donations | \$ 60,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 |
| Total Other | \$ 2,563,946 | \$ 2,943,390 | \$ 2,943,390 | \$ 3,352,200 | \$ 3,352,200 |
| Appropriated Fund Balance | \$ 95,000 | \$ 250,000 | \$ 250,000 | \$ - | \$ - |
| Total Fund Balance Appropriation | \$ 95,000 | \$ 250,000 | \$ 250,000 | \$ - | \$ - |
| Total General Fund | \$ 35,678,647 | \$ 38,395,013 | \$ 38,395,013 | \$ 41,600,800 | \$ 41,600,800 |

REVENUE DETAIL ANALYSIS – WATER AND SEWER FUND

| Revenues | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|-----------------------------------|----------------------------|---------------------------|-------------------------------------|-------------------------------------|----------------------------|
| Charges and Fees | \$ 13,585,321 | \$ 14,265,000 | \$ 14,265,000 | \$ 14,693,000 | \$ 14,693,000 |
| Wholesale Water Sales | \$ 325,000 | \$ 350,000 | \$ 350,000 | \$ 365,000 | \$ 365,000 |
| Tap Fees | \$ 60,000 | \$ 70,000 | \$ 70,000 | \$ 85,000 | \$ 85,000 |
| Connection Fees | \$ 375,000 | \$ 450,000 | \$ 450,000 | \$ 525,000 | \$ 525,000 |
| Fire Hydrant Fees | \$ - | \$ - | \$ - | \$ - | \$ - |
| Reconnection Fees | \$ 165,000 | \$ 150,000 | \$ 150,000 | \$ 150,000 | \$ 150,000 |
| Penalties | \$ 385,000 | \$ 375,000 | \$ 375,000 | \$ 400,000 | \$ 400,000 |
| Miscellaneous Revenue | \$ 11,000 | \$ 12,000 | \$ 12,000 | \$ 15,000 | \$ 15,000 |
| Donations | \$ - | \$ - | \$ - | \$ - | \$ - |
| Investment Income | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 5,000 | \$ 5,000 |
| Total Water and Sewer Fund | \$ 14,909,821 | \$ 15,675,500 | \$ 15,675,500 | \$ 16,238,000 | \$ 16,238,000 |

REVENUE DETAIL ANALYSIS – STORMWATER FUND

| Revenues | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|----------------------------------|----------------------------|---------------------------|-------------------------------------|-------------------------------------|----------------------------|
| Charges and Fees | \$ 1,866,536 | \$ 2,025,000 | \$ 2,025,000 | \$ 2,340,000 | \$ 2,340,000 |
| Investment Income | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transfer from Water & Sewer Fund | \$ 125,000 | \$ - | \$ - | \$ - | \$ - |
| Total Stormwater Fund | \$ 1,991,536 | \$ 2,025,000 | \$ 2,025,000 | \$ 2,340,000 | \$ 2,340,000 |

REVENUE DETAIL ANALYSIS – ENVIRONMENTAL FUND

| Revenues | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|-----------------------------------|----------------------------|---------------------------|-------------------------------------|-------------------------------------|----------------------------|
| Solid Waste Disposal Tax | \$ 26,000 | \$ 28,500 | \$ 28,500 | \$ 30,000 | \$ 30,000 |
| Charges and Fees | \$ 1,616,000 | \$ 1,778,370 | \$ 1,778,370 | \$ 2,393,000 | \$ 2,393,000 |
| Transfers from General Fund | \$ 1,300,000 | \$ 1,309,825 | \$ 1,309,825 | \$ 1,000,000 | \$ 1,000,000 |
| Transfers from Water & Sewer Fund | \$ 623,177 | \$ 625,000 | \$ 625,000 | \$ 364,700 | \$ 364,700 |
| Total Environmental Fund | \$ 3,565,177 | \$ 3,741,695 | \$ 3,741,695 | \$ 3,787,700 | \$ 3,787,700 |

REVENUE DETAIL ANALYSIS – SEPARATION PAY FUND

| Revenues | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|--------------------------------------|----------------------------|---------------------------|-------------------------------------|-------------------------------------|----------------------------|
| Transfer from General Fund | \$ 302,800 | \$ 365,000 | \$ 365,000 | \$ 445,000 | \$ 445,000 |
| Total Separation Pay Revenues | \$ 302,800 | \$ 365,000 | \$ 365,000 | \$ 445,000 | \$ 445,000 |

REVENUE DETAIL ANALYSIS – TRANSIT FUND

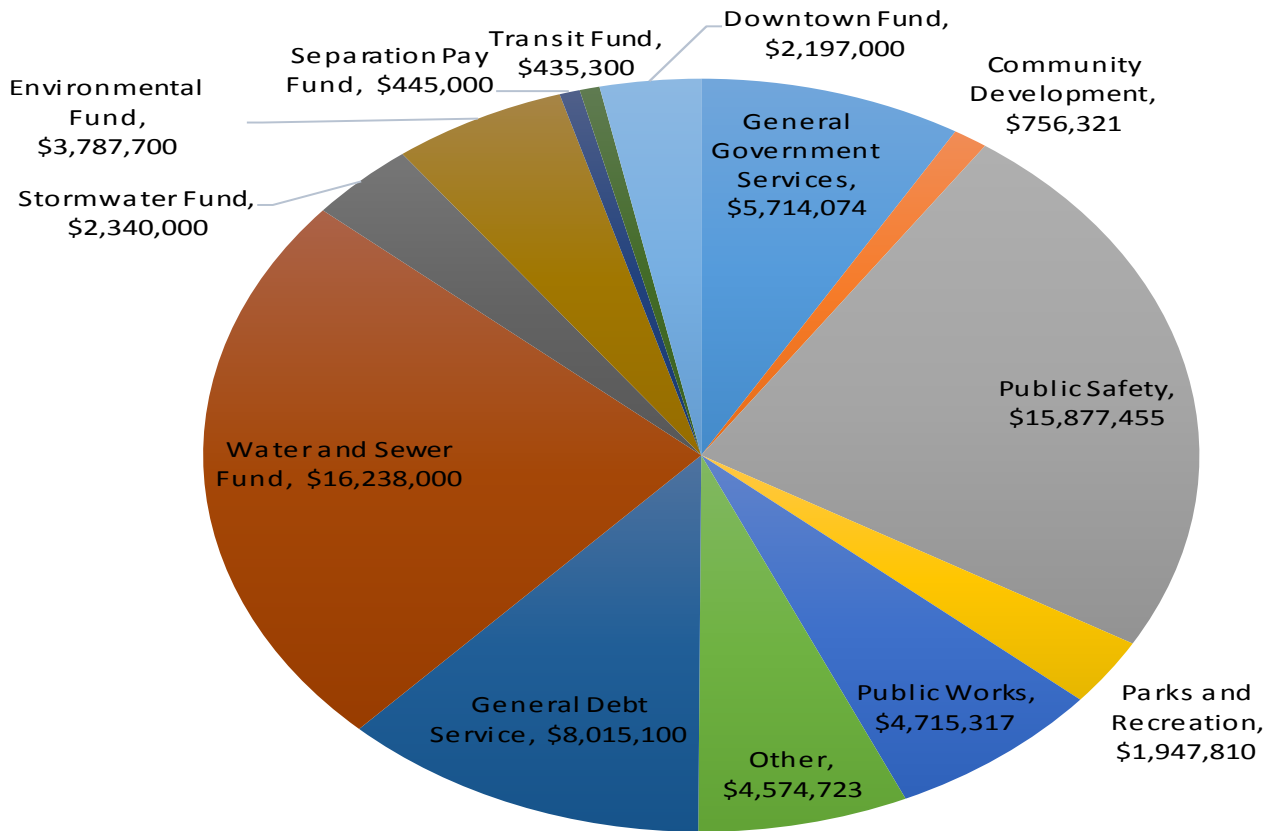
| Revenues | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------------------------|----------------------------|---------------------------|-------------------------------------|-------------------------------------|----------------------------|
| Vehicle License Tax | \$ 163,000 | \$ 163,000 | \$ 163,000 | \$ 190,000 | \$ 190,000 |
| Transfer from General Fund | \$ 307,926 | \$ 315,200 | \$ 315,200 | \$ 245,300 | \$ 245,300 |
| Total Transit Fund Revenues | \$ 470,926 | \$ 478,200 | \$ 478,200 | \$ 435,300 | \$ 435,300 |

REVENUE DETAIL ANALYSIS – DOWNTOWN FUND

| Revenues | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|-------------------------------------|----------------------------|---------------------------|-------------------------------------|-------------------------------------|----------------------------|
| Common Area Maintenance Fee | \$ - | \$ 15,000 | \$ 15,000 | \$ 15,000 | \$ 15,000 |
| Building Rental | \$ - | \$ - | \$ - | \$ 15,000 | \$ 15,000 |
| Commercial Rent/Lease | \$ - | \$ 740,000 | \$ 740,000 | \$ 700,000 | \$ 700,000 |
| Residential Rent/Lease | \$ - | \$ 65,000 | \$ 65,000 | \$ 50,000 | \$ 50,000 |
| Special Event Fees | \$ - | \$ - | \$ - | \$ 75,800 | \$ 75,800 |
| Miscellaneous Revenue | \$ - | \$ 29,000 | \$ 29,000 | \$ - | \$ - |
| Sale of Assets | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transfers from General Fund | \$ - | \$ 1,023,825 | \$ 1,023,825 | \$ 1,341,200 | \$ 1,341,200 |
| Total Downtown Fund Revenues | \$ - | \$ 1,872,825 | \$ 1,872,825 | \$ 2,197,000 | \$ 2,197,000 |

**CITY OF KANNAPOLIS
EXPENDITURE SUMMARY**

| Expenditures | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------------------|----------------------------|---------------------------|-------------------------------------|---|----------------------------|
| General Government Services | \$ 3,566,916 | \$ 4,328,136 | \$ 4,328,136 | \$ 5,714,074 | \$ 5,714,074 |
| Community Development | \$ 759,345 | \$ 749,487 | \$ 749,487 | \$ 756,321 | \$ 756,321 |
| Public Safety | \$ 13,985,134 | \$ 14,936,785 | \$ 14,936,785 | \$ 15,877,455 | \$ 15,877,455 |
| Parks and Recreation | \$ 1,696,669 | \$ 1,550,340 | \$ 1,550,340 | \$ 1,947,810 | \$ 1,947,810 |
| Public Works | \$ 2,345,277 | \$ 4,059,393 | \$ 4,059,393 | \$ 4,715,317 | \$ 4,715,317 |
| Other | \$ 7,359,744 | \$ 5,614,772 | \$ 5,614,772 | \$ 4,574,723 | \$ 4,574,723 |
| General Debt Service | \$ 6,059,562 | \$ 7,156,100 | \$ 7,156,100 | \$ 8,015,100 | \$ 8,015,100 |
| Total General Fund | \$ 35,772,647 | \$ 38,395,013 | \$ 38,395,013 | \$ 41,600,800 | \$ 41,600,800 |
| Water and Sewer Fund | \$ 14,909,821 | \$ 15,675,500 | \$ 15,675,500 | \$ 16,238,000 | \$ 16,238,000 |
| Stormwater Fund | \$ 1,991,536 | \$ 2,025,000 | \$ 2,025,000 | \$ 2,340,000 | \$ 2,340,000 |
| Environmental Fund | \$ 3,565,177 | \$ 3,741,695 | \$ 3,741,695 | \$ 3,787,700 | \$ 3,787,700 |
| Separation Pay Fund | \$ - | \$ 365,000 | \$ 365,000 | \$ 445,000 | \$ 445,000 |
| Transit Fund | \$ 470,926 | \$ 478,200 | \$ 478,200 | \$ 435,300 | \$ 435,300 |
| Downtown Fund | \$ 302,800 | \$ 1,872,825 | \$ 1,872,825 | \$ 2,197,000 | \$ 2,197,000 |
| Grand Total All Funds | 57,012,907 | \$ 62,553,233 | \$ 62,553,233 | \$ 67,043,800 | \$ 67,043,800 |



**CITY OF KANNAPOLIS
EXPENDITURE DETAIL ANALYSIS**

| Expenditures | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|--|----------------------|----------------------|-----------------------------|--------------------------------|----------------------|
| City Council | \$ 127,140 | \$ 244,751 | \$ 244,751 | \$ 190,347 | \$ 190,347 |
| City Manager - Administration | \$ 779,898 | \$ 792,698 | \$ 792,698 | \$ 782,097 | \$ 782,097 |
| Economic Development | \$ 579,589 | \$ 563,900 | \$ 563,900 | \$ 524,850 | \$ 524,850 |
| Communications | \$ 66,500 | \$ 245,750 | \$ 245,750 | \$ 159,500 | \$ 159,500 |
| Human Resources | \$ 330,626 | \$ 433,208 | \$ 433,208 | \$ 451,663 | \$ 451,663 |
| City Attorney | \$ 296,355 | \$ 319,941 | \$ 319,941 | \$ 311,140 | \$ 311,140 |
| Finance | \$ 741,738 | \$ 799,850 | \$ 799,850 | \$ 844,947 | \$ 844,947 |
| Information Technology | \$ 512,060 | \$ 929,038 | \$ 929,038 | \$ 1,025,484 | \$ 1,025,484 |
| General Services | \$ 362,300 | \$ 759,974 | \$ 759,974 | \$ 1,424,046 | \$ 1,424,046 |
| Total General Government | \$ 3,796,206 | \$ 5,089,110 | \$ 5,089,110 | \$ 5,714,074 | \$ 5,714,074 |
| Police - Administration | \$ 976,807 | \$ 886,581 | \$ 886,581 | \$ 922,283 | \$ 922,283 |
| Police - Support Services | \$ 2,738,298 | \$ 2,773,704 | \$ 2,773,704 | \$ 2,918,829 | \$ 2,918,829 |
| Police - Field Operations | \$ 4,080,052 | \$ 4,616,795 | \$ 4,616,795 | \$ 4,877,314 | \$ 4,877,314 |
| Total Police | \$ 7,795,157 | \$ 8,277,080 | \$ 8,277,080 | \$ 8,718,426 | \$ 8,718,426 |
| Fire - Administration | \$ 675,365 | \$ 679,594 | \$ 679,594 | \$ 784,258 | \$ 784,258 |
| Fire - Emergency Services | \$ 5,197,616 | \$ 5,636,804 | \$ 5,636,804 | \$ 6,033,083 | \$ 6,033,083 |
| Fire - Technical Services | \$ 316,996 | \$ 343,307 | \$ 343,307 | \$ 341,688 | \$ 341,688 |
| Total Fire | \$ 6,189,977 | \$ 6,659,705 | \$ 6,659,705 | \$ 7,159,029 | \$ 7,159,029 |
| Public Works - Engineering | \$ 1,197,142 | \$ 1,162,155 | \$ 1,162,155 | \$ 1,216,295 | \$ 1,216,295 |
| Public Works - Street and Highways | \$ 559,000 | \$ 614,600 | \$ 614,600 | \$ 823,000 | \$ 823,000 |
| Public Works - Signs and Markings | \$ 339,547 | \$ 416,450 | \$ 416,450 | \$ 400,744 | \$ 400,744 |
| Public Works - Operations Center | \$ 249,588 | \$ 292,220 | \$ 292,220 | \$ 189,900 | \$ 189,900 |
| Powell Bill | \$ 1,526,185 | \$ 1,573,968 | \$ 1,573,968 | \$ 2,085,378 | \$ 2,085,378 |
| Total Public Works | \$ 3,871,462 | \$ 4,059,393 | \$ 4,059,393 | \$ 4,715,317 | \$ 4,715,317 |
| Planning | \$ 759,345 | \$ 749,487 | \$ 749,487 | \$ 756,321 | \$ 756,321 |
| Total Planning | \$ 759,345 | \$ 749,487 | \$ 749,487 | \$ 756,321 | \$ 756,321 |
| Parks and Recreation - Parks | \$ 1,421,669 | \$ 1,273,340 | \$ 1,273,340 | \$ 1,421,810 | \$ 1,421,810 |
| Parks and Recreation - Recreation Programs | \$ 275,000 | \$ 242,000 | \$ 242,000 | \$ 310,000 | \$ 310,000 |
| Stadium | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 216,000 | \$ 216,000 |
| Total Parks and Recreation | \$ 1,731,669 | \$ 1,550,340 | \$ 1,550,340 | \$ 1,947,810 | \$ 1,947,810 |
| Non - Departmental | \$ 3,502,995 | \$ 1,840,948 | \$ 1,840,948 | \$ 1,543,223 | \$ 1,543,223 |
| Transfers | \$ 1,933,264 | \$ 3,013,850 | \$ 3,013,850 | \$ 3,031,500 | \$ 3,031,500 |
| Total Other | \$ 5,436,259 | \$ 4,853,798 | \$ 4,853,798 | \$ 4,574,723 | \$ 4,574,723 |
| Debt Service Payments (Principal and Interest) | \$ 6,059,562 | \$ 7,156,100 | \$ 7,156,100 | \$ 8,015,100 | \$ 8,015,100 |
| Total Debt Service | \$ 6,059,562 | \$ 7,156,100 | \$ 7,156,100 | \$ 8,015,100 | \$ 8,015,100 |
| Total General Fund Expenditures | \$ 35,772,647 | \$ 38,395,013 | \$ 38,395,013 | \$ 41,600,800 | \$ 41,600,800 |

CITY OF KANNAPOLIS
EXPENDITURE DETAIL ANALYSIS - *continued*

| Expenditures | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|---------------------------------------|----------------------|----------------------|-----------------------------|--------------------------------|----------------------|
| Water & Sewer Fund | | | | | |
| Water & Sewer - Billing & Collections | \$ 709,509 | \$ 745,644 | \$ 745,644 | \$ 2,935,425 | \$ 2,935,425 |
| Water & Sewer - Distribution | \$ 2,612,381 | \$ 2,810,590 | \$ 2,810,590 | \$ 2,938,688 | \$ 2,938,688 |
| Water & Sewer - Sewage Treatment | \$ 2,727,984 | \$ 2,824,500 | \$ 2,824,500 | \$ 2,921,500 | \$ 2,921,500 |
| Water & Sewer - Filter Plant | \$ 3,021,142 | \$ 2,927,066 | \$ 2,927,066 | \$ 836,495 | \$ 836,495 |
| General Management Services | \$ 1,102,500 | \$ 1,466,110 | \$ 1,466,110 | \$ 1,539,416 | \$ 1,539,416 |
| Transfer to Capital Projects | \$ 748,177 | \$ 625,000 | \$ 625,000 | \$ 364,700 | \$ 364,700 |
| Debt Service | \$ 3,988,128 | \$ 4,276,589 | \$ 4,276,590 | \$ 4,701,776 | \$ 4,701,776 |
| Total Water and Sewer Fund | \$ 14,909,821 | \$ 15,675,499 | \$ 15,675,500 | \$ 16,238,000 | \$ 16,238,000 |
| Total Stormwater | \$ 1,991,536 | \$ 2,025,000 | \$ 2,025,000 | \$ 2,340,000 | \$ 2,340,000 |
| Total Environmental | \$ 3,565,177 | \$ 3,741,695 | \$ 3,741,695 | \$ 3,787,700 | \$ 3,787,700 |
| Total Separation Fund | \$ 302,800 | \$ 365,000 | \$ 365,000 | \$ 445,000 | \$ 445,000 |
| Total Transit Fund | \$ 470,926 | \$ 478,200 | \$ 478,200 | \$ 435,300 | \$ 435,300 |
| Total Downtown Fund | \$ - | \$ 1,872,825 | \$ 1,872,825 | \$ 2,197,000 | \$ 2,197,000 |
| Total All Funds | \$ 57,012,907 | \$ 62,553,232 | \$ 62,553,233 | \$ 67,043,800 | \$ 67,043,800 |

Comparison of Expenditures by Fund by Major Category

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 | 265 | 48 | 16 | - | - | - | - | 329 |

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 | 258 | 47 | 13 | 1 | - | - | - | 319 |

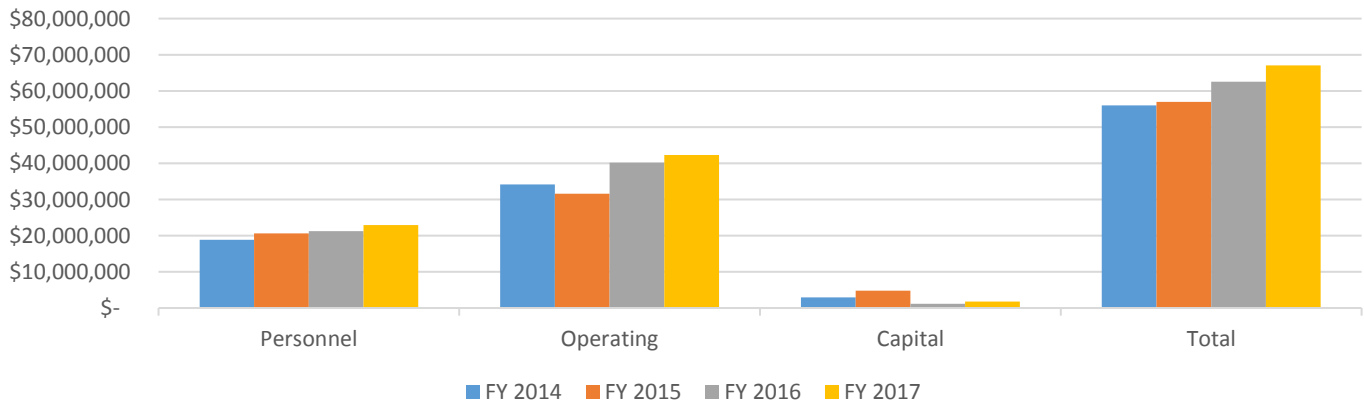
FY2015 BUDGET

| EXPENDITURES | GENERAL FUND | WATER & SEWER FUND | STORMWATER FUND | ENVIRONMENTAL FUND | SEPARATION PAY FUND | TRANSIT FUND | DOWNTOWN FUND | TOTAL |
|--------------|----------------------|----------------------|---------------------|---------------------|---------------------|-------------------|---------------|----------------------|
| PERSONNEL | \$ 14,597,319 | \$ 5,093,690 | \$ 566,246 | \$ 51,848 | - | \$ 302,800 | - | \$ 20,611,903 |
| OPERATING | \$ 20,453,768 | \$ 5,828,003 | \$ 1,368,590 | \$ 3,513,329 | \$ 470,926 | - | - | \$ 31,634,616 |
| CAPITAL | \$ 721,560 | \$ 3,988,128 | \$ 56,700 | - | - | - | - | \$ 4,766,388 |
| TOTAL | \$ 35,772,647 | \$ 14,909,821 | \$ 1,991,536 | \$ 3,565,177 | \$ 470,926 | \$ 302,800 | \$ - | \$ 57,012,907 |
| POSITIONS | 243 | 45 | 13 | 1 | - | - | - | 302 |

FY2014 BUDGET

| EXPENDITURES | GENERAL FUND | WATER & SEWER FUND | STORMWATER FUND | ENVIRONMENTAL FUND | SEPARATION PAY FUND | TRANSIT FUND | DOWNTOWN FUND | TOTAL |
|--------------|----------------------|----------------------|---------------------|---------------------|---------------------|-------------------|---------------|----------------------|
| PERSONNEL | \$ 16,127,690 | \$ 2,121,711 | \$ 563,792 | \$ 50,549 | - | - | - | \$ 18,863,742 |
| OPERATING | \$ 18,035,182 | \$ 11,102,025 | \$ 764,750 | \$ 3,509,451 | \$ 470,926 | \$ 282,000 | - | \$ 34,164,334 |
| CAPITAL | \$ 774,600 | \$ 1,523,100 | \$ 681,458 | - | - | - | - | \$ 2,979,158 |
| TOTAL | \$ 34,937,472 | \$ 14,746,836 | \$ 2,010,000 | \$ 3,560,000 | \$ 470,926 | \$ 282,000 | \$ - | \$ 56,007,234 |
| POSITIONS | 243 | 45 | 13 | 1 | - | - | - | 302 |

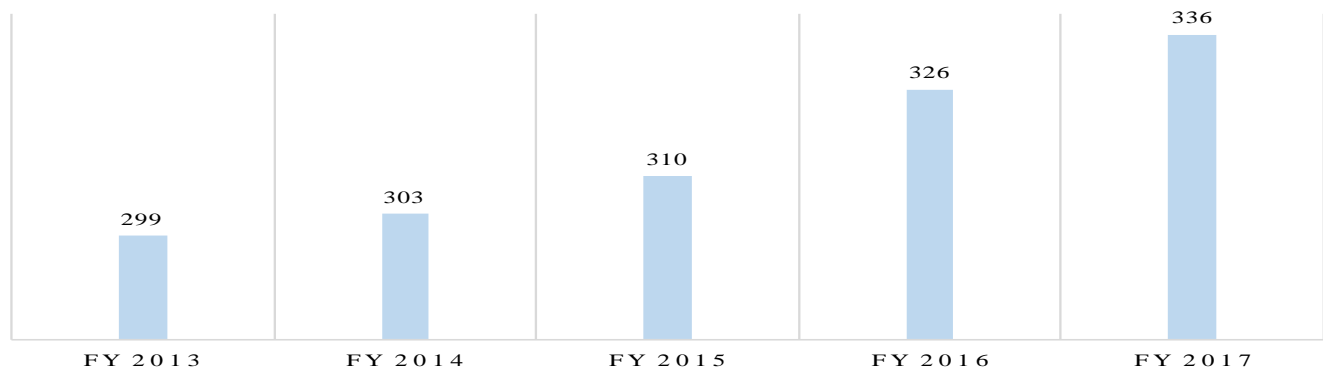
Comparison of Expenditure By Major Category



**CITY OF KANNAPOLIS
STAFFING COMPARISON (FULL TIME EMPLOYEES)**

| DEPARTMENT | ACTUAL FY2013 | ACTUAL FY2014 | ACTUAL FY2015 | BUDGET FY2016 | CHANGE/ ADDITIONS | ACTUAL FY2017 |
|-----------------------------------|------------------|------------------|------------------|------------------|----------------------|------------------|
| GOVERNING BODY | 7 | 7 | 7 | 7 | - | 7 |
| CITY MANAGER | 8 | 8 | 9 | 6 | - | 6 |
| HUMAN RESOURCES | 4 | 4 | 4 | 5 | - | 5 |
| LEGAL SERVICES | 2 | 2 | 2 | 2 | - | 2 |
| GENERAL SERVICES | - | - | - | 4 | 1 | 5 |
| PLANNING & ZONING | - | - | 1 | 8 | - | 8 |
| FINANCE | 7 | 7 | 8 | 8 | - | 8 |
| TOTAL GENERAL GOVERNMENT | 28 | 28 | 31 | 40 | 1 | 41 |
| PUBLIC SAFETY | | | | | | |
| POLICE | 102 | 103 | 104 | 109 | 2 | 111 |
| FIRE | 85 | 86 | 86 | 87 | 3 | 90 |
| TOTAL PUBLIC SAFETY | 187 | 189 | 190 | 196 | 5 | 201 |
| TOTAL PARKS AND RECREATION | 11 | 11 | 11 | 8 | 1 | 9 |
| TOTAL PUBLIC WORKS | 17 | 17 | 18 | 21 | - | 21 |
| <i>Including POWELL BILL</i> | | | | | | |
| TOTAL GENERAL FUND | 243 | 245 | 250 | 265 | 7 | 272 |
| WATER & SEWER FUND | | | | | | |
| BILLING AND COLLECTIONS | 7 | 7 | 7 | 7 | 1 | 8 |
| WATER TREATMENT PLANT | 9 | 9 | 9 | 11 | - | 11 |
| DISTRIBUTION | 27 | 28 | 30 | 29 | - | 29 |
| TOTAL WATER & SEWER | 43 | 44 | 46 | 47 | - | 48 |
| TOTAL STORMWATER FUND | 13 | 13 | 13 | 13 | 3 | 16 |
| TOTAL ENVIRONMENTAL | - | 1 | 1 | 1 | - | - |
| TOTAL TRANSIT | - | - | - | - | - | - |
| TOTAL SEPERATION PAY | - | - | - | - | - | - |
| TOTAL DOWNTOWN | - | - | - | - | - | - |
| TOTAL ALL FUNDS | 299 | 303 | 310 | 326 | 10 | 336 |

FULL TIME EMPLOYEES BY FISCAL YEAR



CITY OF KANNAPOLIS
CITY DEBT, LEGAL DEBT LIMIT, AND LEGAL DEBT MARGIN FY 2017

| GENERAL FUND DEBT | PRINCIPAL BALANCE | PRINCIPAL PAYMENT | INTEREST PAYMENT | TOTAL PAYMENT |
|--------------------------------|--------------------------|--------------------------|-------------------------|----------------------|
| Existing Debt at June 30, 2016 | \$ 62,111,940 | \$ 4,481,386 | \$ 3,033,607 | \$ 7,514,993 |
| New Proposed Debt for FY 2017 | \$ 8,803,000 | \$ - | \$ 500,000 | \$ 500,000 |
| Total General Fund Debt | \$ 70,914,940 | \$ 4,481,386 | \$ 3,533,607 | \$ 8,014,993 |

The \$70,914,940 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, 2016 | \$ 31,668,832 | \$ 2,680,236 | \$ 1,458,200 | \$ 4,138,436 |
| New Proposed Debt for FY 2017 | \$ 4,381,924 | \$ - | \$ 563,340 | \$ 563,340 |
| Total Water & Sewer Debt | \$ 36,050,756 | \$ 2,680,236 | \$ 2,021,540 | \$ 4,701,776 |

| STORMWATER FUND DEBT | PRINCIPAL BALANCE | PRINCIPAL PAYMENT | INTEREST PAYMENT | TOTAL PAYMENT |
|--------------------------------|--------------------------|--------------------------|-------------------------|----------------------|
| Existing Debt at June 30, 2016 | \$ 3,554,319 | \$ 612,421 | \$ 69,904 | \$ 682,325 |
| New Proposed Debt for FY 2017 | \$ - | \$ - | \$ - | \$ - |
| Total Stormwater Fund | \$ 3,554,319 | \$ 612,421 | \$ 69,904 | \$ 682,325 |

| ENVIRONMENTAL FUND DEBT | PRINCIPAL BALANCE | PRINCIPAL PAYMENT | INTEREST PAYMENT | TOTAL PAYMENT |
|--------------------------------------|--------------------------|--------------------------|-------------------------|----------------------|
| Existing Debt at June 30, 2016 | \$ - | \$ - | \$ - | \$ - |
| New Proposed Debt for FY 2017 | \$ - | \$ - | \$ - | \$ - |
| Total Environmental Fund Debt | \$ - | \$ - | \$ - | \$ - |

| DOWNTOWN FUND DEBT | PRINCIPAL BALANCE | PRINCIPAL PAYMENT | INTEREST PAYMENT | TOTAL PAYMENT |
|---------------------------------|--------------------------|--------------------------|-------------------------|----------------------|
| Existing Debt at June 30, 2016 | \$ 11,000,000 | \$ 734,000 | \$ 507,194 | \$ 1,241,194 |
| New Proposed Debt for FY 2017 | \$ - | \$ - | \$ - | \$ - |
| Total Downtown Fund Debt | \$ 11,000,000 | \$ 734,000 | \$ 507,194 | \$ 1,241,194 |

| TOTAL DEBT | PRINCIPAL BALANCE | PRINCIPAL PAYMENT | INTEREST PAYMENT | TOTAL PAYMENT |
|------------------------------------|--------------------------|--------------------------|-------------------------|----------------------|
| Total City Existing Debt | \$ 108,335,091 | \$ 8,508,043 | \$ 5,068,905 | \$ 13,576,948 |
| Total City New Debt Proposed | \$ 13,184,924 | \$ - | \$ 1,063,340 | \$ 1,063,340 |
| Total City Debt For FY 2017 | \$ 121,520,015 | \$ 8,508,043 | \$ 6,132,245 | \$ 14,640,288 |

Assessed Value \$ **3,859,718,981** Taxable Property for Ad Valorem Tax located in City.

Legal Debt Limit \$ **308,777,518** 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 \$ **70,914,940** Note; the City's Revenue Bonds (Water & Sewer, Stormwater, Environmental, and Downtown Debt) are excluded from this calculation.

City Legal Debt Margin \$ **237,862,578**

**CITY OF KANNAPOLIS
FUND BALANCE ANALYSIS**

FUND BALANCE SUMMARY FOR ALL FUNDS FY 2017

| | General Fund | Water & Sewer Fund | Stormwater Fund | Environmental Fund | Separation Pay Fund | Transit Fund | Downtown Fund | Total |
|--|-------------------------|-----------------------------------|----------------------------|-------------------------------|--------------------------------|-------------------------|--------------------------|---------------|
| ACTUAL BALANCE JUNE 30, 2015 | \$ 17,636,914 | \$ 47,442 | \$ 28,308 | \$ (58,837) | \$ 806,058 | \$ 456,560 | \$ - | \$ 18,916,445 |
| PROJECTED REVENUES FY2016 | \$ 38,395,013 | \$ 15,675,500 | \$ 365,000 | \$ 478,200 | \$ 2,025,000 | \$ 3,741,695 | \$ 1,872,825 | \$ 62,553,233 |
| PROJECTED EXPENDITURES FY201 | \$ 36,395,013 | \$ 13,972,942 | \$ 143,308 | \$ 49,363 | \$ 2,025,000 | \$ 3,741,695 | \$ 1,872,825 | \$ 58,570,146 |
| PROJECTED BALANCE JUNE 30, 2016 | \$ 19,636,914 | \$ 1,750,000 | \$ 250,000 | \$ - | \$ 806,058 | \$ 456,560 | \$ 1,500,000 | \$ 24,399,532 |
| BUDGETED REVENUES FY2017 | \$ 41,600,800 | \$ 16,238,000 | \$ 2,340,000 | \$ 3,787,700 | \$ 445,000 | \$ 435,300 | \$ 2,197,000 | \$ 67,043,800 |
| BUDGETED EXPENDITURES FY2017 | \$ 41,600,800 | \$ 16,238,000 | \$ 2,340,000 | \$ 3,787,700 | \$ 445,000 | \$ 435,300 | \$ 2,197,000 | \$ 67,043,800 |
| BALANCE JUNE 20, 2017 | \$ 19,636,914 | \$ 1,750,000 | \$ 250,000 | \$ - | \$ 806,058 | \$ 456,560 | \$ 1,500,000 | \$ 24,399,532 |

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

| | Actual FY 2015 | Budget FY 2016 | Projected FY 2016 | Manager Proposed FY 2017 | Adopted FY 2017 |
|---------------------------|----------------------|----------------------|----------------------|--------------------------------|----------------------|
| Revenues | | | | | |
| Ad Valorem Taxes | \$ 20,986,315 | \$ 22,702,800 | \$ 22,702,800 | \$ 24,158,300 | \$ 24,158,300 |
| Sales Taxes | \$ 6,490,000 | \$ 6,900,000 | \$ 6,900,000 | \$ 7,763,900 | \$ 7,763,900 |
| Intergovernmental | \$ 5,613,386 | \$ 5,598,823 | \$ 5,598,823 | \$ 6,326,400 | \$ 6,326,400 |
| Other | \$ 2,647,946 | \$ 2,943,390 | \$ 2,943,390 | \$ 3,352,200 | \$ 3,352,200 |
| Appropriated Fund Balance | \$ 35,000 | \$ 250,000 | \$ 250,000 | \$ - | \$ - |
| Total Revenues | \$ 35,772,647 | \$ 38,395,013 | \$ 38,395,013 | \$ 41,600,800 | \$ 41,600,800 |
| Expenditures | | | | | |
| General Government | \$ 3,566,916 | 4,329,136 | 4,329,136 | \$ 5,714,074 | \$ 5,714,074 |
| Community Development | \$ 759,345 | 749,487 | 749,487 | \$ 756,321 | \$ 756,321 |
| Public Safety | \$ 13,985,134 | 14,936,785 | 14,936,785 | \$ 15,877,455 | \$ 15,877,455 |
| Parks & Recreation | \$ 1,731,669 | 1,550,340 | 1,550,340 | \$ 1,947,810 | \$ 1,947,810 |
| Public Works | \$ 3,871,462 | 4,059,393 | 4,059,393 | \$ 4,715,317 | \$ 4,715,317 |
| Other | \$ 5,798,559 | 5,614,772 | 5,614,772 | \$ 4,574,723 | \$ 4,574,723 |
| General Debt Service | \$ 6,059,562 | 7,156,100 | 7,156,100 | \$ 8,015,100 | \$ 8,015,100 |
| Total Expenditures | \$ 35,772,647 | \$ 38,395,013 | \$ 38,395,013 | \$ 41,600,800 | \$ 41,600,800 |

Analysis of Water and Sewer Fund Revenues and Expenditures

| | Actual FY 2015 | Budget FY 2016 | Projected FY 2016 | Manager Proposed FY 2017 | Adopted FY 2017 |
|---------------------------|----------------------|----------------------|----------------------|--------------------------------|----------------------|
| Revenues | | | | | |
| Charges and Fees | \$ 13,585,321 | 14,265,000 | 14,265,000 | \$ 14,693,000 | \$ 14,693,000 |
| Wholesale Water Sales | \$ 325,000 | 350,000 | 350,000 | \$ 365,000 | \$ 365,000 |
| Tap Fees | \$ 60,000 | 70,000 | 70,000 | \$ 85,000 | \$ 85,000 |
| Connection Fees | \$ 375,000 | 450,000 | 450,000 | \$ 525,000 | \$ 525,000 |
| Reconnection Fees | \$ 165,000 | 150,000 | 150,000 | \$ 150,000 | \$ 150,000 |
| Penalties | \$ 385,000 | 375,000 | 375,000 | \$ 400,000 | \$ 400,000 |
| Miscellaneous Revenue | \$ 11,000 | 12,000 | 12,000 | \$ 15,000 | \$ 15,000 |
| Investment Income | \$ 3,500 | 3,500 | 3,500 | \$ 5,000 | \$ 5,000 |
| Total Revenues | \$ 14,909,821 | \$ 15,675,500 | \$ 15,675,500 | \$ 16,238,000 | \$ 16,238,000 |
| Expenditures | | | | | |
| Billing & Collections | \$ 709,509 | \$ 745,644 | \$ 745,644 | \$ 836,495 | \$ 836,495 |
| Distribution | \$ 2,612,381 | \$ 2,810,590 | \$ 2,810,590 | \$ 2,935,425 | \$ 2,935,425 |
| Filter Plant | \$ 2,727,984 | \$ 2,824,500 | \$ 2,824,500 | \$ 2,938,688 | \$ 2,938,688 |
| Sewage Treatment | \$ 3,021,142 | \$ 2,927,066 | \$ 2,927,066 | \$ 2,921,500 | \$ 2,921,500 |
| General Management Fee | \$ 1,102,500 | \$ 1,466,110 | \$ 1,466,110 | \$ 1,539,416 | \$ 1,539,416 |
| Transfer to Other Funds | \$ 748,177 | \$ 625,000 | \$ 625,000 | \$ 364,700 | \$ 364,700 |
| Debt Services | \$ 3,988,128 | \$ 4,276,590 | \$ 4,276,590 | \$ 4,701,776 | \$ 4,701,776 |
| Total Expenditures | \$ 14,909,821 | \$ 15,675,500 | \$ 15,675,500 | \$ 16,238,000 | \$ 16,238,000 |

Analysis of Stormwater Fund Revenues and Expenditures

| | Actual FY 2015 | Budget FY 2016 | Projected FY 2016 | Manager Proposed FY 2017 | Adopted FY 2017 |
|-----------------------------|---------------------|---------------------|----------------------|--------------------------------|---------------------|
| Revenues | | | | | |
| Charges and Fees | \$ 1,866,536 | \$ 2,025,000 | \$ 2,025,000 | \$ 2,340,000 | \$ 2,340,000 |
| Transfers from other Funds | \$ 125,000 | \$ - | \$ - | \$ - | \$ - |
| Total Revenues | \$ 1,991,536 | \$ 2,025,000 | \$ 2,025,000 | \$ 2,340,000 | \$ 2,340,000 |
| Expenditures | | | | | |
| Personnel | \$566,246 | \$629,560 | \$629,560 | \$770,343 | \$770,343 |
| Operations | \$496,999 | \$489,840 | \$489,840 | \$534,548 | \$534,548 |
| Debt Service | \$666,483 | \$692,600 | \$692,600 | \$682,325 | \$682,325 |
| Capital Outlay | \$56,700 | \$0 | \$0 | \$111,000 | \$111,000 |
| General Management Services | \$205,108 | \$213,000 | \$213,000 | \$241,784 | \$241,784 |
| Total Expenditures | \$1,991,536 | \$2,025,000 | \$2,025,000 | \$2,340,000 | \$2,340,000 |

Analysis of Environmental Fund Revenues and Expenditures

| | Actual FY 2015 | Budget FY 2016 | Projected FY 2016 | Manager Proposed FY 2017 | Adopted FY 2017 |
|-----------------------------------|--------------------|--------------------|----------------------|--------------------------------|--------------------|
| Revenues | | | | | |
| Solid Waste Disposal Tax | \$26,000 | \$28,500 | \$28,500 | \$30,000 | \$30,000 |
| Charges and Fees | \$1,616,000 | \$1,778,370 | \$1,778,370 | \$2,393,000 | \$2,393,000 |
| Transfers from General Fund | \$1,300,000 | \$1,309,825 | \$1,309,825 | \$1,000,000 | \$1,000,000 |
| Transfers from Water & Sewer Fund | \$623,177 | \$625,000 | \$625,000 | \$364,700 | \$364,700 |
| Total Revenues | \$3,565,177 | \$3,741,695 | \$3,741,695 | \$3,787,700 | \$3,787,700 |
| Expenditures | | | | | |
| Personnel | \$51,848 | \$59,483 | \$59,483 | \$0 | \$0 |
| Operations | \$3,337,400 | \$3,506,284 | \$3,506,284 | \$3,787,700 | \$3,787,700 |
| Debt Service | \$175,929 | \$175,928 | \$175,928 | \$0 | \$0 |
| Total Expenditures | \$3,565,177 | \$3,741,695 | \$3,741,695 | \$3,787,700 | \$3,787,700 |

Analysis of Separation Fund Revenues and Expenditures

| | Actual FY 2015 | Budget FY 2016 | Projected FY 2016 | Manager Proposed FY 2017 | Adopted FY 2017 |
|----------------------------------|-------------------|-------------------|----------------------|--------------------------------|--------------------|
| Revenues | | | | | |
| Transfer from General Fund | \$ 302,800 | \$ 365,000 | \$ 365,000 | \$ 445,000 | \$ 445,000 |
| Total Revenues | \$ 302,800 | \$ 365,000 | \$ 365,000 | \$ 445,000 | \$ 445,000 |
| Expenditures | | | | | |
| Personnel (Payments to Retirees) | \$ 302,800 | \$ 365,000 | \$ 365,000 | \$ 445,000 | \$ 445,000 |
| Total Expenditures | \$ 302,800 | \$ 365,000 | \$ 365,000 | \$ 445,000 | \$ 445,000 |

Analysis of Transit Fund Revenues and Expenditures

| | Actual FY 2015 | Budget FY 2016 | Projected FY 2016 | Manager Proposed FY 2017 | Adopted FY 2017 |
|----------------------------|-------------------|-------------------|----------------------|--------------------------------|--------------------|
| Revenues | | | | | |
| Vehicle License Tax | \$ 307,926 | \$ 163,000 | \$ 163,000 | \$ 190,000 | \$ 190,000 |
| Transfer from General Fund | \$ 163,000 | \$ 315,200 | \$ 315,200 | \$ 245,300 | \$ 245,300 |
| Total Revenues | \$ 470,926 | \$ 478,200 | \$ 478,200 | \$ 435,300 | \$ 435,300 |
| Expenditures | | | | | |
| Contracted Services | \$ 470,926 | \$ 478,200 | \$ 478,200 | \$ 435,300 | \$ 435,300 |
| Total Expenditures | \$ 470,926 | \$ 478,200 | \$ 478,200 | \$ 435,300 | \$ 435,300 |

Analysis of Downtown Fund Revenues and Expenditures

| | Actual FY 2015 | Budget FY 2016 | Projected FY 2016 | Manager Proposed FY 2017 | Adopted FY 2017 |
|-----------------------------|-------------------|---------------------|----------------------|--------------------------------|---------------------|
| Revenues | | | | | |
| Common Area Maintenance Fee | \$ - | \$ 15,000 | \$ 15,000 | \$ 15,000 | \$ 15,000 |
| Building Rental | \$ - | \$ - | \$ - | \$ 15,000 | \$ 15,000 |
| Commercial Rent/Lease | \$ - | \$ 740,000 | \$ 740,000 | \$ 700,000 | \$ 700,000 |
| Residential Rent/Lease | \$ - | \$ 65,000 | \$ 65,000 | \$ 50,000 | \$ 50,000 |
| Special Event Fees | \$ - | \$ - | \$ - | \$ 75,800 | \$ 75,800 |
| Miscellaneous Revenue | \$ - | \$ 29,000 | \$ 29,000 | \$ - | \$ - |
| Sale of Assets | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transfers from General Fund | \$ - | \$ 1,023,825 | \$ 1,023,825 | \$ 1,341,200 | \$ 1,341,200 |
| Total Revenues | \$ - | \$ 1,872,825 | \$ 1,872,825 | \$ 2,197,000 | \$ 2,197,000 |
| Expenditures | | | | | |
| Operations | \$ - | \$ 962,825 | \$ 962,825 | \$ 955,800 | \$ 955,800 |
| Debt Service | \$ - | \$ 910,000 | \$ 910,000 | \$ 1,241,200 | \$ 1,241,200 |
| Total Expenditures | \$ - | \$ 1,872,825 | \$ 1,872,825 | \$ 2,197,000 | \$ 2,197,000 |

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.

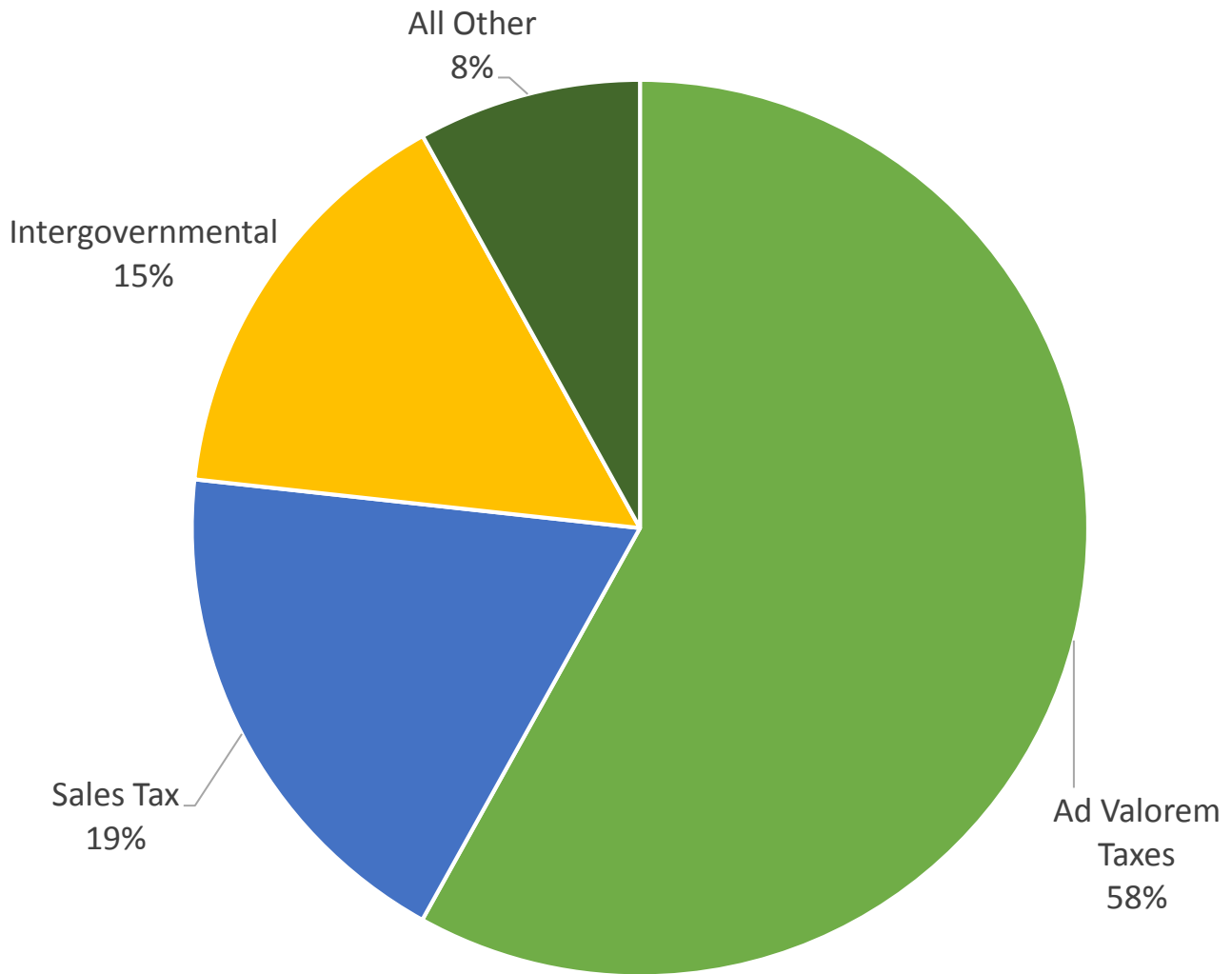
The GF section of the budget document includes a reporting of GF undesignated fund balance and program summaries for each of the operating services. The mission statement, departmental accomplishments and performance measures, goals and objectives, and an action plan included in each program summary.

**CITY OF KANNAPOLIS
REVENUE DETAIL ANALYSIS - GENERAL FUND**

| Revenues | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|--|----------------------------|---------------------------|---|---|----------------------------|
| Ad Valorem Taxes - Current Year | \$ 20,642,940 | 22,327,800 | 22,327,800 | \$ 23,708,300 | \$ 23,708,300 |
| Ad Valorem Taxes - Prior Year | \$ 343,375 | 375,000 | 375,000 | \$ 450,000 | \$ 450,000 |
| Total Ad Valorem Taxes | \$ 20,986,315 | 22,702,800 | 22,702,800 | \$ 24,158,300 | \$ 24,158,300 |
| 1% Sales Tax (State) | \$ 2,800,000 | 3,100,000 | 3,100,000 | \$ 3,513,900 | \$ 3,513,900 |
| 1/2% Sales Tax (Local) | \$ 3,630,000 | 3,800,000 | 3,800,000 | \$ 4,250,000 | \$ 4,250,000 |
| Total Sales Tax | \$ 6,430,000 | 6,900,000 | 6,900,000 | \$ 7,763,900 | \$ 7,763,900 |
| Fire District Sales Tax | \$ 70,000 | 72,500 | 72,500 | \$ 75,000 | \$ 75,000 |
| Franchise Tax | \$ 1,850,000 | \$ 1,950,000 | \$ 1,950,000 | \$ 2,650,000 | \$ 2,650,000 |
| Beer & Wine Tax | \$ 185,000 | \$ 200,000 | \$ 200,000 | \$ 210,000 | \$ 210,000 |
| ABC Funds | \$ 70,000 | \$ 90,000 | \$ 90,000 | \$ 75,000 | \$ 75,000 |
| Cabarrus Contributions | \$ 1,509,503 | \$ 1,512,803 | \$ 1,512,803 | \$ 1,511,400 | \$ 1,511,400 |
| Build America Bond Subsidy Pay | \$ 433,883 | \$ 448,000 | \$ 448,000 | \$ 451,000 | \$ 451,000 |
| CDBG Administration Revenues | \$ 70,000 | \$ 70,000 | \$ 70,000 | \$ 70,000 | \$ 70,000 |
| Rowan County Contributions | \$ - | \$ 4,020 | \$ 4,020 | \$ 4,000 | \$ 4,000 |
| Police - Federal Grants | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fire - Federal Grants | \$ 150,000 | \$ - | \$ - | \$ - | \$ - |
| Powell Bill Funds | \$ 1,265,000 | \$ 1,251,500 | \$ 1,251,500 | \$ 1,280,000 | \$ 1,280,000 |
| Total Intergovernmental | \$ 5,603,386 | \$ 5,598,823 | \$ 5,598,823 | \$ 6,326,400 | \$ 6,326,400 |
| Vehicle License | \$ 306,000 | \$ 315,000 | \$ 315,000 | \$ 380,000 | \$ 380,000 |
| Vehicle Rental Tax | \$ 4,500 | \$ 4,750 | \$ 4,750 | \$ 5,000 | \$ 5,000 |
| Buildings Rental | \$ 3,000 | \$ 3,000 | \$ 3,000 | \$ 100,000 | \$ 100,000 |
| Tower Rental | \$ 95,000 | \$ 85,000 | \$ 85,000 | \$ 55,000 | \$ 55,000 |
| Miscellaneous Revenue | \$ 175,000 | \$ 175,000 | \$ 175,000 | \$ 175,000 | \$ 175,000 |
| Investment Income | \$ 105,000 | \$ 120,000 | \$ 120,000 | \$ 150,000 | \$ 150,000 |
| Enterprise Fund Management Fee Reimbursement | \$ 1,307,608 | \$ 1,679,140 | \$ 1,679,140 | \$ 1,781,200 | \$ 1,781,200 |
| Police - Charges and Fees | \$ 60,338 | \$ 60,000 | \$ 60,000 | \$ 60,000 | \$ 60,000 |
| Officer Court Reimbursement | \$ 21,500 | \$ 21,500 | \$ 21,500 | \$ 20,000 | \$ 20,000 |
| False Alarm Fees | \$ - | \$ 7,000 | \$ 7,000 | \$ 8,000 | \$ 8,000 |
| Fire - Technical Services - Charges and Fees | \$ 21,000 | \$ 18,000 | \$ 18,000 | \$ 18,000 | \$ 18,000 |
| Street Lighting Fees and Charges | \$ 20,000 | \$ 55,000 | \$ 55,000 | \$ 75,000 | \$ 75,000 |
| Code Enforcement - Charges and Fees | \$ 125,000 | \$ 80,000 | \$ 80,000 | \$ 100,000 | \$ 100,000 |
| City Code Violations | \$ 25,000 | \$ 30,000 | \$ 30,000 | \$ 30,000 | \$ 30,000 |
| Parks - Charges and Fees | \$ 205,000 | \$ 205,000 | \$ 205,000 | \$ 300,000 | \$ 300,000 |
| Recreation Programs - Charges and Fees | \$ 30,000 | \$ 35,000 | \$ 35,000 | \$ 45,000 | \$ 45,000 |
| Recreation Programs - Donations | \$ 60,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 |
| Total Other | \$ 2,563,946 | \$ 2,943,390 | \$ 2,943,390 | \$ 3,352,200 | \$ 3,352,200 |
| Appropriated Fund Balance | \$ 95,000 | \$ 250,000 | \$ 250,000 | \$ - | \$ - |
| Total Fund Balance Appropriation | \$ 95,000 | \$ 250,000 | \$ 250,000 | \$ - | \$ - |
| Total General Fund | \$ 35,678,647 | \$ 38,395,013 | \$ 38,395,013 | \$ 41,600,800 | \$ 41,600,800 |

GENERAL FUND REVENUE ESTIMATE FOR FY2016

\$41,600,800

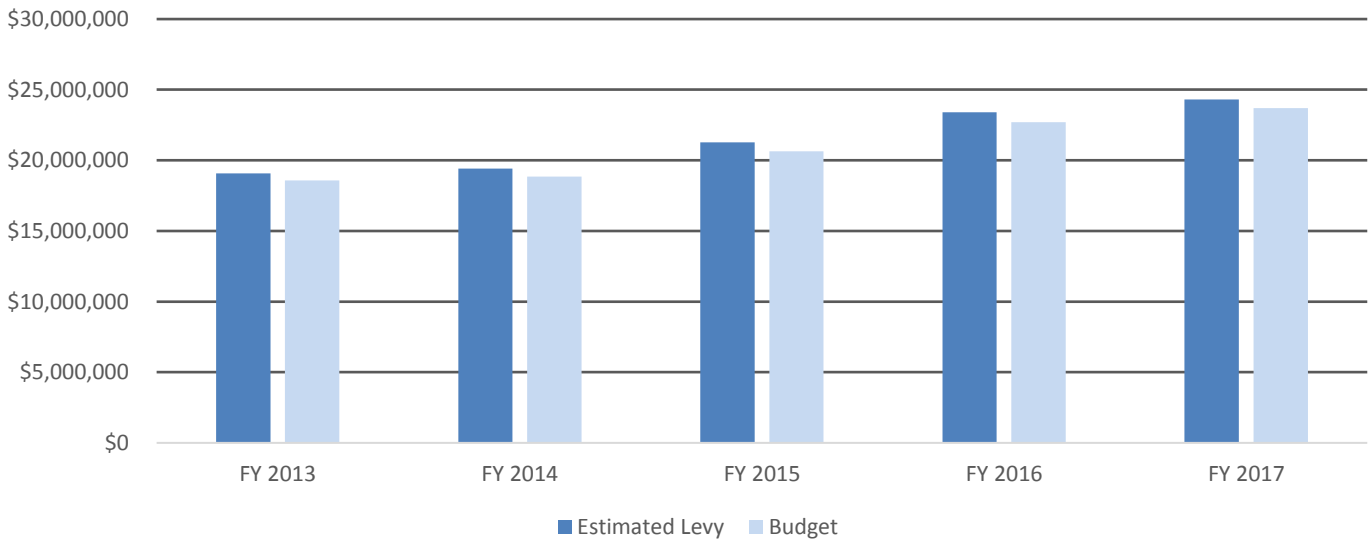


All other includes Vehicle License Fees, Vehicle Rental Tax, Enterprise Fund Management Fees, Investment Income, and all departmental fees.

PROPERTY TAX

The anticipated property assessment for FY 2017 will be approximately \$3,859,718,981. The tax levy at sixty-three cents will be \$223,708,324 for FY 2017. The current year levy is \$24,316,229 and property value is \$3,859,718,981. The projected budget estimate for FY 2017 is \$24,316,229 for property tax compared to \$223,404,948 for the FY 2016, an increase of \$911,281. 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 (last year (FY2016) was 97.5%). It is estimated that \$2,391,540 of the \$23,708,324 levy is related to the incremental increase in value of the TIF district since forming in 2007.

| <u>Property Tax</u> | <u>FY 2013</u> | <u>FY 2014</u> | <u>FY 2015</u> | <u>FY 2016</u> | <u>FY 2017</u> | <u>Increase</u> |
|---------------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| Estimated Levy | \$19,069,891 | \$19,425,531 | \$21,281,363 | \$23,404,948 | \$24,316,229 | \$911,281 |
| Budget | \$18,574,000 | \$18,842,768 | \$20,642,940 | \$22,702,800 | \$23,708,324 | \$1,005,524 |



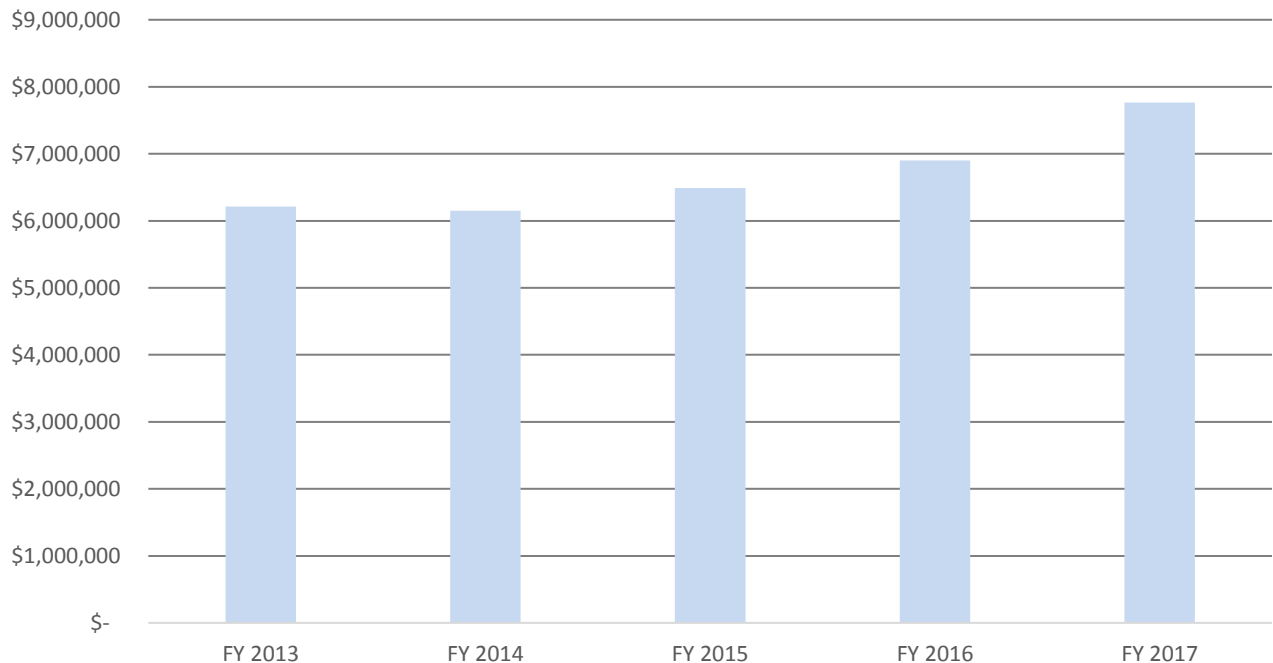
SALES TAX

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 FY2015 we are allocated approximately 7.91 % of the sales tax returned to Cabarrus County by the State. The FY2016 allocation percentage is 8.10% per the Cabarrus County Finance office. The 2 sales tax revenues reflect an anticipated 7.3% growth for FY 16.

Rowan County allocates sales tax using the population method. We expect that the City's allocation in Rowan will remain at approximately 5% for FY2016.

| | ACTUAL FY2014 | ACTUAL FY2015 | BUDGET FY2016 | PROJECTED FY2016 | ADOPTED FY 2017 |
|---------------------|------------------|------------------|------------------|---------------------|--------------------|
| ONE CENT SALES TAX | \$2,600,000 | \$2,860,000 | \$3,100,000 | \$3,100,000 | \$3,513,900 |
| HALF CENT SALES TAX | \$3,553,000 | \$3,630,000 | \$3,800,000 | \$3,800,000 | \$4,250,000 |
| TOTAL GENERAL FUND | \$6,153,000 | \$6,490,000 | \$6,900,000 | \$6,900,000 | \$7,763,900 |

SALES TAX BUDGETS

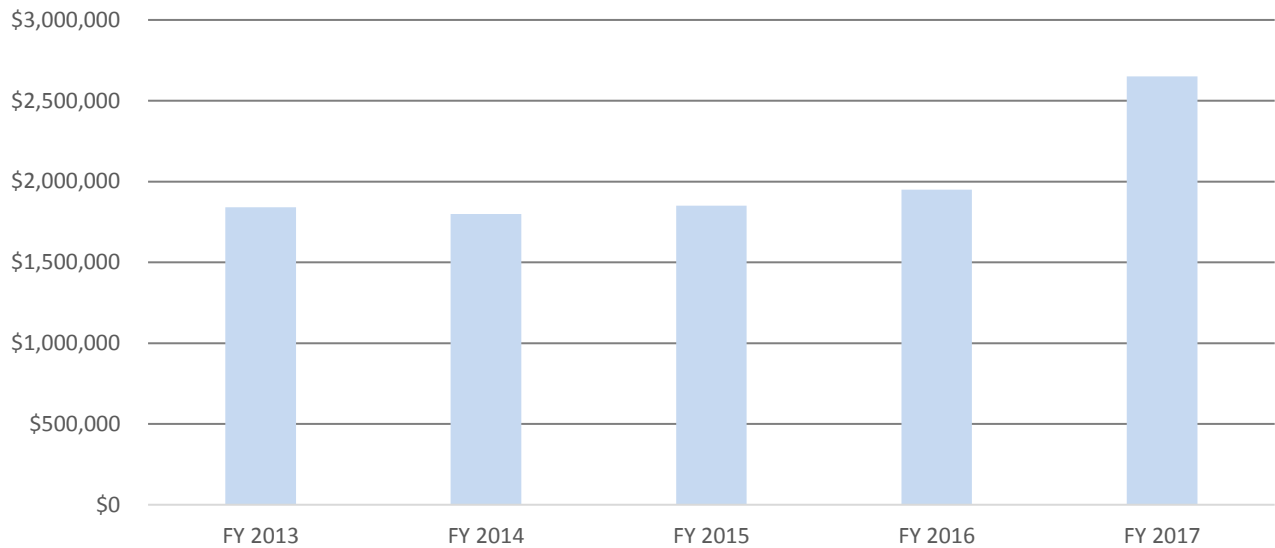


Utility Taxes

Utility Franchise taxes are the third largest source of revenue for the General Fund. These receipts have grown steadily for the city over recent years. Changes made by the NC General Assembly have increased this receipts for this line item in FY 16 and these increases are included in the budget forecast for FY 17.

| | ACTUAL FY2013 | ACTUAL FY2014 | ACTUAL FY2015 | BUDGET FY2016 | BUDGET FY2017 |
|----------------------|------------------|------------------|------------------|------------------|------------------|
| UTILITY TAX REVENUES | \$1,840,519 | \$1,800,000 | \$1,850,000 | \$1,950,000 | \$2,650,000 |

UTILITY TAX COLLECTIONS



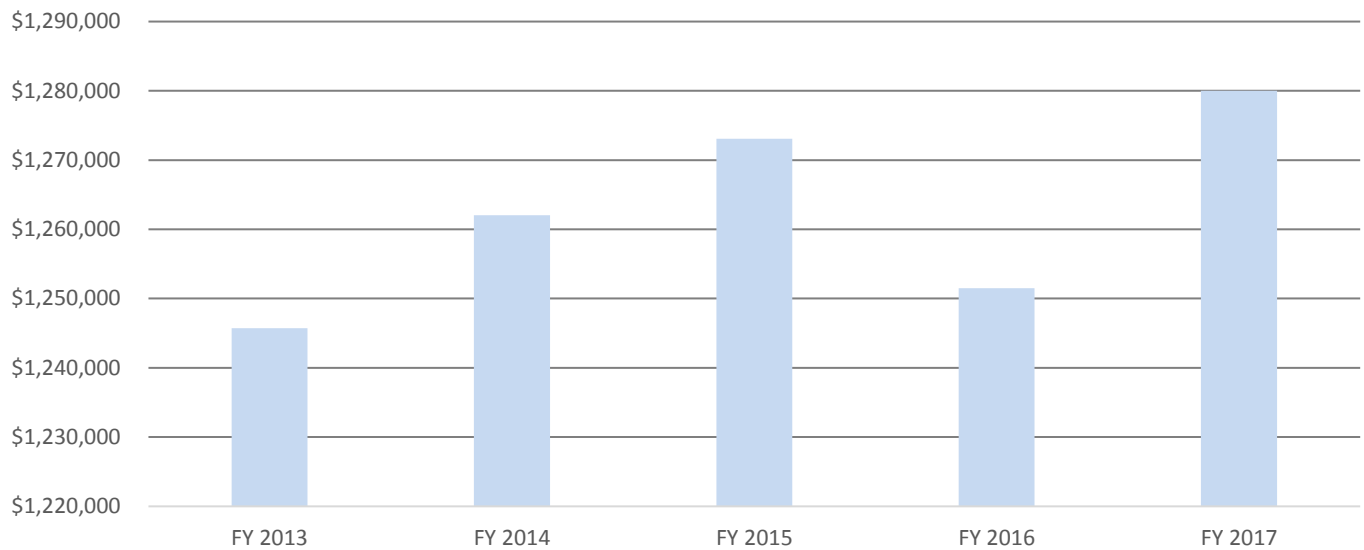
The City receives franchise tax from utilities which furnish electricity and cable TV. The City receives a sales tax for telephone services and an excise tax for piped natural gas services.

State Powell Bill Street Funds

The Powell Bill funds received from the State for street maintenance have been fairly constant over the past four years. The General Assembly lowered the funding both for the per capita segment and the mileage segment for FY 16. FY 17 sees a modest increase for this revenue source. It is projected that slow growth will continue to occur in the future.

| | ACTUAL FY 2013 | ACTUAL FY 2014 | ACTUAL FY 2015 | BUDGET FY 2016 | BUDGET FY 2017 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| POWELL BILL FUNDS | \$1,245,717 | \$1,262,023 | \$1,273,075 | \$1,251,500 | \$1,280,000 |

POWELL BILL FUNDS RECEIVED

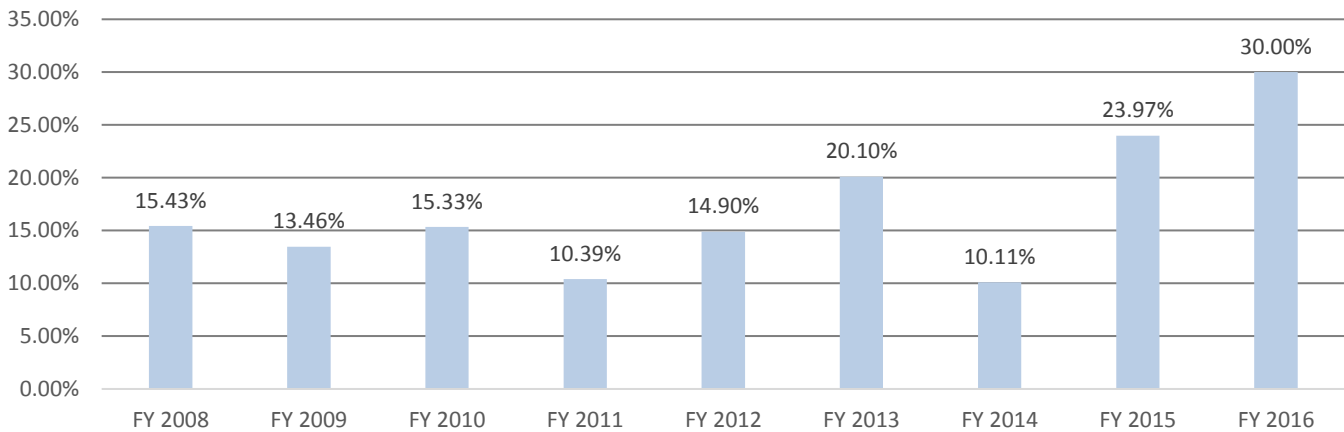


The City will receive from the State approximately \$20.15 per citizen and \$1,624.41 per mile of City maintained streets next year compared to \$20.39 and \$1,629.43 in FY 16. These funds can only be used for City streets and sidewalks. The population and street mileage used is 44,000 and 230.8 respectively.

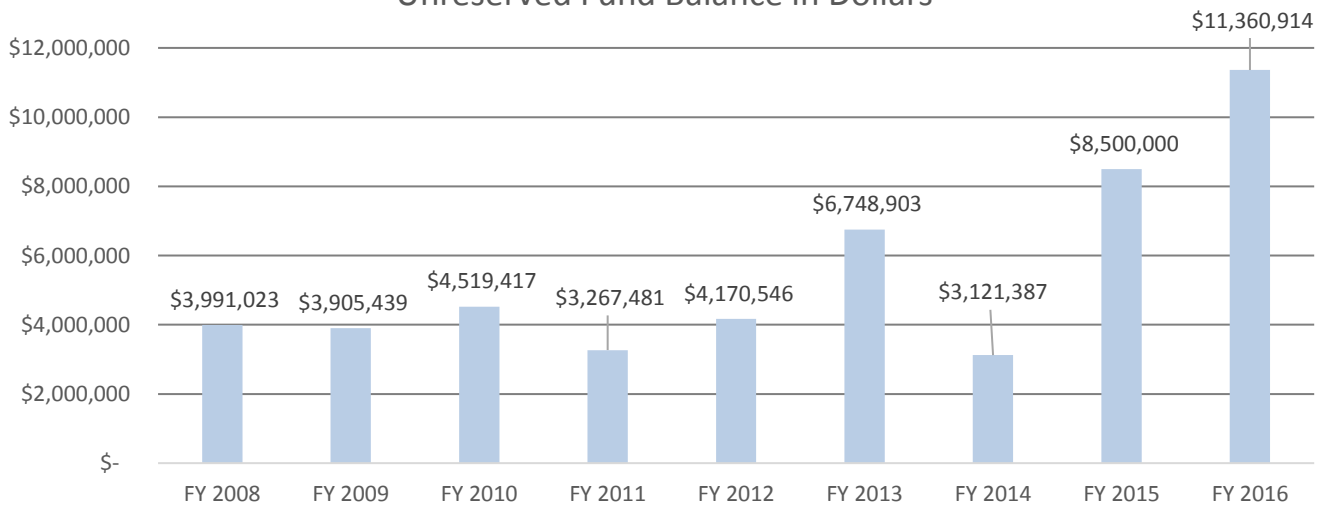
Fund Balance

The General Fund available fund balance was \$17,636,914 at June 30, 2015. Staff anticipates an increase from FY 15 to FY 16 in fund balance of \$2,000,000. This will help the City maintain a steady fund balance with an estimate available fund balance at June 30, 2015 approximating \$11,360,914 or 30.00% of the estimated FY2016 General Fund expenditures. 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 more recently stated that fund balances larger than 8% may be more appropriate for smaller cities. City Council has set a goal of maintaining fund balance at no less than 25% of general fund expenditures.

General Fund Available Fund Balance as a Percentage of General Fund Expenditure



Unreserved Fund Balance in Dollars



GENERAL FUND EXPENDITURES (SUMMARY)

BUDGET & STAFFING SUMMARY

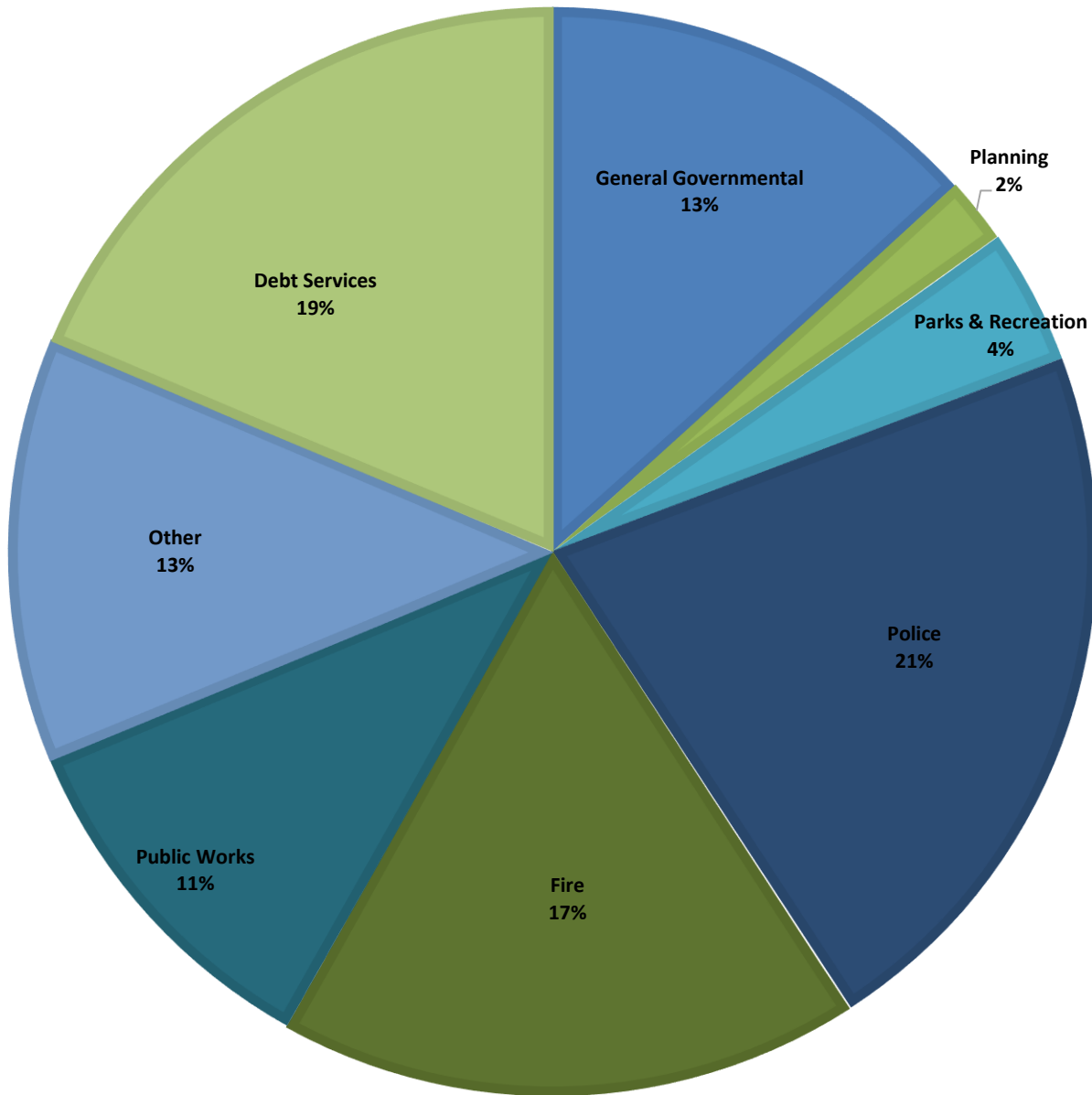
| EXPENSE CATEGORY | FY 2014 Actuals | FY 2015 Actual | FY 2016 Projected | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|----------------------|----------------------|----------------------|--------------------------------|----------------------|
| PERSONNEL | \$ 16,127,690 | \$ 14,597,319 | \$ 17,892,585 | \$ 19,324,475 | \$ 19,324,475 |
| OPERATING | \$ 18,035,182 | \$ 20,453,768 | \$ 19,554,720 | \$ 20,881,575 | \$ 20,881,575 |
| CAPITAL | \$ 774,600 | \$ 721,560 | \$ 947,708 | \$ 1,394,750 | \$ 1,394,750 |
| TOTAL | <u>\$ 34,937,472</u> | <u>\$ 35,772,647</u> | <u>\$ 38,395,013</u> | <u>\$ 41,600,800</u> | <u>\$ 41,600,800</u> |
| POSITIONS | 245 | 250 | 265 | 272 | 272 |

**CITY OF KANNAPOLIS
EXPENDITURE DETAIL ANALYSIS**

| Expenditures | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|--|----------------------------|---------------------------|-------------------------------------|---|----------------------------|
| City Council | \$ 127,140 | \$ 244,751 | \$ 244,751 | \$ 190,347 | \$ 190,347 |
| City Manager - Administration | \$ 779,898 | \$ 792,698 | \$ 792,698 | \$ 782,097 | \$ 782,097 |
| Economic Development | \$ 579,589 | \$ 563,900 | \$ 563,900 | \$ 524,850 | \$ 524,850 |
| Communications | \$ 66,500 | \$ 245,750 | \$ 245,750 | \$ 159,500 | \$ 159,500 |
| Human Resources | \$ 330,626 | \$ 433,208 | \$ 433,208 | \$ 451,663 | \$ 451,663 |
| City Attorney | \$ 296,355 | \$ 319,941 | \$ 319,941 | \$ 311,140 | \$ 311,140 |
| Finance | \$ 741,738 | \$ 799,850 | \$ 799,850 | \$ 844,947 | \$ 844,947 |
| Information Technology | \$ 512,060 | \$ 929,038 | \$ 929,038 | \$ 1,025,484 | \$ 1,025,484 |
| General Services | \$ 362,300 | \$ 759,974 | \$ 759,974 | \$ 1,424,046 | \$ 1,424,046 |
| Total General Government | \$ 3,796,206 | \$ 5,089,110 | \$ 5,089,110 | \$ 5,714,074 | \$ 5,714,074 |
| Police - Administration | \$ 976,807 | \$ 886,581 | \$ 886,581 | \$ 922,283 | \$ 922,283 |
| Police - Support Services | \$ 2,738,298 | \$ 2,773,704 | \$ 2,773,704 | \$ 2,918,829 | \$ 2,918,829 |
| Police - Field Operations | \$ 4,080,052 | \$ 4,616,795 | \$ 4,616,795 | \$ 4,877,314 | \$ 4,877,314 |
| Total Police | \$ 7,795,157 | \$ 8,277,080 | \$ 8,277,080 | \$ 8,718,426 | \$ 8,718,426 |
| Fire - Administration | \$ 675,365 | \$ 679,594 | \$ 679,594 | \$ 784,258 | \$ 784,258 |
| Fire - Emergency Services | \$ 5,197,616 | \$ 5,636,804 | \$ 5,636,804 | \$ 6,033,083 | \$ 6,033,083 |
| Fire - Technical Services | \$ 316,996 | \$ 343,307 | \$ 343,307 | \$ 341,688 | \$ 341,688 |
| Total Fire | \$ 6,189,977 | \$ 6,659,705 | \$ 6,659,705 | \$ 7,159,029 | \$ 7,159,029 |
| Public Works - Engineering | \$ 1,197,142 | \$ 1,162,155 | \$ 1,162,155 | \$ 1,216,295 | \$ 1,216,295 |
| Public Works - Street and Highways | \$ 559,000 | \$ 614,600 | \$ 614,600 | \$ 823,000 | \$ 823,000 |
| Public Works - Signs and Markings | \$ 339,547 | \$ 416,450 | \$ 416,450 | \$ 400,744 | \$ 400,744 |
| Public Works - Operations Center | \$ 249,588 | \$ 292,220 | \$ 292,220 | \$ 189,900 | \$ 189,900 |
| Powell Bill | \$ 1,526,185 | \$ 1,573,968 | \$ 1,573,968 | \$ 2,085,378 | \$ 2,085,378 |
| Total Public Works | \$ 3,871,462 | \$ 4,059,393 | \$ 4,059,393 | \$ 4,715,317 | \$ 4,715,317 |
| Planning | \$ 759,345 | \$ 749,487 | \$ 749,487 | \$ 756,321 | \$ 756,321 |
| Total Planning | \$ 759,345 | \$ 749,487 | \$ 749,487 | \$ 756,321 | \$ 756,321 |
| Parks and Recreation - Parks | \$ 1,421,669 | \$ 1,273,340 | \$ 1,273,340 | \$ 1,421,810 | \$ 1,421,810 |
| Parks and Recreation - Recreation Programs | \$ 275,000 | \$ 242,000 | \$ 242,000 | \$ 310,000 | \$ 310,000 |
| Stadium | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 216,000 | \$ 216,000 |
| Total Parks and Recreation | \$ 1,731,669 | \$ 1,550,340 | \$ 1,550,340 | \$ 1,947,810 | \$ 1,947,810 |
| Non - Departmental | \$ 3,502,995 | \$ 1,840,948 | \$ 1,840,948 | \$ 1,543,223 | \$ 1,543,223 |
| Transfers | \$ 1,933,264 | \$ 3,013,850 | \$ 3,013,850 | \$ 3,031,500 | \$ 3,031,500 |
| Total Other | \$ 5,436,259 | \$ 4,853,798 | \$ 4,853,798 | \$ 4,574,723 | \$ 4,574,723 |
| Debt Service Payments (Principal and Interest) | \$ 6,059,562 | \$ 7,156,100 | \$ 7,156,100 | \$ 8,015,100 | \$ 8,015,100 |
| Total Debt Service | \$ 6,059,562 | \$ 7,156,100 | \$ 7,156,100 | \$ 8,015,100 | \$ 8,015,100 |
| Total General Fund Expenditures | \$ 35,772,647 | \$ 38,395,013 | \$ 38,395,013 | \$ 41,600,800 | \$ 41,600,800 |

GENERAL FUND EXPENDITURE FOR FY2016

\$38,395,013



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 2017
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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ 78,940 | \$ 81,451 | \$ 81,451 | \$ 85,547 | \$ 85,547 |
| OPERATING | \$ 48,200 | \$ 163,300 | \$ 163,300 | \$ 115,700 | \$ 115,700 |
| CAPITAL | - | - | - | - | - |
| TOTAL | \$ 127,140 | \$ 244,751 | \$ 244,751 | \$ 201,247 | \$ 201,247 |
| POSITIONS | 7 | 7 | 7 | 7 | 7 |

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

| | |
|---------------------------|--------------------------------------|
| Personnel Expenses | \$85,547 (\$4,096 Increase) |
| Operating Expenses | \$115,700 (\$58,500 Decrease) |
| Total Budget | \$190,347 (\$54,404 Decrease) |

Increases:

- None

Reductions/Decreases:

- \$9,700 - Dues and Subscriptions (Moved to Economic Development)
- \$5,000 – Travel and Training
- \$40,000 – Elections (No elections in FY 17)
- \$3,800 – Special Expenses

Items of Interest:

- \$31,200 - NC League of Municipalities
- \$8,300 - Cabarrus/South Rowan MPO
- \$5,400 - UNC School of Government
- \$3,900 - National League of Cities
- \$8,100 - Metropolitan Mayor's Coalition
- \$8,000 - Cabarrus Health Alliance Support for Zika Virus
- \$2,500 – Alliance for Innovation

FISCAL YEAR 2017**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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|-------------------------|----------------------------|---------------------------|---|---|----------------------------|
| PERSONNEL | \$ 639,330 | \$ 740,448 | \$ 740,448 | \$ 723,597 | \$ 723,597 |
| OPERATING | \$ 45,950 | \$ 39,450 | \$ 39,450 | \$ 58,500 | \$ 58,500 |
| CAPITAL | - | - | - | - | - |
| TOTAL | \$ 685,280 | \$ 779,898 | \$ 779,898 | \$ 782,097 | \$ 782,097 |
| POSITIONS | 8 | 6 | 6 | 6 | 6 |

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 2016-2017.
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:

City Manager

| | |
|---------------------------|--------------------------------------|
| Personnel Expenses | \$723,597 (\$10,601 Decrease) |
| Operating Expenses | \$58,500 (No Change) |
| Total Budget | \$782,097 (\$10,601 Decrease) |

Increases:

- \$2,000 - Telephone

Reductions/Decreases:

- \$2,000 – Travel and Training

Items of Interest:

- One (1) Administrative Assistant moved from City Manager to General Services

FISCAL YEAR 2017**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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ - | \$ - | \$ - | \$ - | \$ - |
| OPERATING | \$ 579,589 | \$ 563,900 | \$ 563,900 | \$ 524,850 | \$ 524,850 |
| CAPITAL | - | - | - | - | - |
| TOTAL | \$ 579,589 | \$ 563,900 | \$ 563,900 | \$ 524,850 | \$ 524,850 |
| 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:

| | |
|---------------------------|--------------------------------------|
| Personnel Expenses | \$0 (No Change) |
| Operating Expenses | \$524,850 (\$39,050 Decrease) |
| Total Budget | \$524,850 (\$39,050 Decrease) |

Increases:

- \$64,900 – Community Support
- \$7,000 – Incentive Grants

Reductions/Decreases:

- \$85,000 – Recruitment Initiative
- \$25,940 – Dues and Subscriptions

Items of Interest:

- \$9,000 – Intimidator July 4th sponsorship
- \$6,750 – 600 Festival
- \$2,000 – Irish Creek Collegiate Golf Tournament
- \$1,750 – Cabarrus Crime Stoppers
- \$1,400 – YMCA Strong Kids Campaign
- \$1,800 – Charlotte Biotech Conference/ Five Ventures Entrepreneur Competition
- \$21,400 – Cabarrus Arts Council
- \$800 – Chamber of Commerce Annual Meeting
- \$20,000 – Façade Improvement Grants
- \$20,000 – Corridor Improvements
- \$40,000 – Strategic Initiatives
- \$9,200 – Rowan County EDC dues
- \$55,000 – Cabarrus County EDC dues
- \$20,000 – Community Support
- \$5,000 – Familiarity Tours
- \$310,000 – Incentive Grant – based on projected investment of \$58 million with an 85% grant of property taxes paid.

FISCAL YEAR 2017**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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ - | \$ - | \$ - | \$ - | \$ - |
| OPERATING | \$ 66,500 | \$ 247,750 | \$ 247,750 | \$ 159,500 | \$ 159,500 |
| CAPITAL | - | - | - | - | - |
| TOTAL | \$ 66,500 | \$ 247,750 | \$ 247,750 | \$ 159,500 | \$ 159,500 |
| POSITIONS | 0 | 0 | 0 | 0 | 0 |

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

| | |
|---------------------------|--------------------------------------|
| Personnel Expenses | \$0 (No Change) |
| Operating Expenses | \$159,500 (\$86,250 Decrease) |
| Total Budget | \$159,500 (\$86,250 Decrease) |

Increases:

- None

Reductions/Decreases:

- \$58,000 – Marketing/Branding
- \$14,250 – Special Expenses (Moved to Downtown Fund)
- \$3,000 – Academy Programs
- \$11,000 – Outreach Education Programs

Items of Interest:

- \$3,500 - Only one Citizen Academy Program scheduled for FY 17.
- \$47,000 - Twelve (12) issues of Kannapolis Matters
- \$16,000 - Special Events Mailers
- \$30,000 - Replacement of signage at Parks with new logo
- \$25,000 - Economic Development Marketing
- \$118,000 is budgeted for marketing and branding efforts in FY 17. 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)
 - A city-wide message notification system for residents and businesses via personalized telephone, email, PDA/Pagers, and text messages. Messages can be sent in any language. 35,000 contacts per hour. 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 a 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 2000 census data). Down from \$2.50 per address. Price is locked for 3 years.

FISCAL YEAR 2017**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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ 279,326 | \$ 340,500 | \$ 340,500 | \$ 360,863 | \$ 360,863 |
| OPERATING | \$ 51,300 | \$ 92,708 | \$ 92,708 | \$ 90,800 | \$ 90,800 |
| CAPITAL | - | - | - | - | - |
| TOTAL | \$ 330,626 | \$ 433,208 | \$ 433,208 | \$ 451,663 | \$ 451,663 |
| POSITIONS | 4 | 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 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|-------|-------|-------|-------|--------|
| *Applications Processed | 1,851 | 1408 | 2052 | 1419 | N/A*** |
| *Applications Referred within one week of closing date | 100% | 94% | 100% | 100% | N/A*** |
| *Average # of Days from Application to Hire | 89.23 | 50.46 | 49 | 47.6 | N/A*** |
| *Hiring Percentage | 3.67% | 3.27% | 2.44% | 2.32% | N/A*** |
| **Percentage of New Hires Successfully Completing Probation | 83.3% | 92.3% | 90% | 88% | N/A*** |

*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.

***Data was not available at time of Budget Creation.

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:

| | |
|---------------------------|--------------------------------------|
| Personnel Expenses | \$360,863 (20,363 Increase) |
| Operating Expenses | \$90,800 (\$1,908 Decrease) |
| Total Budget | \$451,663 (\$18,455 Increase) |

Increases:

- \$5,500 – Advertising
- \$14,000 – Medical Expenses
- \$500 – R&M: Vehicles (new line for FY 17)
- \$200 – Telephone
- \$800 – Motor Fuel (new line for FY 17)

Reductions/Decreases:

- \$4,600 – Office Supplies
- \$700 – Dues and Subscriptions
- \$13,408 – Contracted Services (FY 16 Budget included funding for Staffing Study)
- \$2,200 – Travel and Training
- \$2,000 – Departmental Training

Items of Interest:

- All medical expenses have been centralized in Human Resources, reducing the budget for this expense by \$29,000.

FISCAL YEAR 2017**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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ 214,005 | \$ 229,741 | \$ 229,741 | \$ 228,440 | \$ 228,440 |
| OPERATING | \$ 82,350 | \$ 90,200 | \$ 90,200 | \$ 82,700 | \$ 82,700 |
| CAPITAL | - | - | - | - | - |
| TOTAL | \$ 296,355 | \$ 319,941 | \$ 319,941 | \$ 311,140 | \$ 311,140 |
| 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:

| | |
|---------------------------|-------------------------------------|
| Personnel Expenses | \$228,440 (\$1,301 Decrease) |
| Operating Expenses | \$82,700 (\$7,500 Decrease) |
| Total Budget | \$311,140 (\$8,801 Decrease) |

Increases:

- \$1,000 – Dues and Subscriptions
- \$2,800 – Contracted Services
- \$300 - Meetings

Reductions/Decreases:

- \$5,000 – Electricity
- \$100 – Telephone
- \$5,500 – Equipment Rental

-
- \$1,000 – Office Supplies

Items of Interest:

- With the move to City Hall, all utilities and equipment rental expenses are now contained in the General Services Department.
- \$2,800 – Municode – The legal department will contract with a private company to examine the City's code. If a complete recodification is necessary, those expense will be found in the FY 18 Budget.

FISCAL YEAR 2017**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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ 529,488 | \$ 583,550 | \$ 583,550 | \$ 602,847 | \$ 602,847 |
| OPERATING | \$ 212,250 | \$ 216,300 | \$ 216,300 | \$ 242,100 | \$ 242,100 |
| CAPITAL | - | - | - | - | - |
| TOTAL | \$ 741,738 | \$ 799,850 | \$ 799,850 | \$ 844,947 | \$ 844,947 |
| POSITIONS | 7 | 8 | 8 | 8 | 8 |

ACCOMPLISHMENTS:

1. The Finance Department has received the GFOA's *Distinguished Budget Award* for the FY2016 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 FY2015. 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 retask 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 2012 | Fiscal Year 2013 | Fiscal Year 2014 | Fiscal Year 2015 | Fiscal Year 2016 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Number of Funds Accounted for on General Ledger | 50 | 17 | 24 | 21 | 21 |
| Number of Accounts Payable checks and EFT issued | 5,601 | 5,484 | 6,040 | 7,105 | 7459 |
| Number of Purchase Orders processed | 680 | 501 | 331 | 310 | 329 |
| Number of Payroll Checks issued | 12 | 12 | 5 | 51 | 51 |
| Number of Direct Deposit of Payroll checks | 9,262 | 9,504 | 10,256 | 10,456 | 10,637 |
| Number of Financing applications filed with the LGC | 0 | 2 | 1 | 2 | 1 |
| Number of Financing achieved through area banks | 0 | 0 | 0 | 1 | 0 |
| Number of Accounting entries processed (JE & BA) | 559 | 1151 | 871 | 635 | 696 |
| Number of Bank Statements Reconciled | 180 | 83 | 96 | 84 | 108 |

ACTION PLAN:

1. Obtain the Budget Presentation award from the GFOA for the fiscal year beginning July 1, 2016.
2. Obtain the Financial reporting award from the GFOA for the fiscal year ending June 30, 2016.
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 18 budget preparation.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

| | |
|---------------------------|--------------------------------------|
| Personnel Expenses | \$602,847 (\$19,297 Increase) |
| Operating Expenses | \$242,100 (\$25,800 Increase) |
| Total Budget | \$844,947 (\$45,097 Increase) |

Increases:

- \$300 – Dues and Subscriptions
- \$22,500 – Tax Collection
- \$2,000 – Audit
- \$1,000 – Travel and Training

Reductions/Decreases:

- None

Items of Interest:

- Audit increase (\$2,000) is CPI increase found in contract.
- Tax Collection increase (\$22,500) is primarily the result of the state passing along credit card fees to counties and municipalities.

FISCAL YEAR 2017**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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ - | \$ - | \$ - | \$ - | \$ - |
| OPERATING | \$ 445,900 | \$ 845,705 | \$ 845,705 | \$ 1,025,484 | \$ 1,025,484 |
| CAPITAL | \$ 66,070 | \$ 82,333 | \$ 82,333 | \$ - | \$ - |
| TOTAL | \$ 511,970 | \$ 928,038 | \$ 928,038 | \$ 1,025,484 | \$ 1,025,484 |
| 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:

| | |
|---------------------------|--|
| Personnel Expenses | \$0 (No Change) |
| Operating Expenses | \$1,025,484 (\$96,446 Increase) |
| Capital Machinery | \$0 (\$82,333 Decrease) |
| Total Budget | \$1,025,484 (\$96,446 Increase) |

Increases:

- \$2,500 – Telephone
- \$28,782 – Small Equipment and Tools
- \$52,630 – Network Administration
- \$1,000 – Network System Support
- \$103,867 – Annual Maintenance

Reductions/Decreases:

- \$500 – Office Supplies
- \$9,500 - Consultants

Items of Interest:

- \$373,000 - .85% increase matches other contracted service agreements found throughout the City. Also includes funding for Audio Visual support in the new City Hall/Police Headquarters.
- \$499,984 - All software maintenance contracts (37 different maintenance contracts) for the City are located in this department.
- \$85,000 - All Technology purchases (Police Mobile Data Terminals, office laptops, desktops, and other computer accessories) for the city are found in this department.

FISCAL YEAR 2017**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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ - | \$ 329,174 | \$ 329,174 | \$ 668,346 | \$ 668,346 |
| OPERATING | \$ 362,300 | \$ 370,800 | \$ 370,800 | \$ 730,700 | \$ 730,700 |
| CAPITAL | \$ - | \$ 60,000 | \$ 60,000 | \$ 25,000 | \$ 25,000 |
| TOTAL | \$ 362,300 | \$ 759,974 | \$ 759,974 | \$ 1,424,046 | \$ 1,424,046 |
| POSITIONS | 0 | 4 | 4 | 5 | 5 |

ACCOMPLISHMENTS:

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

ACTION PLAN:

1. 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:

| | |
|---------------------------|---|
| Personnel Expenses | \$668,346 (\$339,172 Increase) |
| Operating Expenses | \$730,700 (\$359,900 Increase) |
| Capital Machinery | \$25,000 (\$35,000 Decrease) |
| Total Budget | \$1,424,046 (\$664,072 Increase) |

Increases:

- \$5,000 – Transaction Fees (New Line Item for FY 17)
- \$3,500 – R&M: Vehicles
- \$14,500 – R&M: Building & Grounds
- \$15,000 – R&M: Railroad Depot
- \$76,000 – Electricity
- \$143,500 – Water & Sewer
- \$4,000 – Gas Utilities
- \$44,000 – Equipment Rental
- \$15,000 – Laundry Service
- \$3,000 – Motor Fuel
- \$14,000 – Office Supplies
- \$1,500 – Dues and Subscriptions
- \$25,000 – Cleaning Supplies
- \$6,000 – Uniforms (New Line Item for FY 17)
- \$119,200 – Contracted Services (New Line Item for FY 17)
- \$2,500 – Travel and Training

- \$1,500 - Meetings

Reductions/Decreases:

- \$300 – R&M: Office Equipment
- \$2,500 - R&M: Equipment
- \$15,000 – Small Equipment and Tools
- \$35,000 – Janitorial Contracts
- \$78,000 – Contract – Grounds Maintenance
- \$2,500 – Special Expenses

Items of Interest:

- One (1) new Building Engineer I position is included in FY 17 budget.
 - \$260,000 - All utilities for City Hall/Police Headquarters are located in General Services. Increase of \$224,000 over FY 16.
 - \$75,000 - All expenses for copiers, printers, and other office equipment rentals are located in General Services.
 - \$30,000 is included for renovations of the Railroad Depot.
 - FY 17 is the first full year of no Janitorial Contracts, all work is completed by City Staff.
 - \$119,200 - All service contracts (16 contracts) for the City Hall/Police Headquarters are located in General Services
 - City is budgeting \$5,000 for credit card fees related to the renting of The Laureate Center. Rental revenues are budgeted at \$100,000. Credit card fees are 5%.
 - \$62,000 - Grounds maintenance for Kannapolis Business Park, all fire stations, Public Works Operation Center, as well as both the North and South Underpasses are located in General Services.
 - \$25,000 - One new vehicle is included in FY 17. This vehicle is a replacement vehicle for GS-3.
-

FISCAL YEAR 2017
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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ 5,930,360 | \$ 6,590,234 | \$ 6,590,234 | \$ 6,858,608 | \$ 6,858,608 |
| OPERATING | \$ 1,592,757 | \$ 1,243,471 | \$ 1,243,471 | \$ 1,189,318 | \$ 1,189,318 |
| CAPITAL | \$ 272,040 | \$ 792,925 | \$ 792,925 | \$ 670,500 | \$ 670,500 |
| TOTAL | \$ 7,795,157 | \$ 8,626,630 | \$ 8,626,630 | \$ 8,718,426 | \$ 8,718,426 |
| POSITIONS | 104 | 109 | 109 | 111 | 111 |

ACCOMPLISHMENTS:

- Maintained the agency's international accreditation status for 15 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 2015 SafeWise Safest Cities in North Carolina Report.
- Continued to centralize off-site storage of equipment and property at the city owned storage warehouse.
- Reclassified an existing Records Clerk position to a Records Manager to address organizational and customer service needs.
- 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.
- Updated the agency social media sites to include both Facebook and Twitter. Both accounts are linked with the agency CAD system to "push" certain calls for service intended for public notifications.
- 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 inaugural and second Kannapolis Police Department Citizen Academy.
- Partnered with city community watch organizations in their development and use of Nextdoor.com as a resource for neighborhood specific information exchange and community involvement.
- Completed the replacement of tactical body armor and ballistic protection for members of the agency's Special Response Team.

PERFORMANCE INDICATORS:

| ACTIVITY | FY2013 | FY2014 | FY 2015 | 2015* |
|--------------------------------------|--------|--------|---------|-------|
| Homicide and Deaths Investigations** | 7 | 2 | 55 | 61 |
| Assault Investigations | 82 | 34 | 34 | 38 |

*Information provided for 2015 is based on the Calendar year.

** 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. Initiated plans and work with Human Resources Director to tie a pay incentive plan into our existing Career Development Plan.
5. Continued to conduct a spring and fall 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. Research and implement a specialized position for the Felony Investigative Unit regarding special victims to include children, senior citizens, and victims of sexually assaults.
10. Continued work with Cabarrus County in the completion of the emergency backup communications center site located at the County's D.S.S, facility.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Police – Administration

| | |
|---------------------------|---------------------------------------|
| Personnel Expenses | \$641,033 (\$110,480 Increase) |
| Operating Expenses | \$281,250 (\$53,903 Decrease) |
| Capital Machinery | \$0 (\$20,875) |
| Total Budget | \$922,283 (\$35,702 Increase) |

Increases:

- \$1,500 – Office Supplies
- \$2,600 – Contracted Services
- \$25- Consultants
- \$2,000 - Meetings

Reductions/Decreases:

- \$1,000 – Postage
- \$10,000 – Medical Expenses (Moved to Human Resources)
- \$500 – R&M: Vehicles
- \$24,000 – Electricity
- \$3,000 – Water & Sewer
- \$3,500 – Gas Utilities
- \$3,500 – Motor Fuel
- \$3,028 – Public Safety Supplies
- \$1,000 – Travel & Training

Capital:

- None

Items of Interest:

- \$40,500 savings in utilities and repair and maintenance expenses is seen if FY 17 due to the move to new Police Headquarters.

- \$2,592 – 18 Mobile DCI licenses for MDTs are located in Contracted Services.
- \$3,000 – Hosting more regional meetings in new Police Headquarters.

Police – Support Services

| | |
|---------------------------|---|
| Personnel Expenses | \$2,434,079 (\$9,925 Increase) |
| Operating Expenses | \$344,750 (\$4,800 Decrease) |
| Capital Machinery | \$140,000 (\$140,000 Increase) |
| Total Budget | \$2,918,829 (\$145,125 Increase) |

Increases:

- \$5,000 – Uniforms
- \$10,000 – Travel & Training

Reductions/Decreases:

- \$2,000 – R&M: Office Equipment
- \$3,000 – R&M: Building & Grounds
- \$1,000 – R&M: Equipment
- \$7,250 – Electricity
- \$100 – Water & Sewer
- \$450 – Gas Utilities
- \$5,000 – Motor Fuel
- \$1,000 – Office Supplies

Capital:

- \$140,000 – ProQA software

Items of Interest:

- Savings of \$13,800 on Utilities and R&M line items as a direct result of moving to new Police Headquarters.
- \$5,000 increase in Uniforms provides uniforms for Telecommunicators to increase uniformity and professionalism in new facility.
- \$133,100 – City’s portion (20%) of the Cabarrus County Radio System.
- \$31,350 – increase of \$10,000 for Polygraph Operator Training and Certification.
- \$1,000 – Citizen Academy Meals
- \$140,000 – ProQA Software is used by 911 telecommunications. The software provides assistance in determining what and how many emergency personnel and vehicles to send.

Police – Field Operations

| | |
|---------------------------|---|
| Personnel Expenses | \$3,783,496 (\$147,969 Increase) |
| Operating Expenses | \$563,318 (\$4,550 Increase) |
| Capital Machinery | \$530,500 (\$108,000 Increase) |
| Total Budget | \$4,877,314 (\$260,519 Increase) |

Increases:

- \$250 – Small Equipment and Tools
- \$67,982 – Public Safety Supplies

Reductions/Decreases:

- \$4,500 – Medical Expenses (Moved to Human Resources)
- \$1,500 - R&M: Office Equipment
- \$15,000 – R&M: Vehicles
- \$1,000 – R&M: Equipment
- \$1,000 – Telephone
- \$45,000 – Motor Fuel

Capital:

- \$530,500 – Two (2) new vehicles and Ten (10) replacement vehicles

Items of Interest:

- Two new Police Officers are included in FY 17
- \$52,300 – Public Safety Supplies for two new Police Officers
- \$4,000 – Ten (10) Mobile Printers
- Field Operations currently has 76 vehicles.

FISCAL YEAR 2017
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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ 5,071,391 | \$ 5,511,681 | \$ 5,511,681 | \$ 5,965,429 | \$ 5,965,429 |
| OPERATING | \$ 1,045,586 | \$ 1,019,024 | \$ 1,019,024 | \$ 988,200 | \$ 988,200 |
| CAPITAL | \$ 73,000 | \$ 129,000 | \$ 129,000 | \$ 205,400 | \$ 205,400 |
| TOTAL | \$ 6,189,977 | \$ 6,659,705 | \$ 6,659,705 | \$ 7,159,029 | \$ 7,159,029 |
| POSITIONS | 86 | 87 | 87 | 90 | 90 |

ACCOMPLISHMENTS:

1. Purchased new Engine and conducted the first Wash-Down Ceremony for Kannapolis Fire.
2. Implemented a "Station Captain Program" where one Captain at each station oversees work orders for facility and equipment repairs.
3. Received "Delivery Agency" status from the North Carolina Office of the State Fire Marshal.
4. Fire Department Administration moved into the New City Hall.
5. Revamped shift training utilizing "Training Packets" for better coordination.
6. Replaced mailed survey cards with an on-line survey form.
7. Re-plumbed station #4 to improve water quality.

PERFORMANCE INDICATORS: (as of July 1, 2016)

| ACTIVITY | Calendar Year 2013 | Calendar Year 2014 | Calendar Year 2015 |
|--|-----------------------|-----------------------|--------------------------|
| Reported Incidents | 6,344 | 7,360 | 7,859 |
| Response to In-City Incidents within 6 Minutes | 80% | 83% | 79% |
| 15 Firefighters to Working Fires in 9 Minutes | 42% | 36% | 44% |
| Work Orders Completed | 99% | 94% | 87% |
| Save rate for CPR Incidents | 45% | 43 % | 40% |
| Business Inspections | 1,159 | 2,065 | 1,185 |
| Provide public education for 25% of the citizens | 71% | 68% | 52% |
| Provide 98% of the children with safety lecture | 100% | 100% | 100% |
| Personnel training hours | 30,413 | 27,049 | 22,816 |

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

| | |
|---------------------------|---------------------------------------|
| Personnel Expenses | \$303,658 (\$37348 Increase) |
| Operating Expenses | \$410,600 (\$12,316 Increase) |
| Capital Machinery | \$70,000 (\$55,000 Increase) |
| Total Budget | \$784,258 (\$104,664 Increase) |

Increases:

- \$1,120 – R&M: Equipment
- \$54 – Uniforms
- \$23,703 – Contracted Services
- \$10,000 - Meetings

Reductions/Decreases:

- \$500 – Printing
- \$2,610 – Medical Expense (Moved to Human Resources)
- \$800 – R&M: Vehicles
- \$12,000 – R&M: Building and Grounds (Several one-time expenditures in FY 16)
- \$1,000 – Gas Utilities
- \$1,500 – Motor Fuel
- \$151 – Small Equipment and Tools
- \$3,100 – Dues and Subscriptions
- \$900 – Travel and Training

Capital:

- \$34,000 - Quantar VHF Base Radio
- \$35,000 – Vehicle Replacement
- \$3,885,000 – Replace Fire Station #2
- \$1,200,000 – Remodel Fire Station #3

Items of Interest:

- \$150,000 – Contracted Services covers the contract with Odell VFD
- \$10,000 – 100 year anniversary celebration of Kannapolis Fire Department

Fire – Emergency Services

| | |
|---------------------------|---|
| Personnel Expenses | \$5,383,283 (\$406,271 Increase) |
| Operating Expenses | \$514,400 (\$31,392 Decrease) |
| Capital Machinery | \$135,400 (\$21,450 Increase) |
| Total Budget | \$6,033,083 (\$396,279 Increase) |

Increases:

- \$4,130 – R&M: Equipment
- \$3,568 – Telephone
- \$8,000 – Small Equipment and Tools
- \$150 – Contracted Services

Reductions/Decreases:

- \$16,740 – Medical Expense (moved to Human Resources)
- \$20,000 – Motor Fuel
- \$10,500 - Uniforms

Capital:

- \$86,500 – Mill & repave Fire Station #1 parking lot
- \$24,500 – Repave Station #4 parking lot
- \$17,100 – Repair & Seal Station #5 parking lot
- \$7,300 – FEMA grant match for computers in the EOC/Training Room at City Hall
- \$1,300,000 - One (1) Ladder Truck

Items of Interest:

- Three new Firefighters are included in the FY 17 budget.
-

Fire – Technical Services

| | |
|---------------------------|--------------------------------------|
| Personnel Expenses | \$278,488 (\$10,129 Increase) |
| Operating Expenses | \$63,200 (\$11748 Decrease) |
| Total Budget | \$341,688 (\$1,619 Decrease) |

Increases:

- \$250 – Public Safety Supplies

Reductions/Decreases:

- \$1,603 – Medical Expense (Moved to Human Resources)
- \$600 – R&M: Vehicles
- \$20 – R&M: Equipment
- \$500 – Telephone
- \$1,500 – Motor Fuel
- \$25 – Dues and Subscriptions
- \$900 - Uniforms

Capital:

- None

Items of Interest:

- \$3,000 – FDIC conference for Firefighter and Officer of the Year
-

FISCAL YEAR 2017

DEPARTMENT: PUBLIC WORKS - Administration and Engineering

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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ 410,192 | \$ 463,305 | \$ 463,305 | \$ 440,495 | \$ 440,495 |
| OPERATING | \$ 710,750 | \$ 698,850 | \$ 698,850 | \$ 750,800 | \$ 750,800 |
| CAPITAL | \$ 76,200 | \$ - | \$ - | \$ 25,000 | \$ 25,000 |
| TOTAL | \$ 1,197,142 | \$ 1,162,155 | \$ 1,162,155 | \$ 1,216,295 | \$ 1,216,295 |
| POSITIONS | 7 | 7 | 7 | 7 | 7 |

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 liner feet.

| ACTIVITY | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|--|------------|------------|------------|------------|------------|
| 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.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

| | |
|---------------------------|--|
| Personnel Expenses | \$440,495 (\$22,810 Decrease) |
| Operating Expenses | \$750,800 (\$51,950 Increase) |
| Capital Machinery | \$25,000 (\$25,000 Increase) |
| Total Budget | \$1,216,295 (\$54,140 Increase) |

Increases:

- \$55,000 – Contract – Engineering
- \$300 - Meetings

Reductions/Decreases:

- \$300 – Postage
- \$500 – Medical Expense (Moved to Human Resources)
- \$250 – R&M: Equipment
- \$300 – Telephone
- \$1,500 – Motor Fuel
- \$500 – Uniforms

Capital:

- \$25,000 – Replacement Vehicle

Items of Interest:

- None

FISCAL YEAR 2017**DEPARTMENT: PUBLIC WORKS – Street Lighting****MISSION STATEMENT:**

In administering the City's street lighting program, staff works with citizens, developers and utility agencies to evaluate, review, design and coordinate all street lighting requests and installations to ensure adequate and aesthetically pleasing lighting in our community and to provide for the general safety of our citizens.

BUDGET & STAFFING SUMMARY

| EXPENSE CATEGORY | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ - | \$ - | \$ - | \$ - | \$ - |
| OPERATING | \$ 559,000 | \$ 614,600 | \$ 614,600 | \$ 823,000 | \$ 823,000 |
| CAPITAL | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL | \$ 559,000 | \$ 614,600 | \$ 614,600 | \$ 823,000 | \$ 823,000 |
| POSITIONS | 0 | 0 | 0 | 0 | 0 |

ACCOMPLISHMENTS:

1. Identified lights that have been removed for reasons unknown (construction, accidents, etc.), had reinstalled and credits issued.
2. Coordinated the removal of unused wooden poles.
3. Citywide light scans – two complete scans twice a year and two partial scans that include only major thoroughfares.
4. In a major storm event – a citywide scan is completed within 10-days of the event.
5. Revised the current Street Lighting Policy and submitted it to the Public Works Director.
6. Requests for New Lighting from Residents, Community Watch groups and City Council members; (95* requests with 27 being approved.)
 - a. Request for Street Lights from Developers; (12)
7. NCRC lighting:
 - a. Repairs for NCRC Street Lights - 72
 - b. New NCRC lights added – 19
 - c. Request for Street lights at NCRC - 3

PERFORMANCE INDICATORS:

| ACTIVITY | FY2012 | FY2013 | FY2014 | FY2015 |
|---------------------------|--------|--------|--------|--------|
| New Lights Installed | 87 | 67 | 62 | 123 |
| Requests for New Lighting | 31 | 46 | 44 | 95 |
| Repair Requests Received | 433 | 525 | 419 | 513 |

ACTION PLAN:

1. Continue to respond to citizen requests for improved street lighting.
2. Continue to review street lighting inventory.
3. Continue to work with Duke Energy to address repair problems.
 - a. Lights should be repaired within 3-5 business days.

4. Continue to work with Duke Energy to provide lighting design for Kannapolis Parkway.
5. Continue to work with Duke Energy to provide more timely installation of street lighting for developments.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

| | |
|---------------------------|---------------------------------------|
| Personnel Expenses | \$0 (No Change) |
| Operating Expenses | \$823,000 (\$208,400 Increase) |
| Total Budget | \$823,000 (\$208,400 Increase) |

Increases:

- \$63,400 – Electricity
- \$160,000 – Contract – New Lights

Reductions/Decreases:

- \$15,000 – Contracted Services

Capital:

- None

Items of Interest:

- \$175,000 – new lights on Laureate Way and Watson Crick Drive

FISCAL YEAR 2017**DEPARTMENT: PUBLIC WORKS - Public Works Operation Center****MISSION STATEMENT:**

To minimize the cost of the daily functions of the Operations Center by contacting various vendors for lower cost of any services rendered; monitor all systems associated with PWOC, whether it be daily or weekly, to keep systems functional and up to standards.

BUDGET & STAFFING SUMMARY

| EXPENSE CATEGORY | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ - | \$ - | \$ - | \$ - | \$ - |
| OPERATING | \$ 249,588 | \$ 292,220 | \$ 292,220 | \$ 189,900 | \$ 189,900 |
| CAPITAL | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL | \$ 249,588 | \$ 292,220 | \$ 292,220 | \$ 189,900 | \$ 189,900 |
| POSITIONS | 0 | 0 | 0 | 0 | 0 |

ACCOMPLISHMENTS:

- 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.
- 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.
- Continued to provide maintenance services and assistance as needed at the Train Station.
- 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.
- 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:

- Maintain all systems on a regular basis to keep efficiency up to standards.
- Develop a strategic plan to evaluate ways to reduce costs.
- Coordinate with all departments to keep service high and conducted in a safe and timely manner.
- 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.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

| | |
|---------------------------|---------------------------------------|
| Personnel Expenses | \$0 (No Change) |
| Operating Expenses | \$189,900 (\$102,320 Decrease) |
| Total Budget | \$189,900 (\$102,320 Decrease) |

Increases:

- \$1,900 – Contracted Services

Reductions/Decreases:

- \$500 – R&M: Office Equipment
- \$65,000 – Building and Grounds (Moved to General Services)
- \$6,000 – Electricity
- \$2,880 – Gas Utilities
- \$4,104 – Telephone
- \$24,236 – Equipment Rental
- \$500 – Motor Fuel
- \$1,000 – Office Supplies

Capital:

- None

Items of Interest:

- Division reduced by \$102,320 due to administrative operations relocating to City Hall and several maintenance contracts moving under General Services.

FISCAL YEAR 2017**DEPARTMENT: PUBLIC WORKS - Signs and Markings****MISSION STATEMENT:**

The signs and markings division is responsible for promoting public safety by installing and maintaining regulatory signs, street name signs, pavement markings, construction signs, cones and barricades. Staff also completes minor bridge repairs and clearing of line-of sight and signage obstruction.

BUDGET & STAFFING SUMMARY

| EXPENSE CATEGORY | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ 148,895 | \$ 164,013 | \$ 164,013 | \$ 170,144 | \$ 170,144 |
| OPERATING | \$ 190,652 | \$ 212,437 | \$ 212,437 | \$ 230,600 | \$ 230,600 |
| CAPITAL | \$ - | \$ 40,000 | \$ 40,000 | \$ - | \$ - |
| TOTAL | \$ 339,547 | \$ 416,450 | \$ 416,450 | \$ 400,744 | \$ 400,744 |
| POSITIONS | 3 | 3 | 3 | 3 | 3 |

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 | FY2012 | FY2013 | FY2014 | FY2015 |
|---|--------|--------|--------|--------|
| 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.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

| | |
|---------------------------|--------------------------------------|
| Personnel Expenses | \$170,144 (\$6,131 Increase) |
| Operating Expenses | \$230,600 (\$18,163 Increase) |
| Capital Machinery | \$0 (\$40,000 Decrease) |
| Total Budget | \$400,744 (\$15,706 Decrease) |

Increases:

- \$900 – Telephone
- \$12,838 – Sign Supplies
- \$10,000 – Contracted Services

Reductions/Decreases:

- \$1,800 Medical Expense (Moved to Human Resources)
- \$500 – R&M: Equipment
- \$1,500 – Motor Fuel
- \$275 – Uniforms
- \$1,500 – Travel and Training

Capital:

- None

Items of Interest:

- \$8,000 – Rotary Grinder for line removal.
- \$10,000 – Contracted services increase for median mowing and litter pickup after corridor improvements.

FISCAL YEAR 2017**DEPARTMENT: PUBLIC WORKS – Street Maintenance****MISSION STATEMENT:**

Preserve and maintain safe driving, walking and biking conditions, for the citizens of Kannapolis along with facilities designated as part of the “City System” as accepted by the Kannapolis City Council. Maintain and preserve the storm drainage system along with the “City System”.

BUDGET & STAFFING SUMMARY

| EXPENSE CATEGORY | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ 336,205 | \$ 374,513 | \$ 374,513 | \$ 518,928 | \$ 518,928 |
| OPERATING | \$ 989,430 | \$ 1,074,544 | \$ 1,074,544 | \$ 1,169,500 | \$ 1,169,500 |
| CAPITAL | \$ 200,550 | \$ 125,000 | \$ 125,000 | \$ 396,950 | \$ 396,950 |
| TOTAL | \$ 1,526,185 | \$ 1,574,057 | \$ 1,574,057 | \$ 2,085,378 | \$ 2,085,378 |
| POSITIONS | | 8 | 8 | 8 | 8 |

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 2012 | FY 2013 | FY 2014 | FY 2015 |
|--------------------------------------|------------|------------|------------|------------|
| 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.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

| | |
|---------------------------|---|
| Personnel Expenses | \$518,928 (\$144,415 Increase) |
| Operating Expenses | \$1,169,500 (\$95,045 Increase) |
| Capital Machinery | \$396,950 (\$271,950 Increase) |
| Total Budget | \$2,085,378 (\$511,410 Increase) |

Increases:

- \$10,000 – R&M: Vehicles
- \$25,000 – R&M: Streets
- \$76,000 – Contracted Services

Reductions/Decreases:

- \$1,200 – Medical Expense (Moved to Human Resources)
- \$2,000 – Equipment Rental
- \$7,930 – Motor Fuel
- \$825 – Uniforms
- \$4,000 - Consultants

Capital:

- \$168,000 – S-5 Dump Truck
- \$66,950 – S-26 Dump Truck
- \$40,000 – Vehicle Replacement for S-1
- \$122,000 – I-3802B Sidewalk Project

Items of Interest:

- \$500,000 - I-85 Gateway & Monument Signs
- \$20,500 – Thirty-Five foot Trailer
- \$100,000 – Addition to Contract Service for new sidewalk repairs throughout the City.
- \$500,000 – Contract Resurfacing
- Funding for FY 17 is \$20.15 per capita and \$1,624.41 per mile. Both reduced from FY 16.

FISCAL YEAR 2017
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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ 3,000 | \$ 568,987 | \$ 568,987 | \$ 581,721 | \$ 581,721 |
| OPERATING | \$ 756,345 | \$ 130,500 | \$ 130,500 | \$ 174,600 | \$ 174,600 |
| CAPITAL | \$ - | \$ 50,000 | \$ 50,000 | \$ - | \$ - |
| TOTAL | \$ 759,345 | \$ 749,487 | \$ 749,487 | \$ 756,321 | \$ 756,321 |
| POSITIONS | 1 | 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:

| | |
|---------------------------|--------------------------------------|
| Personnel Expenses | \$581,721 (\$12,734 Increase) |
| Operating Expenses | \$174,600 (\$44,100 Increase) |
| Capital Machinery | \$0 (\$50,000 Decrease) |
| Total Budget | \$756,321 (\$6,834 Increase) |

Increases:

- \$2,500 – Advertising
- \$10,000 – Demolition Expenditures
- \$500 – R&M: Vehicles
- \$22,500 – Telephone
- \$1,500 – Motor Fuel
- \$500 – Dues and Subscriptions
- \$20,000 – Contract – Planning
- \$2,000 – Travel and Training

Reductions/Decreases:

- \$1,000 – Printing
- \$1,000 – Postage
- \$400 – Minute Preparation
- \$10,000 – Consultants
- \$3,000 – Special Expenses

Capital:

- None

Items of Interest:

- \$50,000 – Code Enforcement/Demolition – this is a \$10,000 increase over FY 16
- \$60,000 – Contract – Planning is for the creation of a Comprehensive Land Use Plan

FISCAL YEAR 2017**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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|-------------------------|----------------------------|---------------------------|---|---|----------------------------|
| PERSONNEL | \$ 855,069 | \$ 847,490 | \$ 847,490 | \$ 939,510 | \$ 939,510 |
| OPERATING | \$ 842,900 | \$ 684,850 | \$ 684,850 | \$ 410,400 | \$ 410,400 |
| CAPITAL | \$ 33,700 | \$ 18,000 | \$ 18,000 | \$ 71,900 | \$ 71,900 |
| TOTAL | \$ 1,731,669 | \$ 1,550,340 | \$ 1,550,340 | \$ 1,421,810 | \$ 1,421,810 |
| POSITIONS | 11 | 8 | 8 | 9 | 9 |

ACCOMPLISHMENTS:

1. Reached over 55,000 people with Special Event programming at Village Park and Veterans Park, including 7 movies, 9 concerts, 1 ballet performance, 9 Thursdays on Main lunch concerts, 4 Thursdays on Main evening concerts, 3 literary arts programs, and 12 co-sponsored events.
2. Ninth summer of splash pad operation with over 24,000 paid admissions and over 35,000 through the gate.
3. Eighth year of operation for the Rotary Express train ride. Train riders exceeded 54,000 for the year.
4. Winter land Express set a new record with a ridership of almost 17,000 with an estimated 7,000 touring the park light display.
5. Received over \$40,000 in sponsorships to support the Summer Entertainment Series.
6. As of June 30, 2016, we have sold and installed over 2,200 bricks for Veterans Park.
7. Planted over 200 shrubs as part of the Village Park landscape improvement plan and to repair winter damage.
8. Developed usage agreement with Kannapolis City Schools for usage of indoor facilities to develop additional recreational programming.
9. Operated 3 Adult Athletic Leagues with over 400 participants. Includes Men's 7 Women's Fall League Softball and Men's Spring Softball League.
10. Offered 180 programs and events; including 69 youth programs, 20 adult programs, 10 athletic programs, 19 senior programs, 18 family programs and 45 special events.
11. Improved maintenance operations for the Kannapolis Cemetery.
12. Managed 1760 shelter and athletic field reservations.
13. Spread over 5,000 bales of pine needles around parks and properties.
14. Installed over 1,000 flowers in City parks.
15. Fourth summer of beer/wine pavilion adding over \$7,000 to special event revenues.
16. Held Christmas Tree Lighting program in Village Park with over 1,000 in attendance. That same night kicked off the 8th year of the Winterland Express and Celebration of Lights.
17. Continued development of the Dale Earnhardt Plaza, including additional landscaping and the installation of an additional 32 engraved bricks.
18. Constructed the first ½ mile of greenway at Waterford as part of the Rocky River Greenway.
19. Acquired an additional 13 acres of property as part of the Rocky River Greenway corridor.
20. Installed new infield material on the ball fields at Safrit Park and Bakers Creek Park.

21. Completed necessary documentation for the department's national accreditation.
22. Enhanced the Summer Event Series with the addition of two national acts to the line-up.
23. Began implementation of new program staff to enhance community offerings.
24. Finalized contract with NCDOT for the Irish Buffalo Creek Greenway

ACTION PLAN:

1. Begin property acquisition and construction on the Irish Buffalo Creek Greenway.
2. Achieve our CAPRA accreditation in October at national convention.
3. 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.
4. Continue to provide additional funding for the Summer Concert Series and Movies in the Park program.
5. 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.
6. Continue acquisition of property for the Rocky River Greenway.
7. Add new mowing equipment to replace older less efficient equipment to better assist with day to day maintenance operations.
8. Replace old cruiser with new F-150 truck to improve park operations.
9. Develop connectivity plan from Village Park to the NCRC.
10. Continue development of winter land Express and Festival of Lights display throughout park in December.
11. Continue involvement in the development of open space and greenways.
12. Complete Phase III improvements to Village Park including the addition of the carousel and water feature.
13. Continue work with Christ the King High School in the possible joint development of athletic facilities for the west side of the City.
14. Continue development and records archiving of Kannapolis Cemetery.
15. Investigate the opportunity to open a new section of the cemetery providing an additional 64 plots to be sold to the general public.
16. Develop cost estimates to construct a columbarium as part of the cemetery improvements.
17. Begin a more thorough investigation to adding a more comprehensive athletics program to the department.
18. Implement the new brand by replacing signage at park facilities.
19. Develop additional community-wide programs for residents.
20. Continued update and enhancement of departmental website.
21. Continue to beautify the parks with native plants which will allow us to offer outdoor educational programs in the future.
22. Continue to provide affordable day trip opportunities for schools and daycares to the parks.
23. Increase the number of healthy choices in our concession stands and implement concession guidelines.
24. Continue to enhance the Jiggy with the Piggy event in May.
25. Enhance P&R volunteer within the City.
26. Continue to enhance marketing of our recreation programs and facilities to the public.
27. Begin preparation for responsibilities associated with downtown events including the Kannapolis Christmas Parade.
28. Investigate development of Eastside park facility.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Parks – Parks

| | |
|---------------------------|---|
| Personnel Expenses | \$939,510 (\$92,020 Increase) |
| Operating Expenses | \$410,400 (\$2,550 Increase) |
| Capital Machinery | \$71,900 (\$53,900 Increase) |
| Total Budget | \$1,421,810 (\$148,470 Increase) |

Increases:

- \$2,000 – Credit Card Fees
- \$800 – R&M: Equipment
- \$8,000 – Electricity
- \$500 – Gas Utilities
- \$2,000 – Telephone
- \$700 – Dues and Subscriptions
- \$3,000 – Concession Supplies
- \$10,700 – Travel and Training

Reductions/Decreases:

- \$100 – Postage
- \$2,000 – Medical Expense
- \$2,500 Equipment Rental
- \$4,000 – Motor Fuel
- \$1,100 – Small Equipment and Tools
- \$850 – Cleaning Supplies
- \$10,000 – Contracted Services
- \$2,600 - Meetings

Capital:

- \$1,700,000 - Irish Buffalo Creek Greenway
- \$1,600,000 – Village Park Phase 3
- \$25,000 – Replacement vehicle for Bakers Creek Park
- \$9,600 – Ex-Mark mower
- \$29,000 – Reel Mower
- \$8,300 – Seeder/Sprayer

Items of Interest:

- One (1) new Park Maintenance Technician in FY 17 Budget
- \$2,200 – new park/facility programs
- \$9,000 – Electricity increase expected with Carousel addition.
- \$10,700 – Travel & Training increase to take Accreditation team to NRPA National Convention

Parks – Programming

| | |
|---------------------------|--------------------------------------|
| Personnel Expenses | \$0 (No Change) |
| Operating Expenses | \$310,000 (\$68,000 Increase) |
| Total Budget | \$310,000 (68,000 Increase) |

Increases:

- \$18,000 – Program Supplies
- \$50,000 – Summer Event Series

Reductions/Decreases:

- None

Capital:

- None

Items of Interest:

- Program Supplies includes \$10,000 for the Run Kannapolis Program
 - \$50,000 increase in Summer Event Series provides funding for higher name recognition acts for series; resulting in higher visitor counts to the downtown area.
-

Parks – Stadium

| | |
|---------------------------|---------------------------------------|
| Personnel Expenses | \$0 (No Change) |
| Operating Expenses | \$216,000 (\$181,000 Increase) |
| Total Budget | \$216,000 (\$181,000 Increase) |

Increases:

- \$66,000 – R&M: Reimbursement (New Line Item)
- \$110,000 – Utility Reimbursement (New Line Item)
- \$5,000 – Contracted Services

Reductions/Decreases:

- None

Capital:

- None

Items of Interest:

- None

FISCAL YEAR 2017
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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ - | \$ - | \$ - | \$ - | \$ - |
| OPERATING | \$ 3,502,995 | \$ 1,840,948 | \$ 1,840,948 | \$ 1,543,223 | \$ 1,543,223 |
| CAPITAL | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL | \$ 3,502,995 | \$ 1,840,948 | \$ 1,840,948 | \$ 1,543,223 | \$ 1,543,223 |
| POSITIONS | 0 | 0 | 0 | 0 | 0 |

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

| | |
|---------------------------|---|
| Personnel Expenses | \$0 (No Change) |
| Operating Expenses | \$1,543,223 (\$297,725 Decrease) |
| Total Budget | \$1,543,233 (\$297,725 Decrease) |

Increases:

- \$23,800 – Workers Comp Insurance
- \$394 – Retiree Insurance
- \$2,058 – HSA & HRA Benefits
- \$7,000 – Banking Fees
- \$16,000 – Contingency Appropriation
- \$38,000 – Insurance – Buildings

Reductions/Decreases:

- \$274,977 – Special Expenses
- \$15,000 – Insurance – Public Officials
- \$40,000 – Insurance – General Liability
- \$55,000 – Insurance – Self Insured

Capital:

- None

Items of Interest:

- None

FISCAL YEAR 2017
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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ - | \$ - | \$ - | \$ - | \$ - |
| OPERATING | \$ 6,059,562 | \$ 7,156,100 | \$ 7,156,100 | \$ 8,015,100 | \$ 8,015,100 |
| CAPITAL | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL | \$ 6,059,562 | \$ 7,156,100 | \$ 7,156,100 | \$ 8,015,100 | \$ 8,015,100 |
| POSITIONS | 0 | 0 | 0 | 0 | 0 |

THE GENERAL FUND DEBT IS AS FOLLOWS:

| Fiscal Year 2017 | | | | | | |
|---|--|----------------------|---------------------|--------------------|---------------------------------------|------------------|
| GENERAL FUND DEBT SERVICE | | | | | | |
| | PRINCIPAL BALANCE (as of 7/1/2016) | PRINCIPAL PAYMENT | INTEREST PAYMENT | TOTAL PAYMENT | REMAINING TERM (including FY 2017) | INTEREST RATE |
| SUNTRUST - EQUIPMENT 2009 | \$100,850 | \$100,850 | \$1,201 | \$102,050 | LAST YEAR | 3.17% |
| BB&T - EQUIPMENT 2011 | \$421,536 | \$42,154 | \$16,432 | \$58,586 | 10 YEARS | 4.05% |
| PNC - WAREHOUSE/FIRE TRUCK | \$1,136,091 | \$163,257 | \$22,782 | \$186,039 | 7 YEARS | 2.08% |
| BANK OF NC - FIRETRUCK/PATCH TRUCK | \$620,007 | \$152,096 | \$7,082 | \$159,178 | 5 YEARS | 1.25% |
| ROWAN COUNTY - BASEBALL STADIUM | \$2,803,750 | \$62,500 | \$0 | \$62,500 | 46 YEARS | 0.00% |
| PNC REFINANCE - VILLAGE PARK BUILDING | \$261,333 | \$52,267 | \$4,965 | \$57,232 | 7 YEARS | 2.00% |
| PNC REFINANCE - FIRE STATION, BRIDGES, et | \$3,270,372 | \$600,262 | \$62,356 | \$662,617 | 9 YEARS | 1.98% |
| JPMorgan Chase Bank - KGBUS Park | \$153,000 | \$153,000 | \$933 | \$153,933 | LAST YEAR | 2.60% |
| JPMorgan Chase Bank - KGBus Park | \$300,000 | \$50,000 | \$14,883 | \$64,883 | 6 YEARS | 2.60% |
| City Hall/Police - 2014 Series-Tax Exempt | \$24,600,000 | \$1,370,000 | \$1,040,456 | \$2,410,456 | 20 YEARS | 3.10% |
| NCRC TIF BONDS - 2010 SERIES A | \$9,135,000 | \$1,735,000 | \$456,750 | \$2,191,750 | 4 YEARS | var. |
| NCRC TIF BONDS - 2010 SERIES B | \$19,310,000 | \$0 | \$1,405,768 | \$1,405,768 | 11 YEARS | var. |
| GRAND TOTAL FOR FY 2017 | \$62,111,940 | \$4,481,386 | \$3,033,607 | \$7,514,993 | | |

WATER AND SEWER FUND

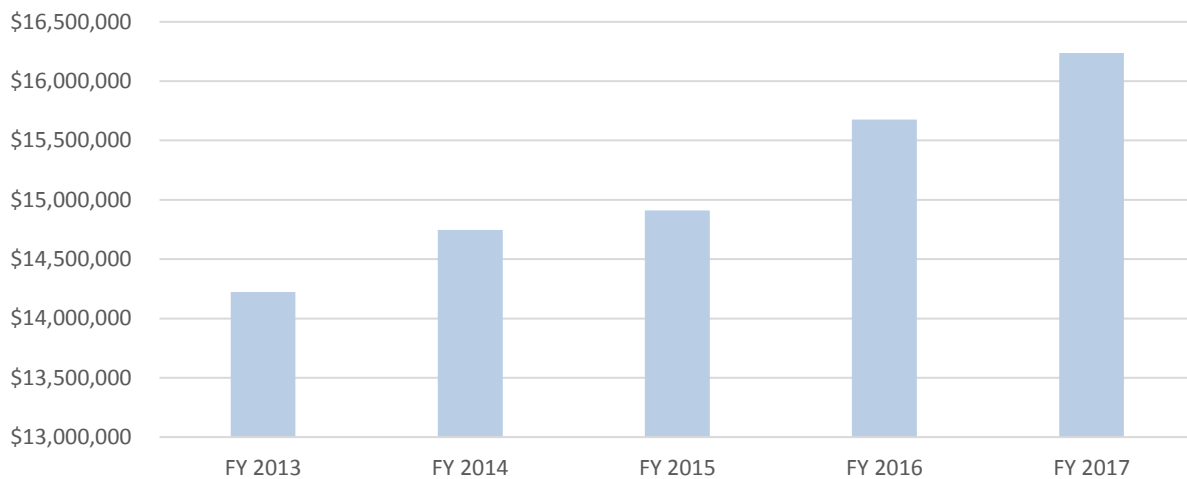
The Water and Sewer Fund (W/S Fund) is the second largest fund with the City. The W/S Fund revenue includes monies collected from charges for water and sewer services, fees, sales tax, and other revenue. This fund includes most of the operating services, such as administration, billing and collection,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

| Revenues | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|-----------------------------------|----------------------|----------------------|-----------------------------|-----------------------------|----------------------|
| Charges and Fees | \$ 13,585,321 | \$ 14,265,000 | \$ 14,265,000 | \$ 14,693,000 | \$ 14,693,000 |
| Wholesale Water Sales | \$ 325,000 | \$ 350,000 | \$ 350,000 | \$ 365,000 | \$ 365,000 |
| Tap Fees | \$ 60,000 | \$ 70,000 | \$ 70,000 | \$ 85,000 | \$ 85,000 |
| Connection Fees | \$ 375,000 | \$ 450,000 | \$ 450,000 | \$ 525,000 | \$ 525,000 |
| Fire Hydrant Fees | \$ - | \$ - | \$ - | \$ - | \$ - |
| Reconnection Fees | \$ 165,000 | \$ 150,000 | \$ 150,000 | \$ 150,000 | \$ 150,000 |
| Penalties | \$ 385,000 | \$ 375,000 | \$ 375,000 | \$ 400,000 | \$ 400,000 |
| Miscellaneous Revenue | \$ 11,000 | \$ 12,000 | \$ 12,000 | \$ 15,000 | \$ 15,000 |
| Donations | \$ - | \$ - | \$ - | \$ - | \$ - |
| Investment Income | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 5,000 | \$ 5,000 |
| Total Water and Sewer Fund | \$ 14,909,821 | \$ 15,675,500 | \$ 15,675,500 | \$ 16,238,000 | \$ 16,238,000 |

Water & Sewer Revenues



As shown in the chart above, Water & Sewer revenues have steadily increased over the past five years. The estimated revenues for FY2017 are higher than the revenues for FY 2016 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: FY2017

Charge 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 17, the water and sewer rates for the City of Kannapolis remain unchanged. Water rates are 20% higher for customers outside the city. Sewer rates are the same both inside City and outside City usage.

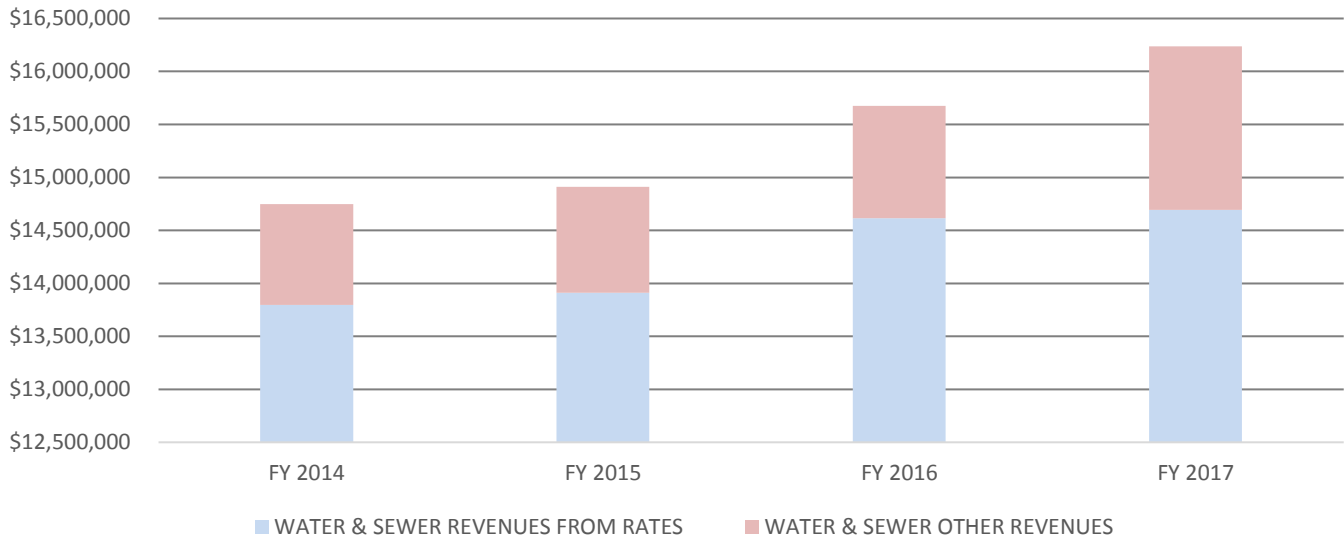
| | Base Fee | Tier 1 <i>Per 1,000 Gallons (0-7,000 gals)</i> | Tier 2 <i>Per 1,000 Gallons (over 7,000 gals)</i> | Irrigation <i>Per 1,000 Gallons</i> |
|--|-----------------|--|---|---|
| Residential <i>Inside City Limits</i> | \$6.95 | \$5.75 | \$6.04 | \$6.04 |
| Commercial <i>Inside City Limits</i> | \$6.95 | \$5.75 | \$5.75 | \$6.04 |
| Residential <i>Outside City Limits</i> | \$8.15 | \$6.90 | \$7.25 | \$7.25 |
| Commercial <i>Outside City Limits</i> | \$8.15 | \$6.90 | \$6.90 | \$7.25 |

Due to no rate change, the 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):

| Usage in gallons | Current Charge | Proposed Charge | Increase/Decrease | Percentage Change |
|------------------|----------------|-----------------|-------------------|-------------------|
| 2,000 | \$31.20 | \$31.20 | - | - |
| 3,000 | \$41.90 | \$41.90 | - | - |
| 4,000 | \$52.60 | \$52.60 | - | - |
| 5,000 | \$63.30 | \$63.30 | - | - |
| 6,000 | \$74.00 | \$74.00 | - | - |
| 7,000 | \$84.70 | \$84.70 | - | - |
| 10,000 | \$116.8 | \$116.8 | - | - |
| 20,000 | \$223.80 | \$223.80 | - | - |

| | ACTUAL FY 2014 | ACTUAL FY 2015 | PROJECTED FY 2016 | BUDGET FY 2017 |
|-----------------------------------|---------------------------|---------------------------|------------------------------|---------------------------|
| WATER & SEWER REVENUES FROM RATES | \$ 13,796,836 | \$ 13,910,321 | \$ 14,615,000 | \$ 14,693,000 |
| WATER & SEWER TOTAL REVENUES | \$ 14,746,836 | \$ 14,909,821 | \$ 15,675,500 | \$ 16,238,000 |

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 16 by organic growth of customers and the completion of the water meter replacement program. From FY 15 to FY 16, total revenues increased by \$765,679. FY 2017 forecast a modest increase in other revenues and steady revenues from rates.

WATER AND SEWER FUND EXPENDITURES FY 2017

BUDGET & STAFFING SUMMARY

| EXPENSE CATEGORY | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ 2,365,706 | \$ 2,675,524 | \$ 2,675,524 | \$ 2,834,142 | \$ 2,834,142 |
| OPERATING | \$ 11,325,886 | \$ 12,782,476 | \$ 12,782,476 | \$ 13,097,758 | \$ 13,097,758 |
| CAPITAL | \$ 1,218,229 | \$ 217,500 | \$ 217,500 | \$ 306,100 | \$ 306,100 |
| TOTAL | \$ 14,909,821 | \$ 15,675,500 | \$ 15,675,500 | \$ 16,238,000 | \$ 16,238,000 |
| POSITIONS | | 46 | 47 | 48 | 48 |

Overall, the Water and Sewer Fund Expenditures have increased \$562,500 or 3.59%. The operating budget increased \$315,282 or 3% over previous year. There are no significant changes to services or operations in the Water and Sewer fund. Personnel costs increased \$158,618 or 6%.

| Expenditures | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|---------------------------------------|----------------------|----------------------|-----------------------------|--------------------------------|----------------------|
| Water & Sewer Fund | | | | | |
| Water & Sewer - Billing & Collections | \$ 709,509 | \$ 745,644 | \$ 745,644 | \$ 2,935,425 | \$ 2,935,425 |
| Water & Sewer - Distribution | \$ 2,612,381 | \$ 2,810,590 | \$ 2,810,590 | \$ 2,938,688 | \$ 2,938,688 |
| Water & Sewer - Sewage Treatment | \$ 2,727,984 | \$ 2,824,500 | \$ 2,824,500 | \$ 2,921,500 | \$ 2,921,500 |
| Water & Sewer - Filter Plant | \$ 3,021,142 | \$ 2,927,066 | \$ 2,927,066 | \$ 836,495 | \$ 836,495 |
| General Management Services | \$ 1,102,500 | \$ 1,466,110 | \$ 1,466,110 | \$ 1,539,416 | \$ 1,539,416 |
| Transfer to Capital Projects | \$ 748,177 | \$ 625,000 | \$ 625,000 | \$ 364,700 | \$ 364,700 |
| Debt Service | \$ 3,988,128 | \$ 4,276,589 | \$ 4,276,590 | \$ 4,701,776 | \$ 4,701,776 |
| Total Water and Sewer Fund | \$ 14,909,821 | \$ 15,675,499 | \$ 15,675,500 | \$ 16,238,000 | \$ 16,238,000 |

FISCAL YEAR 2017**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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ 479,659 | \$ 517,144 | \$ 517,144 | \$ 603,895 | \$ 603,895 |
| OPERATING | \$ 229,850 | \$ 228,500 | \$ 228,500 | \$ 232,600 | \$ 232,600 |
| CAPITAL | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL | \$ 709,509 | \$ 745,644 | \$ 745,644 | \$ 836,495 | \$ 836,495 |
| POSITIONS | 7 | 7 | 7 | 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 & assistance 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.
- 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:

| | |
|---------------------------|--------------------------------------|
| Personnel Expenses | \$603,895 (\$86,751 Increase) |
| Operating Expenses | \$232,600 (\$4,100 Increase) |
| Total Budget | \$836,495 (\$90,851 Increase) |

Increases:

- \$5,000 – Postage
- \$60 – Uniforms
- \$5,000 – Banking Fees
- \$6,000 – Mailing Services
- \$7,800 – Travel and Training

Reductions/Decreases:

- \$1,000 – R&M: Buildings and Grounds
- \$6,800 – Electricity
- \$1,000 – Telephone
- \$6,000 – Equipment Rental
- \$5,000 – Contracted Services

Capital:

- None

Items of Interest:

- The Outreach Coordinator position has been moved to Billings and Collections.
- Reductions in utilities due to the move of Customer Service to New City Hall.

FISCAL YEAR 2017**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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ 1,383,592 | \$ 1,584,360 | \$ 1,584,360 | \$ 1,565,925 | \$ 1,565,925 |
| OPERATING | \$ 862,829 | \$ 1,066,230 | \$ 1,066,230 | \$ 1,103,400 | \$ 1,103,400 |
| CAPITAL | \$ 365,960 | \$ 160,000 | \$ 160,000 | \$ 266,100 | \$ 266,100 |
| TOTAL | \$ 2,612,381 | \$ 2,810,590 | \$ 2,810,590 | \$ 2,935,425 | \$ 2,935,425 |
| POSITIONS | 30 | 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 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|-------------------------------|------------|------------|------------|------------|------------|
| 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:

| | |
|---------------------------|---|
| Personnel Expenses | \$1,565,925 (\$23,765 Increase) |
| Operating Expenses | \$1,103,400 (\$37,170 Increase) |
| Capital Machinery | \$266,100 (\$171,100 Increase) |
| Capital Building | \$0 (\$65,000 Decrease) |
| Total Budget | \$2,935,425 (\$167,035 Increase) |

Increases:

- \$183,675 – R&M: Water Tank
- \$2,500 – Electricity
- \$3,000 – Telephone
- \$3,000 – Equipment Rental
- \$3,000 – Uniforms
- \$3,000 – Contracted Services
- \$95 – Travel and Training

Reductions/Decreases:

- \$1,800 – Medical Expense (Moved to Human Resources)
- \$750 – R&M: Equipment
- \$15,000 – Motor Fuel
- \$13,000 – Small equipment and Tools
- \$1,000 – Dues and Subscriptions
- \$250 – Cleaning Supplies
- \$65,000 – Materials for W&S Services
- \$50,000 – Contract – Grounds Maintenance

Capital:

- \$27,600 – Diesel Generator
- \$101,000 – Mini Excavator
- \$137,500 – First half of HWY 13 abandonment (Second Half to be budgeted in FY 18)

Items of Interest:

- \$165,600 – South Tank Containment system, repair, and new logo
- \$5,992 – Richard Ave. Tank new logo
- \$60,000 – I & I study and additional Duke’s root control

FISCAL YEAR 2017**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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ 502,455 | \$ 574,020 | \$ 574,020 | \$ 664,322 | \$ 664,322 |
| OPERATING | \$ 1,666,418 | \$ 2,295,546 | \$ 2,295,546 | \$ 2,234,366 | \$ 2,234,366 |
| CAPITAL | \$ 852,269 | \$ 57,500 | \$ 57,500 | \$ 40,000 | \$ 40,000 |
| TOTAL | \$ 3,021,142 | \$ 2,927,066 | \$ 2,927,066 | \$ 2,938,688 | \$ 2,938,688 |
| POSITIONS | | 9 | 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 2016.
 6. Oversee installation of new intake structure improvements.
 7. Oversee installation and construction of clearwell improvements.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

| | |
|---------------------------|--|
| Personnel Expenses | \$664,322 (\$90,302 Increase) |
| Operating Expenses | \$2,234,366 (\$61,180 Decrease) |
| Capital Machinery | \$40,000 (\$17,500 Decrease) |
| Total Budget | \$2,938,688 (\$11,622 Increase) |

Increases:

- \$20,000 – Chemicals
- \$3,000 – Uniforms
- \$120,400 – Bulk Water Purchases

Reductions/Decreases:

- \$2,000 – Advertising
- \$1,000 – Medical Expense
- \$150 – R&M: Office Equipment
- \$1,000 – R&M: Vehicles
- \$50,400 – Building and Grounds
- \$104,500 – R&M: Equipment
- \$1,000 – Electricity
- \$2,880 – Telephone
- \$4,500 – Equipment Rental
- \$2,500 – Motor Fuel
- \$1,000 – Office Supplies
- \$50 – Cleaning Supplies
- \$31,000 – Raw Water Purchases
- \$2,500 – Contract – Ground Maintenance

Capital:

- \$40,000 – Replacement Vehicle for WTP - 2

Items of Interest:

- FY 17 is the only year the City will purchase water from Albemarle and Salisbury.
- \$18,000 – HVAC Unit (44300)
- \$96,000 – Additional funding for electricity Kannapolis Parkway Pump Station

FISCAL YEAR 2017**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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ - | \$ - | \$ - | \$ - | \$ - |
| OPERATING | \$ 2,727,984 | \$ 2,824,500 | \$ 2,824,500 | \$ 2,921,500 | \$ 2,921,500 |
| CAPITAL | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL | \$ 2,727,984 | \$ 2,824,500 | \$ 2,824,500 | \$ 2,921,500 | \$ 2,921,500 |
| 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:

| | |
|---------------------------|--|
| Personnel Expenses | \$0 (No Change) |
| Operating Expenses | \$2,921,500 (\$97,000 Increase) |
| Total Budget | \$2,921,500 (\$97,000 Increase) |

Increases:

- \$330,000 – Sewage Treatment Variable
- \$7,000 – Interceptor Fixed Rate

Reductions/Decreases:

- \$240,000 – Interceptor Variable Rate

Capital:

- None

Items of Interest:

- WSACC has combined the billing for Sewage Treatment Variable and Interceptor Variable Rate, the city has followed and combined these two expenses.
- WSACC increased rates by 5% for FY 17
- Rate for Sewage Treatment and Interceptor variables in FY 17 will be \$1,359 per 1,000 gallons.

FISCAL YEAR 2017**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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|-------------------------|----------------------------|---------------------------|---|---|----------------------------|
| PERSONNEL | \$ - | \$ - | \$ - | \$ - | \$ - |
| OPERATING | \$ 1,850,677 | \$ 2,091,110 | \$ 2,091,110 | \$ 1,904,116 | \$ 1,904,116 |
| CAPITAL | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL | \$ 1,850,677 | \$ 2,091,110 | \$ 2,091,110 | \$ 1,904,116 | \$ 1,904,116 |
| POSITIONS | 0 | 0 | 0 | 0 | 0 |

Items of Interest:

- \$1,539,416 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 FY09 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.
- \$364,700 Total Transfer to Environmental Fund.
- \$0 Total Transfer to Stormwater Fund. This is the second year in a row of no transfer to the Stormwater Fund.

FISCAL YEAR 2017**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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ - | \$ - | \$ - | \$ - | \$ - |
| OPERATING | \$ 3,988,128 | \$ 4,276,590 | \$ 4,276,590 | \$ 4,701,776 | \$ 4,701,776 |
| CAPITAL | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL | \$ 3,988,128 | \$ 4,276,590 | \$ 4,276,590 | \$ 4,701,776 | \$ 4,701,776 |
| POSITIONS | 0 | 0 | 0 | 0 | 0 |

THE WATER AND SEWER DEBT IS AS FOLLOWS:**Fiscal Year 2017****WATER AND SEWER FUND DEBT SERVICE**

| | PRINCIPAL BALANCE (as of 7/1/2016) | PRINCIPAL PAYMENT | INTEREST PAYMENT | TOTAL PAYMENT | REMAINING TERM (including FY 2017) | INTEREST RATE |
|----------------------------------|--|----------------------|---------------------|--------------------|--|------------------|
| BB&T - EQUIPMENT 2011 | \$765,278 | \$76,528 | \$29,831 | \$106,359 | 10 YEARS | 2.22% |
| BB&T - Sewer Line Refi | \$21,700 | \$21,700 | \$120 | \$21,820 | LAST YEAR | 2.22% |
| PNC - Water Line NCR | \$459,800 | \$76,633 | \$18,806 | \$95,439 | 6 YEARS | 4.09% |
| PNC - Afton Run Sewer | \$392,039 | \$50,379 | \$13,208 | \$63,587 | 7 YEARS | 3.81% |
| PNC - Kann Parkway | \$421,640 | \$76,397 | \$7,936 | \$84,333 | 7 YEARS | 3.81% |
| NC DENR Loan - Second Creek | \$242,747 | \$15,172 | \$6,020 | \$21,192 | 12 YEARS | 2.48% |
| W&S System Refunding Series 2014 | \$17,290,000 | \$505,000 | \$732,963 | \$1,237,963 | 20 YEARS | var |
| W&S System Refunding Series 2011 | \$11,176,100 | \$1,086,200 | \$318,519 | \$1,404,719 | 9 YEARS | var |
| W&S System Series 2002 | \$899,528 | \$441,101 | \$30,743 | \$471,844 | 2 YEARS | var |
| GRAND TOTAL FOR FY 2017 | \$31,668,832 | \$2,349,110 | \$1,158,147 | \$3,507,257 | | |

STORMWATER FUND

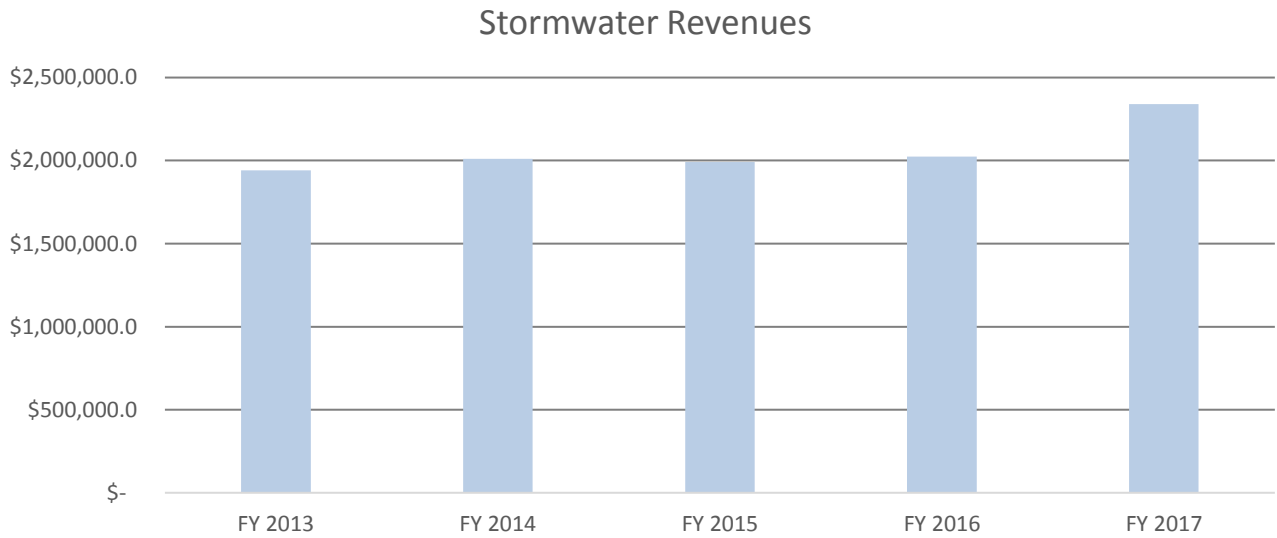
The Stormwater Fund is the third largest fund. Revenue includes monies collected from monthly fees charged to each citizen based on the amount of impervious area on their property. Generally residential customers pay a fixed fee based on predetermined limits on square footage of these impervious areas 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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|----------------------------------|----------------------------|---------------------------|-------------------------------------|-------------------------------------|----------------------------|
| Charges and Fees | \$ 1,866,536 | \$ 2,025,000 | \$ 2,025,000 | \$ 2,340,000 | \$ 2,340,000 |
| Investment Income | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transfer from Water & Sewer Fund | \$ 125,000 | \$ - | \$ - | \$ - | \$ - |
| Total Stormwater Fund | \$ 1,991,536 | \$ 2,025,000 | \$ 2,025,000 | \$ 2,340,000 | \$ 2,340,000 |

The Stormwater Fund Balance at June 30, 2016, is expected to be \$250,000.



As shown in the chart above, Stormwater revenues have remained steady for the previous four years. The estimated revenues for FY2017 are slightly higher than the revenues for FY 2016 due to the rate increase in FY 2017.

FISCAL YEAR 2017

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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ 566,246 | \$ 629,560 | \$ 629,560 | \$ 770,343 | \$ 770,343 |
| OPERATING | \$ 1,368,590 | \$ 1,395,440 | \$ 1,395,440 | \$ 1,458,657 | \$ 1,458,657 |
| CAPITAL | \$ 56,700 | \$ - | \$ - | \$ 111,000 | \$ 111,000 |
| TOTAL | \$ 1,991,536 | \$ 2,025,000 | \$ 2,025,000 | \$ 2,340,000 | \$ 2,340,000 |
| POSITIONS | 13 | 13 | 13 | 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 | FY2012 | FY2013 | FY 2014 | FY 2015/16 |
|---|--------|--------|---------|---------------|
| 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:

| | |
|---------------------------|---|
| Personnel Expenses | \$770,343 (\$140,783 Increase) |
| Operating Expenses | \$776,332 (\$73,492 Increase) |
| Capital Machinery | \$111,000 (\$111,000 Increase) |
| Total Budget | \$1,657,675 (\$325,275 Increase) |

Increases:

- \$57,448 – R&M: Streets
- \$2,640 – Telephone
- \$1,735 – Uniforms
- \$25,000 – Consultants
- \$28,784 – General Management Service Fee

Reductions/Decreases:

- \$1,200 – Medical Expense
- \$14,415 – R&M: Vehicles
- \$6,500 – Motor Fuel
- \$20,000 – Contracted Services

Capital:

- \$111,000 – Three (3) replacement vehicles

Items of Interest:

- Second year of no transfers from other funds.
- Three new employees for FY 17
- No fee increase for FY 17.
- ERU = Equivalent Residential Unit
- \$80,000 – Phase II Stormwater Program
- \$60,000 – Stormwater Monitoring Program
- \$241,784 – General Management Service Fee
- \$167,448 – Allocated for Repair and Maintenance of Streets and Ditches

| Tier | FY 2016 | FY 2017 |
|-------------------|-----------------------|-----------------------|
| 1 | \$4.50 | \$4.50 |
| 2 | \$6.00 | \$6.00 |
| 3 | \$7.50 | \$7.50 |
| Commercial | \$6.00/per ERU | \$6.00/per ERU |

ENVIRONMENTAL FUND

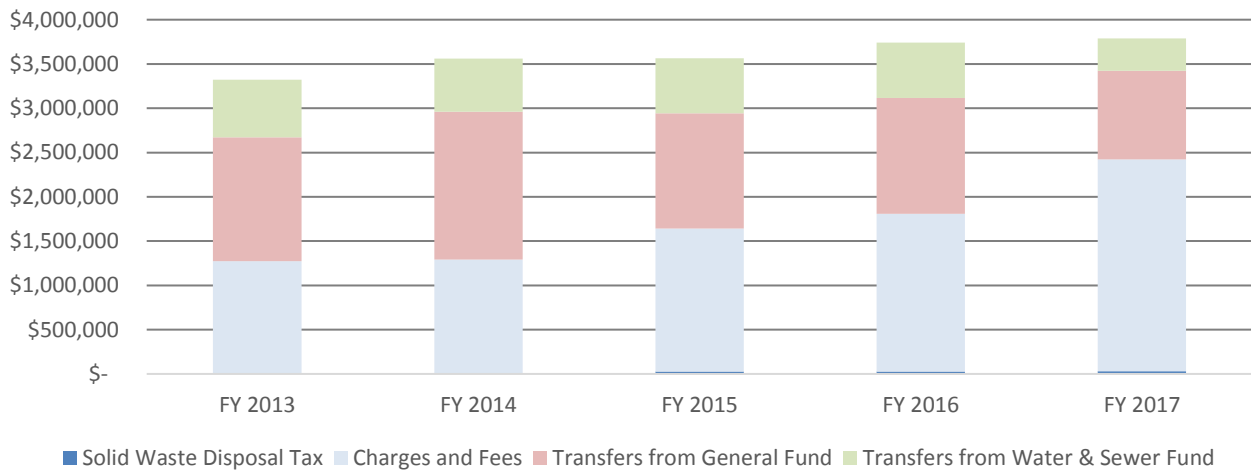
City Council approved a new recycling program in March 2011, which started on July 1, 2011. The fund consists of monies collected from the monthly user fee that all residents must pay, and revenue collected from the Sonoco Facility for material deposited at their facility. To ensure the success of the 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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|-----------------------------------|---------------------|---------------------|-----------------------------|-----------------------------|---------------------|
| Solid Waste Disposal Tax | \$ 26,000 | \$ 28,500 | \$ 28,500 | \$ 30,000 | \$ 30,000 |
| Charges and Fees | \$ 1,616,000 | \$ 1,778,370 | \$ 1,778,370 | \$ 2,393,000 | \$ 2,393,000 |
| Transfers from General Fund | \$ 1,300,000 | \$ 1,309,825 | \$ 1,309,825 | \$ 1,000,000 | \$ 1,000,000 |
| Transfers from Water & Sewer Fund | \$ 623,177 | \$ 625,000 | \$ 625,000 | \$ 364,700 | \$ 364,700 |
| Total Environmental Fund | \$ 3,565,177 | \$ 3,741,695 | \$ 3,741,695 | \$ 3,787,700 | \$ 3,787,700 |

Environmental Fund Revenue



For a third year, a major portion of the anticipated budget for the Environmental Fund will be from user fees, increasing \$2.50 a month to a monthly \$11.85 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 FY2016
BUDGET & STAFFING SUMMARY**

| EXPENSE CATEGORY | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ 51,848 | \$ 59,483 | \$ 59,483 | \$ - | \$ - |
| OPERATING | \$ 3,513,329 | \$ 3,682,212 | \$ 3,682,212 | \$ 3,787,700 | \$ 3,787,700 |
| CAPITAL | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL | \$ 3,565,177 | \$ 3,741,695 | \$ 3,741,695 | \$ 3,787,700 | \$ 3,787,700 |
| POSITIONS | 1 | 1 | 1 | 0 | 0 |

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 | FY2012 | FY2013 | FY2014 | FY2015 |
|------------------------------|----------|----------|----------|-----------------|
| 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
5. Continue to monitor the performance of the recycling contractor to ensure quality of service in accordance with the contract.

ACCOMPLISHMENTS: Solid Waste-Residential

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

ACTION PLAN: Solid Waste-Residential

1. Re-educate residents on proper garbage practices through the use of direct mailers, the website, monthly newsletter, neighborhood meetings and social media.
2. Promote the commercial solid waste 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
5. Continue to monitor the performance of the solid waste contractor to ensure quality of service in accordance with the contract.

ACCOMPLISHMENTS: Yard Waste

1. Waste Management, Inc. provided prompt and efficient service of yard waste/limb/leaf collection for our residents.

ACTION PLAN: Yard Waste

1. Continue to monitor the performance of the yard waste/limbs/leaf collection contractor to ensure quality of service in accordance with the contract.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

| | |
|---------------------------|---|
| Personnel Expenses | \$0 (\$59,483 Decrease) |
| Operating Expenses | \$3,787,700 (\$281,416 Increase) |
| Total Budget | \$3,787,700 (\$221,933 Increase) |

Increases:

- \$40,000 – Contracted Services
- \$49,000 – Solid Waste
- \$25,000 – Bulk Containers
- \$59,000 – Landfill
- \$126,300 – Recycling
- \$8,000 – Yard Waste
- \$9,900 – Outreach Education Programs

Reductions/Decreases:

- \$100 – Medical Expenses
- \$35,684 – Container Purchases

Capital:

- None

Items of Interest:

- Outreach Coordinator position moved to Billing & Collections in the Water & Sewer Fund.
- The City is proposing a \$2.50 increase to the household solid waste fee. This increase raises the fee from \$9.35 to \$11.85 for FY 17.
- By way of comparison, the elimination of all transfers into the environmental fund would require a monthly household rate of \$18.45 per month.
- First year for the Environmental Fund to have no Debt Service
- Tipping fees are increasing for FY 17 to \$37.00/ ton.
- Our Waste Management Contract for FY 17 is as follows (equates to \$13.22 per household per month):
 - Recycling Contract \$1.91 per household
 - Garbage Collection \$5.66 per household
 - Yard Waste Collection \$4.05 per household
 - Residential Bulk Service \$1.60 per household
- Recycling cost for the city are increasing by \$126,300 for FY 17. This increase is due to changes in the market for recycling. The City will now be charged \$20 per ton of materials recycled. This is a stark change as the City was receiving payments for recycling materials for the past five years.
- \$40,000 – E-waste disposal – The market for electronic waste has decreased and vendors that were previously only charging by the pick-up, now must charge by the pound. City currently averages \$16,000 pounds of e-waste per month.
- \$73,000 – Container purchases – Funding for two loads (588 per load) of carts and lids. City is projecting 243 new homes for FY 17. 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.

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.

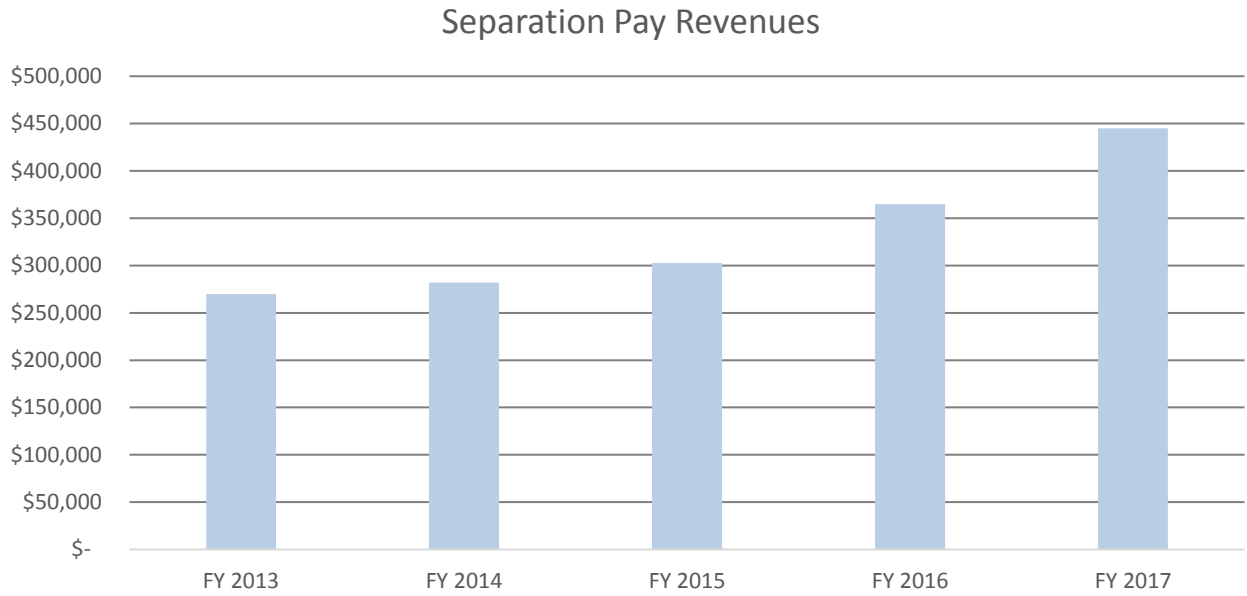
The City's normal contribution to the separation pay fund is based on actuarial reports as of December 31 of each year. The City chose to make a transfer from the General Fund for FY2013 in the amount of \$270,000. The city has also chosen to make a transfer for FY2014 in the amount of \$282,000. Budgeted payments from the plan are for an estimated net increase of five (5) retired City employees during FY2016. These retirees will continue to receive this benefit until age 62. Budgeted payments amount to \$445,000 for FY 2017. The large increase in FY 17 is due to the city budgeting for FICA. FICA has been paid in the past, but not budgeted.

The Basis of Accounting for the Separation Allowance is the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the City has made formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan. Fund Balance is projected to be \$449,263 at June 30, 2016. None of this Fund Balance is budgeted to be used in FY2017.

SEPARATION PAY FUND REVENUES

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

| Revenues | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|--------------------------------------|----------------------------|---------------------------|-------------------------------------|-------------------------------------|----------------------------|
| Transfer from General Fund | \$ 302,800 | \$ 365,000 | \$ 365,000 | \$ 445,000 | \$ 445,000 |
| Total Separation Pay Revenues | \$ 302,800 | \$ 365,000 | \$ 365,000 | \$ 445,000 | \$ 445,000 |



FISCAL YEAR 2017

DEPARTMENT: SEPARATION PAY

MISSION STATEMENT:

BUDGET & STAFFING SUMMARY

| EXPENSE CATEGORY | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ - | \$ - | \$ - | \$ - | \$ - |
| OPERATING | \$ 302,800 | \$ 365,000 | \$ 365,000 | \$ 445,000 | \$ 445,000 |
| CAPITAL | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL | \$ 302,800 | \$ 365,000 | \$ 365,000 | \$ 445,000 | \$ 445,000 |
| 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:

| | |
|---------------------------|------------------------------------|
| Personnel Expenses | No personnel |
| Operating Expenses | \$80,000 Increase (+21.92%) |
| Total Budget | \$80,000 Increase (+21.92) |

Increases:

- Separation Pay - \$48,000
- FICA - \$32,000

Reductions/Decreases:

- None

Capital:

- None

Items of Interest:

- Eight new employees are eligible for this supplement in FY 17
- Three employees will receive final supplements in FY 17

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.

The proposed FY2017 Transit System Fund Budget is \$435,300. This is the Fourteenth year this fund has existed. This year it will be funded from a combination of revenues from the dedicated Vehicle License Tax and the General Fund.

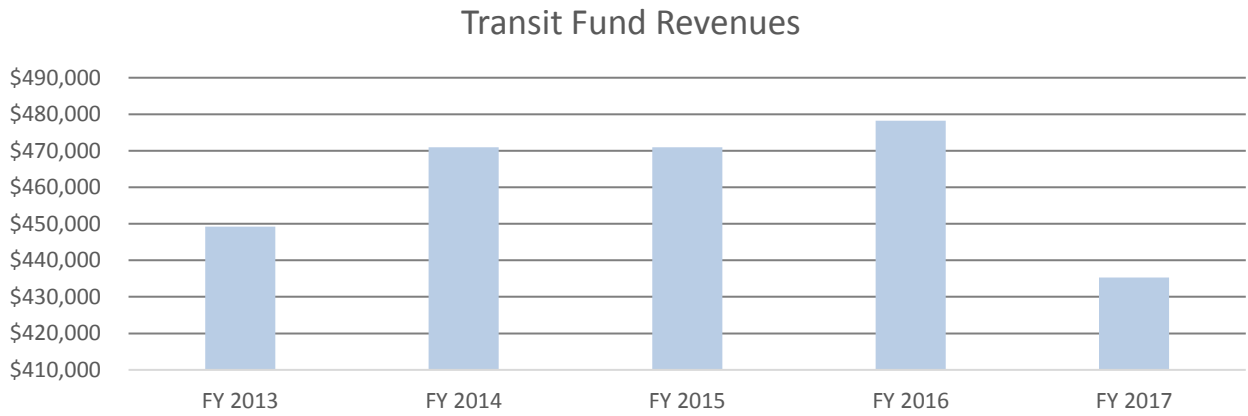
City Council has adopted a formal inter-local agreement with the City of Concord to establish a jointly supported Urban Area Transit System for our two cities. The largest part of this entire initiative would be funded by the State and Federal governments. In FY2017, the City's share of total system costs is based on an estimated total cost to operate the entire bus system of \$3,483,091.00. The FY 2017 City's share of total system costs based upon the total cost share between Concord and Kannapolis is \$435,300.

TRANSIT FUND REVENUES

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

| Revenues | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------------------------|--------------------|-------------------|-----------------------------|-----------------------------|--------------------|
| Vehicle License Tax | \$ 163,000 | \$ 163,000 | \$ 163,000 | \$ 190,000 | \$ 190,000 |
| Transfer from General Fund | \$ 307,926 | \$ 315,200 | \$ 315,200 | \$ 245,300 | \$ 245,300 |
| Total Transit Fund Revenues | \$ 470,926 | \$ 478,200 | \$ 478,200 | \$ 435,300 | \$ 435,300 |

TRANSIT FUND REVENUES



FISCAL YEAR 2017

DEPARTMENT: TRANSIT FUND

MISSION STATEMENT:

To provide funds for the new regional transit system.

BUDGET & STAFFING SUMMARY

| EXPENSE CATEGORY | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ - | \$ - | \$ - | \$ - | \$ - |
| OPERATING | \$ 470,926 | \$ 478,200 | \$ 478,200 | \$ 435,300 | \$ 435,300 |
| CAPITAL | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL | \$ 470,926 | \$ 478,200 | \$ 478,200 | \$ 435,300 | \$ 435,300 |
| POSITIONS | 0 | 0 | 0 | 0 | 0 |

PROJECTED RIDER LOCAL OPERATING EXPENDITURES FY2017:

| | CITY OF CONCORD | CITY OF KANNAPOLIS | |
|--------------------------------------|--------------------|-----------------------|---|
| Operations, including Saturday | 577,213 | 305,496 | Generally fixed - Depends on Fare box Revenue |
| Administration, Marketing & Planning | 75,000 | 75,000 | Generally fixed for year |
| Transit Center | - | - | To be determined (could increase) |
| Capital | 54,804 | 54,804 | Determined by needs |
| Vehicle Tax (<i>less</i>) | (310,000) | (190,000) | |
| TOTALS | 397,017 | 245,300 | |

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

| | |
|---------------------------|-----------------------------------|
| Personnel Expenses | No personnel cost |
| Operating Expenses | \$42,859 Decrease (-8.96%) |
| Total Budget | \$42,859 Decrease (-8.96%) |

Increases:

- None

Reductions/Decreases:

- Contracted Services - \$42,859

Capital:

- None

Items of Interest:

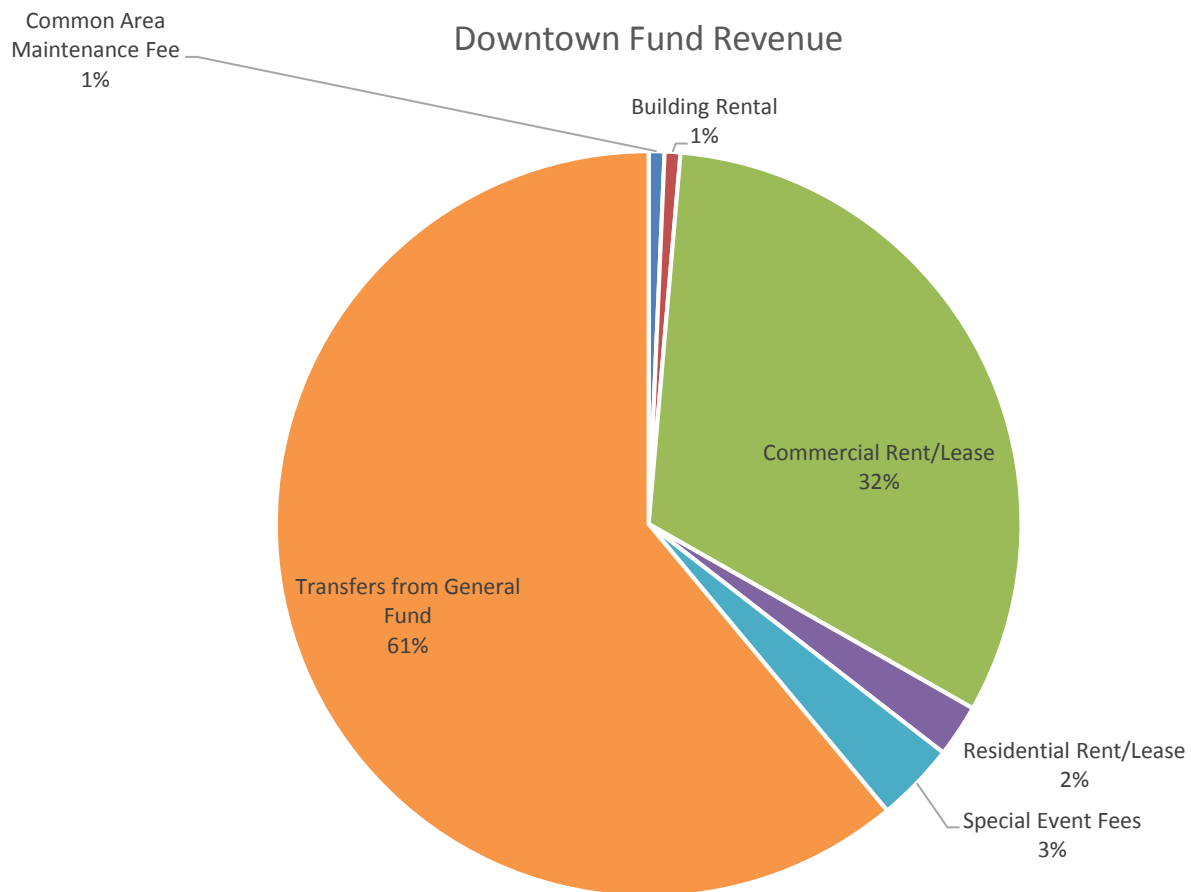
- 65% Concord and 35% Kannapolis split on all operational cost.
- \$7,500 Cost Share for Rowan Express is included
- The budget includes \$190,000 in revenue from a \$5.00 vehicle tax (restricted to transit).
- Includes a \$245,300 transfer from the General Fund.
- 100% of expenditures are for the Kannapolis share of operating costs of the Transit System. All operating funds are administered by the City of Concord as the lead agency.
- All capital costs (buses, transfer hubs, etc.) will be borne by the Federal Transit Administration with the 10% local match by the City of Concord.

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 17. 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 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|-------------------------------------|--------------------|---------------------|-----------------------------|-----------------------------|---------------------|
| Common Area Maintenance Fee | \$ - | \$ 15,000 | \$ 15,000 | \$ 15,000 | \$ 15,000 |
| Building Rental | \$ - | \$ - | \$ - | \$ 15,000 | \$ 15,000 |
| Commercial Rent/Lease | \$ - | \$ 740,000 | \$ 740,000 | \$ 700,000 | \$ 700,000 |
| Residential Rent/Lease | \$ - | \$ 65,000 | \$ 65,000 | \$ 50,000 | \$ 50,000 |
| Special Event Fees | \$ - | \$ - | \$ - | \$ 75,800 | \$ 75,800 |
| Miscellaneous Revenue | \$ - | \$ 29,000 | \$ 29,000 | \$ - | \$ - |
| Sale of Assets | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transfers from General Fund | \$ - | \$ 1,023,825 | \$ 1,023,825 | \$ 1,341,200 | \$ 1,341,200 |
| Total Downtown Fund Revenues | \$ - | \$ 1,872,825 | \$ 1,872,825 | \$ 2,197,000 | \$ 2,197,000 |



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 FY2017
BUDGET & STAFFING SUMMARY**

| EXPENSE CATEGORY | FY 2015 Actuals | FY 2016 Budget | FY 2016 Projected Budget | FY 2017 Manager Proposed | FY 2017 Adopted |
|------------------|--------------------|-------------------|--------------------------------|--------------------------------|--------------------|
| PERSONNEL | \$ - | \$ - | \$ - | \$ - | \$ - |
| OPERATING | \$ - | \$ 1,872,825 | \$ 1,872,825 | \$ 2,197,000 | \$ 2,197,000 |
| CAPITAL | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL | \$ - | \$ 1,872,825 | \$ 1,872,825 | \$ 2,197,000 | \$ 2,197,000 |
| POSITIONS | 0 | 0 | 0 | 0 | 0 |

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

| | |
|---------------------------|-------------------------------------|
| Personnel Expenses | No Personnel cost. |
| Operating Expenses | \$152,025 decrease (-15.79%) |
| Total Budget | \$179,175 increase (+9.57%) |

Increases:

- \$4,000 - Repair and Maintenance
- \$14,500 - Water & Sewer
- \$6,500 - Rentals – Laundry Services (New Line Item for FY 17)
- \$10,000 – Small Equipment and Tools (New Line Item for FY 17)
- \$3,700 – Cleaning Supplies
- \$8,300 - Contract-Grounds Maintenance
- \$100,000 – Entertainment Complex Planning (New Line Item for FY17)
- \$42,000 - Contract-Environmental Services (New Line Item for FY 17)
- \$140,000 – Special Events Expenses (New Line Item for FY 17)
- \$30,000 - Insurance-General Liability

Reductions/Decreases:

- \$30,Advertising - \$30,000 (All advertising is captured in the Marketing/Branding of Communication’s Department)
- \$55,000 - Repair and Maintenance: Grounds
- \$15,000 - Gas Utilities
- \$35,000 - Telephone
- \$15,000 - Non-Profit Contributions
- \$56,500 - Contracted Services (All contracted services separated into either Grounds Maintenance or Developmental Services)
- \$59,525 - Contract-Developmental Services

- \$100,000 – Festivals – Jiggy with the Pig (Expenses placed in Special Events Expenses)

Capital:

- No Capital expenditures found in the Downtown Fund for FY 17

Items of Interest:

- \$25,000 – NC Music Hall of Fame
- \$6,500 – Table cloth rentals for Downtown Property rentals
- \$67,700 – Mowing and Landscaping for medians, Veteran’s Park, and Main Street areas
- \$10,000 – Two (2) rounds of flowers for West Ave flower bed
- \$11,100 – Contract cleaning for Public Restrooms
- \$1,241,200 – Debt service for Downtown property purchase

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. Some major ongoing projects noted are the completion of the Albemarle Water Line and the new City Hall/Police Headquarters Building completing construction in early 2016.

CAPITAL OUTLAY SUMMARY
CAPITAL PROJECTS

| Department | Project | Capital Costs | Impact on Future Budgets |
|----------------|-------------------------------|---------------|---|
| Communications | Wayfinding Signage & Markings | \$ 500,000 | This project will be funded through Limited Obligation Bonds requiring future debt service payments. After initial completion of the project limited repair and maintenance cost will be associated with the project, as well as any revisions needed to ensure signage and markings are up to date. |
| Fire | Fire Station #2 Replacement | \$ 3,885,000 | 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 | Ladder Truck | \$ 1,300,000 | 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. |
| Parks | Irish Buffalo Creek Greenway | \$ 2,268,000 | Outside funding is responsible for \$1,700,000 of the total project. The remaining costs will be funded using Limited Obligation Bonds and will require future debt service payments. After project completion, the city foresees a small amount of additional personnel costs for maintenance of the greenway. |
| 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. |
| Police | ProQA Software | \$ 140,000 | This project is a cash purchase requiring no future debt service payments. The ProQA software assist 911 telecommunicators in determining the right personnel and equipment to be sent to each individual emergency. Annual |
| Public Works | Dump Truck | \$ 168,000 | This purchase is a cash purchase requiring no future debt service payments. The dump truck is a replacement for a 18 year old vehicle. The city anticipates a small reduction in repair and maintenance cost and no effect on personnel cost associated with the purchase. |
| Public Works | I-3802B Sidewalk | \$ 122,000 | This project is a cash purchase requiring no future debt service payments. This project is a part of the I-85 widening project being completed by NCDOT. No operational or personnel cost are associated with the project and its completion should have no effect on future city budgets. |
| Public Works | Dump Truck | \$ 66,950 | This purchase is a cash purchase requiring no future debt service payments. The dump truck is a replacement for a 14 year old vehicle. The city anticipates a small reduction in repair and maintenance cost and no effect on personnel cost associated with |
| Water & Sewer | Mini Excavator | \$ 101,000 | This purchase is a cash purchase requiring no future debt service payments. This is a replacement equipment purchase for an excavator which is no longer functioning. The city expects to have a small reduction in future repair and maintenance costs and no effect on personnel expenditures. |
| Water & Sewer | Jet Vac Truck | \$ 381,924 | This purchase will be funded through Limited Obligation Bonds requiring future debt service payments. This is a replacement purchase and the city expects to see a small reduction in repair cost and no effect on personnel costs for future budgets. |
| Water & Sewer | Charlotte-Meck Extension | \$ 1,500,000 | 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 | Shiloh Church Road Sewer | \$ 2,500,000 | 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. |

**FISCAL YEAR 2017
GRANT PROJECTS**

| Dept. | Project | Primary Funding Source | Project Budget | Impact on Future Budgets | Amount included in FY2016 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

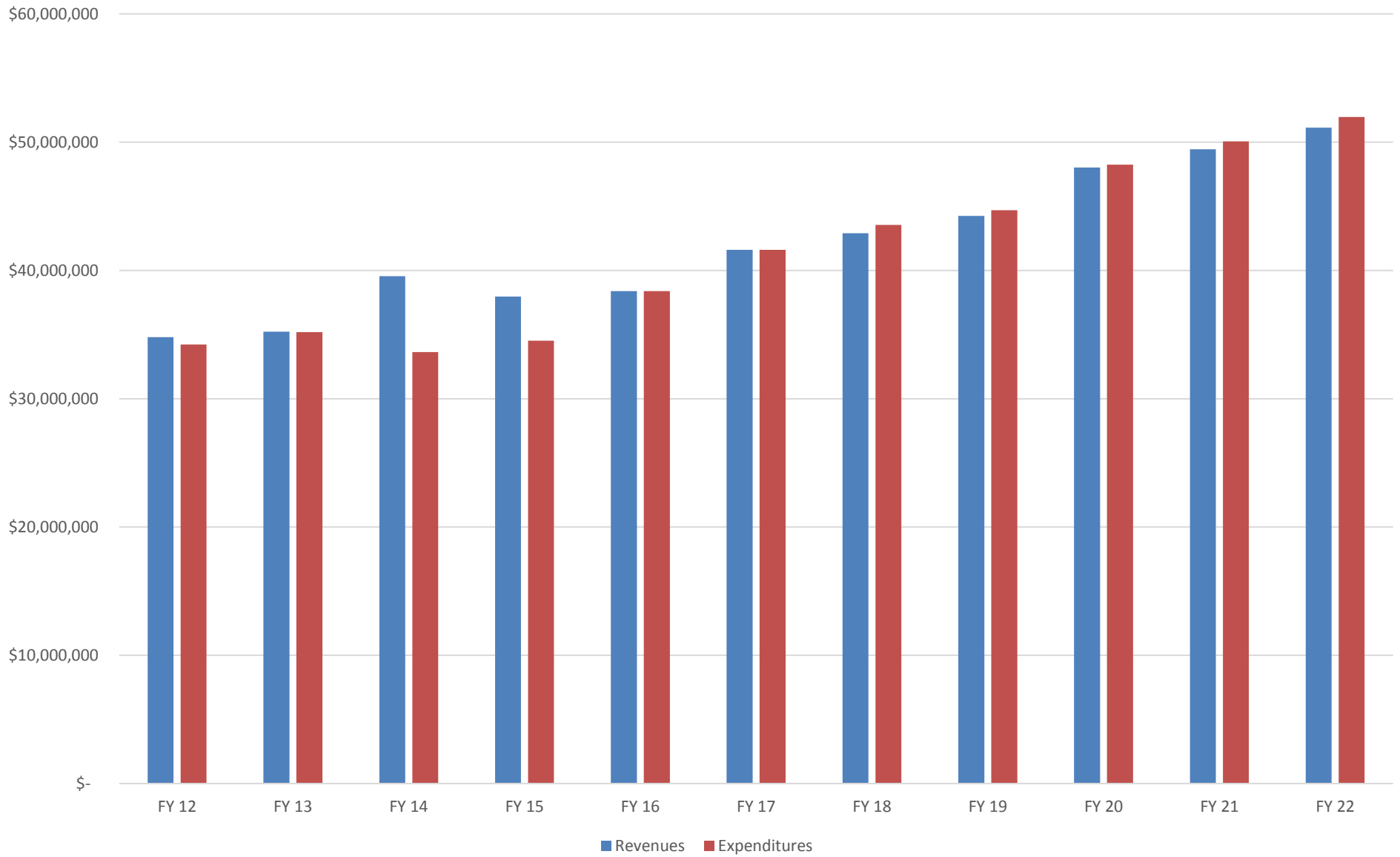
The following pages outline the City's Financial Forecasting Model for each fund as well as the Capital Improvement Plan. The Financial Forecasting Model enables the City to project future revenues and expenditures for years ahead to analyze the impact of rate adjustments over a period of time. This 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. As for the Enterprise Funds, the Environmental Fund experienced a rate increase for FY 2017, a rate increase prescribed by the financial plan in an attempt to make the fund completely self-sufficient. In keeping with the 10 year Financial Plan, there are water and sewer rate increases or stormwater rate increases included for FY 2017.

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, creation of a Wayfinding System, and a considerable number of vehicle purchases. Several capital projects are included in the FY 2017 Water and Sewer plan. These projects include: a mini excavator, a jet vac truck, and two extension projects. As for the Stormwater Fund, Environmental, and Downtown Funds, there are no new capital improvement projects planned for FY 2017.

General Fund Summary

| General Fund Revenues | Actual FY 12 | Actual FY 13 | Actual FY 14 | Estimated FY 15 | Unaudited FY 16 | Budgeted FY 17 | Forecasted FY 18 | Forecasted FY 19 | Forecasted FY 20 | Forecasted FY 21 | Forecasted FY 22 |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Real & Personal Property Tax | \$ 18,076,980.00 | \$ 18,572,368.00 | \$ 19,692,657.00 | \$ 21,161,602.00 | \$ 22,327,800.00 | \$ 23,708,300.00 | \$ 24,419,574.00 | \$ 25,152,161.00 | \$ 26,612,471.00 | \$ 29,007,594.00 | \$ 30,022,859.00 |
| Vehicle Tax | \$ 324,356.00 | \$ 318,830.00 | \$ 435,322.00 | \$ 381,243.00 | \$ 315,000.00 | \$ 380,000.00 | \$ 384,750.00 | \$ 389,559.38 | \$ 394,428.87 | \$ 399,359.23 | \$ 404,351.22 |
| Prior Years Collections | \$ 523,144.00 | \$ 380,309.00 | \$ 550,119.00 | \$ 566,044.00 | \$ 375,000.00 | \$ 450,000.00 | \$ 461,250.00 | \$ 472,781.25 | \$ 484,600.78 | \$ 496,715.80 | \$ 509,133.70 |
| Local Option Sales Tax | \$ 5,697,969.00 | \$ 6,212,206.00 | \$ 6,486,487.00 | \$ 7,341,438.00 | \$ 6,900,000.00 | \$ 7,763,900.00 | \$ 8,152,095.00 | \$ 8,559,699.75 | \$ 8,987,684.74 | \$ 9,437,068.97 | \$ 9,908,922.42 |
| Franchise Tax | \$ 1,738,421.00 | \$ 1,785,595.00 | \$ 1,820,954.00 | \$ 2,397,010.00 | \$ 1,950,000.00 | \$ 2,650,000.00 | \$ 2,716,250.00 | \$ 2,784,156.25 | \$ 2,853,760.16 | \$ 2,925,104.16 | \$ 2,998,231.76 |
| Beer and Wine Tax | \$ 185,562.00 | \$ 174,180.00 | \$ 189,455.00 | \$ 208,751.00 | \$ 200,000.00 | \$ 210,000.00 | \$ 220,500.00 | \$ 231,525.00 | \$ 243,101.25 | \$ 255,256.31 | \$ 268,019.13 |
| Cable Franchise Fee | \$ 86,807.00 | \$ 54,925.00 | \$ 74,462.00 | \$ 66,889.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Privilege Licenses | \$ 220,915.00 | \$ 283,830.00 | \$ 411,799.00 | \$ 264,912.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TIF Debt Contributions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,962,400.00 | \$ 1,962,147.00 | \$ 1,961,522.00 | \$ 1,961,226.00 | \$ 1,962,770.00 | \$ 1,913,881.00 |
| Powell Bill | \$ 1,210,432.00 | \$ 1,244,815.00 | \$ 1,262,024.00 | \$ 1,273,076.00 | \$ 1,251,500.00 | \$ 1,280,000.00 | \$ 1,292,800.00 | \$ 1,305,728.00 | \$ 1,318,785.28 | \$ 1,331,973.13 | \$ 1,345,292.86 |
| Zoning Fees | \$ 20,589.00 | \$ 104,021.00 | \$ 290,494.00 | \$ 99,751.00 | \$ 110,000.00 | \$ 130,000.00 | \$ 133,250.00 | \$ 136,581.25 | \$ 139,995.78 | \$ 143,495.68 | \$ 147,083.07 |
| Permits and Fees | \$ 83,580.00 | \$ 80,259.00 | \$ 87,538.00 | \$ 62,289.00 | \$ 80,000.00 | \$ 86,000.00 | \$ 88,150.00 | \$ 90,353.75 | \$ 92,612.59 | \$ 94,927.91 | \$ 97,301.11 |
| Recreation Fees | \$ 187,781.00 | \$ 284,355.00 | \$ 310,338.00 | \$ 320,991.00 | \$ 290,000.00 | \$ 395,000.00 | \$ 404,875.00 | \$ 414,996.88 | \$ 425,371.80 | \$ 436,006.09 | \$ 446,906.24 |
| Investment earnings | \$ 5,039.00 | \$ 104,432.00 | \$ 125,484.00 | \$ 139,678.00 | \$ 120,000.00 | \$ 120,000.00 | \$ 121,200.00 | \$ 122,412.00 | \$ 1,773,636.12 | \$ 112,574.00 | \$ 113,699.74 |
| Other general revenues | \$ 6,083,281.00 | \$ 4,428,285.00 | \$ 3,324,220.00 | \$ 2,714,162.00 | \$ 2,796,573.00 | \$ 684,000.00 | \$ 690,840.00 | \$ 697,748.40 | \$ 704,725.88 | \$ 711,773.14 | \$ 718,890.87 |
| Management Fee Reimbursement | \$ 347,960.00 | \$ 1,187,828.00 | \$ 4,485,945.00 | \$ 970,046.00 | \$ 1,679,140.00 | \$ 1,781,200.00 | \$ 1,847,105.00 | \$ 1,937,153.00 | \$ 2,031,611.00 | \$ 2,130,696.00 | \$ 2,234,636.00 |
| Total Revenues | \$ 34,792,816.00 | \$ 35,216,238.00 | \$ 39,547,298.00 | \$ 37,967,882.00 | \$ 38,395,013.00 | \$ 41,600,800.00 | \$ 42,894,786.00 | \$ 44,256,377.90 | \$ 48,024,011.25 | \$ 49,445,314.43 | \$ 51,129,208.13 |
| | | | | | | | | | | | |
| General Fund Expenditures | Actual FY 12 | Actual FY 13 | Actual FY 14 | Estimated FY 15 | Unaudited FY 16 | Forecasted FY 17 | Forecasted FY 18 | Forecasted FY 19 | Forecasted FY 20 | Forecasted FY 21 | Forecasted FY 22 |
| Personnel | \$ 12,341,263.00 | \$ 15,596,132.00 | \$ 13,536,056.00 | \$ 15,751,029.00 | \$ 16,818,837.00 | \$ 18,144,475.00 | \$ 18,960,976.38 | \$ 20,014,220.31 | \$ 20,914,860.23 | \$ 22,056,028.94 | \$ 23,048,550.24 |
| Operations | \$ 13,941,025.00 | \$ 8,934,461.00 | \$ 11,675,482.00 | \$ 9,816,285.00 | \$ 10,458,518.00 | \$ 11,014,975.00 | \$ 11,345,424.25 | \$ 11,685,786.98 | \$ 12,036,360.59 | \$ 12,397,451.40 | \$ 12,769,374.95 |
| Debt Service | \$ 4,141,102.00 | \$ 5,613,187.00 | \$ 5,114,865.00 | \$ 5,482,425.00 | \$ 7,156,100.00 | \$ 10,651,050.00 | \$ 10,268,779.00 | \$ 10,239,311.00 | \$ 12,426,372.00 | \$ 12,920,749.33 | \$ 13,374,047.83 |
| Transfer to Other Funds | \$ 290,960.00 | \$ 1,685,263.00 | \$ 2,635,909.00 | \$ 1,933,264.00 | \$ 3,013,850.00 | \$ 1,790,300.00 | \$ 2,977,481.00 | \$ 2,750,024.00 | \$ 2,870,945.00 | \$ 2,680,412.00 | \$ 2,764,538.00 |
| Capital | \$ 3,510,849.00 | \$ 3,356,989.00 | \$ 667,551.00 | \$ 1,547,004.00 | \$ 947,708.00 | \$ 8,099,950.00 | \$ 8,798,777.00 | \$ 2,448,895.00 | \$ 7,809,269.00 | \$ 29,693,000.00 | \$ 6,907,296.00 |
| Total Expenditures | \$ 34,225,199.00 | \$ 35,186,032.00 | \$ 33,629,863.00 | \$ 34,530,007.00 | \$ 38,395,013.00 | \$ 41,600,800.00 | \$ 43,552,660.63 | \$ 44,689,342.29 | \$ 48,248,537.81 | \$ 50,054,641.67 | \$ 51,956,511.02 |
| | | | | | | | | | | | |
| Revenue over Expenses | \$ 567,617.00 | \$ 30,206.00 | \$ 5,917,435.00 | \$ 3,437,875.00 | \$ - | \$ - | \$ (657,874.63) | \$ (432,964.39) | \$ (224,526.56) | \$ (609,327.25) | \$ (827,302.89) |

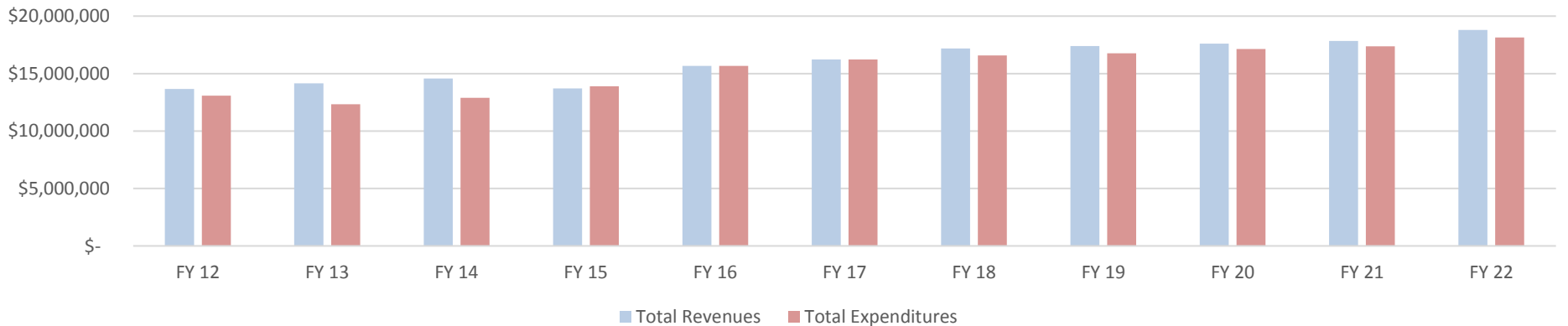
General Fund Revenues/Expenditures



Water & Sewer Fund Summary

| Water & Sewer Fund Revenues | Actual FY 12 | Actual FY 13 | Actual FY 14 | Estimated FY 15 | Unaudited FY 16 | Budgeted FY 17 | Forecasted FY 18 | Forecasted FY 19 | Forecasted FY 20 | Forecasted FY 21 | Forecasted FY 22 |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Retail Water & Sewer Charges | \$12,116,512 | \$12,300,934 | \$13,245,457 | \$12,400,150 | \$14,265,000 | \$14,693,000 | \$15,626,663 | \$15,821,996 | \$16,019,771 | \$16,220,018 | \$17,172,768 |
| Wholesale Water Sales | \$256,812 | \$306,819 | \$400,000 | \$414,000 | \$350,000 | \$365,000 | \$368,650 | \$372,337 | \$376,060 | \$379,820 | \$383,619 |
| Tap Fees & Connections | \$419,868 | \$392,890 | \$519,788 | \$492,248 | \$520,000 | \$610,000 | \$616,100 | \$622,261 | \$628,484 | \$634,768 | \$641,116 |
| Interest on Investments | \$35,561 | \$2,851 | \$0 | \$2,535 | \$3,500 | \$5,000 | \$5,050 | \$5,101 | \$5,152 | \$5,203 | \$5,255 |
| Other | \$833,769 | \$1,139,491 | \$407,891 | \$401,759 | \$537,000 | \$565,000 | \$570,650 | \$576,357 | \$582,120 | \$587,941 | \$593,821 |
| Transfers | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Revenues | \$13,662,522 | \$14,142,985 | \$14,573,136 | \$13,710,692 | \$15,675,500 | \$16,238,000 | \$17,187,113 | \$17,398,050 | \$17,611,586 | \$17,827,751 | \$18,796,579 |
| Water & Sewer Fund Expenditures | Actual FY 12 | Actual FY 13 | Actual FY 14 | Estimated FY 15 | Unaudited FY 16 | Budgeted FY 17 | Forecasted FY 18 | Forecasted FY 19 | Forecasted FY 20 | Forecasted FY 21 | Forecasted FY 22 |
| Personnel | \$1,912,061 | \$1,896,519 | \$2,057,385 | \$2,573,587 | \$2,675,524 | \$2,834,142 | \$2,919,166 | \$3,056,741 | \$3,148,443 | \$3,292,897 | \$3,391,684 |
| Operations | \$5,250,878 | \$5,157,455 | \$5,379,237 | \$5,101,053 | \$6,414,776 | \$6,491,866 | \$6,030,013 | \$6,180,763 | \$6,335,282 | \$6,493,664 | \$6,656,006 |
| Transfer to Other Funds | \$2,318,763 | \$1,350,000 | \$2,150,000 | \$2,150,677 | \$2,091,110 | \$1,904,116 | \$2,011,386 | \$1,937,206 | \$2,032,066 | \$1,946,169 | \$2,039,728 |
| Debt Service | \$3,590,329 | \$3,122,527 | \$2,928,123 | \$3,594,341 | \$4,276,590 | \$4,701,776 | \$3,473,300 | \$2,991,021 | \$2,974,006 | \$2,952,041 | \$2,996,645 |
| Capital | \$0 | \$803,248 | \$372,933 | \$463,620 | \$217,500 | \$306,100 | \$2,137,665 | \$2,596,931 | \$2,638,143 | \$2,693,144 | \$3,045,832 |
| Total Expenditures | \$13,072,031 | \$12,329,749 | \$12,887,678 | \$13,883,278 | \$15,675,500 | \$16,238,000 | \$16,571,530 | \$16,762,662 | \$17,127,941 | \$17,377,915 | \$18,129,894 |
| Revenue over Expenses | \$590,491 | \$1,813,236 | \$1,685,458 | (\$172,586) | \$0 | \$0 | \$615,583 | \$635,388 | \$483,645 | \$449,836 | \$666,684 |

Water & Sewer Fund Revenues/Expenditures



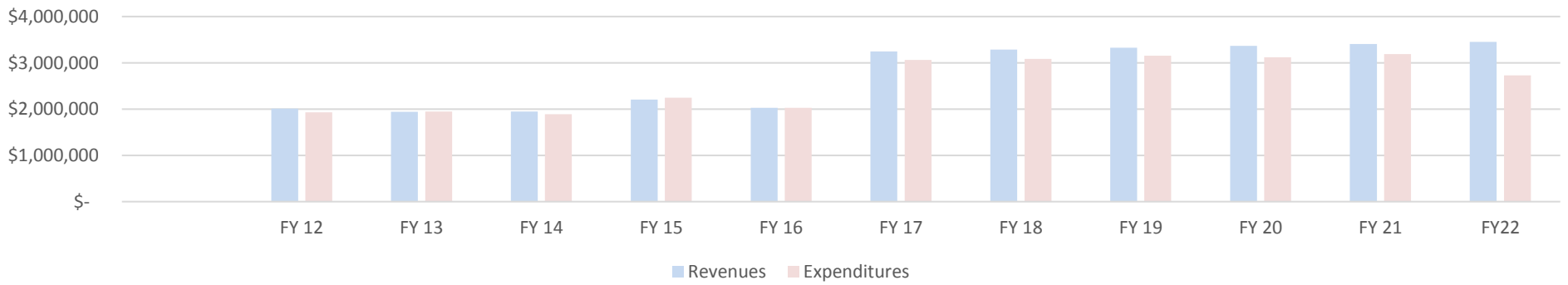
Stormwater Fund Summary

| Stormwater Fund Revenues | Actual FY 12 | Actual FY 13 | Actual FY 14 | Estimated FY 15 | Unaudited FY 16 | Budgeted FY 17 | Forecasted FY 18 | Forecasted FY 19 | Forecasted FY 20 | Forecasted FY 21 | Forecasted FY 22 |
|----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Stormwater Fees | \$1,503,285 | \$1,670,889 | \$1,699,209 | \$1,772,793 | \$2,025,000 | \$ 3,243,419 | \$ 3,283,962 | \$ 3,325,012 | \$ 3,366,574 | \$ 3,408,656 | \$ 3,451,265 |
| Other Revenue | \$63 | \$94,655 | \$0 | \$0 | \$0 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fund Balance Appropriation | \$0 | \$0 | \$0 | \$0 | \$0 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest Earned | \$546 | \$0 | \$0 | \$0 | \$0 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transfer from other funds | \$509,077 | \$175,000 | \$250,000 | \$433,849 | \$0 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Revenues | \$2,012,971 | \$1,940,544 | \$1,949,209 | \$2,206,642 | \$2,025,000 | \$ 3,243,419 | \$ 3,283,962 | \$ 3,325,012 | \$ 3,366,574 | \$ 3,408,656 | \$ 3,451,265 |

| Stormwater Fund Expenditures | Actual FY 12 | Actual FY 13 | Actual FY 14 | Estimated FY 15 | Unaudited FY 16 | Budgeted FY 17 | Forecasted FY 18 | Forecasted FY 19 | Forecasted FY 20 | Forecasted FY 21 | Forecasted FY 22 |
|------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Personnel | \$532,027 | \$475,829 | \$368,177 | \$666,887 | \$629,560 | \$ 990,121 | \$ 1,017,844 | \$ 1,046,344 | \$ 1,075,641 | \$ 1,105,759 | \$ 1,136,721 |
| Operations | \$448,629 | \$485,653 | \$690,225 | \$486,159 | \$489,840 | \$ 613,695 | \$ 630,878 | \$ 648,543 | \$ 666,702 | \$ 685,369 | \$ 704,560 |
| Debt Service | \$835,267 | \$799,802 | \$680,637 | \$666,485 | \$692,600 | \$ 392,852 | \$ 301,694 | \$ 19,429 | \$ 18,718 | \$ 18,007 | \$ - |
| Transfer to General Fund | \$113,853 | \$187,828 | \$147,914 | \$205,108 | \$213,000 | \$ 294,167 | \$ 305,934 | \$ 318,171 | \$ 330,898 | \$ 344,134 | \$ 357,899 |
| Capital | \$0 | \$1,150,000 | \$0 | \$219,703 | \$0 | \$ - | \$ 4,436,000 | \$ 1,469,000 | \$ 1,834,350 | \$ 929,000 | \$ 456,000 |
| Total Expenditures | \$1,929,776 | \$1,949,112 | \$1,886,953 | \$2,244,342 | \$2,025,000 | \$ 3,059,828 | \$ 3,087,191 | \$ 3,151,930 | \$ 3,120,681 | \$ 3,186,562 | \$ 2,728,839 |

| | | | | | | | | | | | |
|-----------------------------------|------------------|-------------------|------------------|--------------------|-------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues over Expenditures | \$ 83,195 | \$ (8,568) | \$ 62,256 | \$ (37,700) | \$ - | \$ 183,591 | \$ 196,771 | \$ 173,082 | \$ 245,893 | \$ 222,095 | \$ 722,426 |
|-----------------------------------|------------------|-------------------|------------------|--------------------|-------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|

Stormwater Fund Revenues/Expenditures



General Fund Capital Improvement Plan Fiscal Year 2017 - 2022

| | Project | Outside Funding | Kannapolis Cost | Budget FY 17 | Forecasted FY 18 | Forecasted FY 19 | Forecasted FY 20 | Forecasted FY 21 | Forecasted FY 22 |
|------------------|--|-----------------|-----------------|--------------|------------------|------------------|------------------|------------------|------------------|
| FY 16-17: | Wayfinding Signage and Markings | | \$ 500,000 | \$ 500,000 | | | | | |
| | Fire Station #2 (Replacement) | | \$ 3,885,000 | \$ 3,885,000 | | | | | |
| | Fire Station #3 Remodel | | \$ 1,200,000 | \$ 1,200,000 | | | | | |
| | Ladder Truck | | \$ 1,300,000 | \$ 1,300,000 | | | | | |
| | Irish Buffalo Creek Greenway (Phase 1) | \$ 1,700,000 | \$ 568,000 | \$ 568,000 | | | | | |
| | Village Park Phase 3 | | \$ 1,350,000 | \$ 1,350,000 | | | | | |
| | ProQA Dispatch Software | | \$ 140,000 | \$ 140,000 | | | | | |
| | Dump Truck Replacement (S-5) | | \$ 168,000 | \$ 168,000 | | | | | |
| | I-3802B Sidewalk | | \$ 122,000 | \$ 122,000 | | | | | |
| FY 17-18: | Downtown Infrastructure Phase 1 | | \$ 2,045,000 | | \$ 2,045,000 | | | | |
| | Economic Development Project | | \$ 1,000,000 | | \$ 1,000,000 | | | | |
| | Rocky River Greenway | | \$ 1,575,000 | | \$ 1,575,000 | | | | |
| | Westside Park Land Acquisition | | \$ 2,500,000 | | \$ 2,500,000 | | | | |
| | Fire Engine F-706 / E-13 | | \$ 609,000 | | \$ 609,000 | | | | |
| | Fire Engine F-709 | | \$ 708,750 | | \$ 708,750 | | | | |
| | Little Tx. Rd Sidewalk (Phases 2,3, & 4) | | \$ 1,860,000 | | \$ 1,860,000 | | | | |
| | Demonstration Project Parking Deck | | \$ 6,000,000 | | \$ 6,000,000 | | | | |
| | Resurfacing PWOC Parking Lot | | \$ 225,000 | | \$ 225,000 | | | | |
| | Bethpage Road Sidewalk (Phase 1) | | \$ 360,000 | | \$ 360,000 | | | | |
| FY 18-19: | Economic Development Project | | \$ 1,000,000 | | | \$ 1,000,000 | | | |
| | Bakers Creek Park Improvements | | \$ 850,000 | | | \$ 850,000 | | | |
| | Eastside Park | | \$ 1,500,000 | | | \$ 1,500,000 | | | |
| | Mobile Command / Investigative | | \$ 275,625 | | | \$ 275,625 | | | |
| | Brush / UTV Combo | | \$ 110,250 | | | \$ 110,250 | | | |
| | Replace S-14 Dump/Attachments | | \$ 168,000 | | | \$ 168,000 | | | |
| FY 19-20: | Economic Development Project | | \$ 5,000,000 | | | | \$ 5,000,000 | | |
| | Downtown Infrastructure Phase 2 | | \$ 1,402,000 | | | | \$ 1,402,000 | | |
| | Fire Engine F709 / E41 | | \$ 672,000 | | | | \$ 672,000 | | |
| | Tanker Truck (Station #2) | | \$ 289,000 | | | | \$ 289,000 | | |
| | North Bakers Creek Branch Greenway | \$ 1,000,000 | \$ 250,000 | | | | \$ 250,000 | | |
| | Replacement of S-54 Patch Truck | | \$ 196,267 | | | | \$ 196,267 | | |
| FY 20-21: | Economic Development Project | | \$ 25,000,000 | | | | | \$ 25,000,000 | |
| | Irish Buffalo Creek Greenway (Phase 2) | | \$ 1,400,000 | | | | | \$ 1,400,000 | |
| | Haz-Mat Truck | | \$ 425,000 | | | | | \$ 425,000 | |
| | Fire Alerting System | \$ 258,000 | \$ 300,000 | | | | | \$ 300,000 | |
| | Fire Station #1 Remodel | | \$ 1,200,000 | | | | | \$ 1,200,000 | |
| | Replace S-46 Dump Truck | | \$ 168,000 | | | | | \$ 168,000 | |
| FY 21-22: | Economic Development Project | | \$ 2,500,000 | | | | | | \$ 2,500,000 |
| | Irish Buffalo Creek Greenway (Phase 3) | | \$ 2,500,000 | | | | | | \$ 2,500,000 |
| | SCBA Gear | | \$ 324,000 | | | | | | \$ 324,000 |
| | Rescue / Air Truck | | \$ 770,000 | | | | | | \$ 770,000 |
| | Communication Equipment | | \$ 508,000 | | | | | | \$ 508,000 |
| | Replace S-47 Dump/Attachments | | \$ 204,000 | | | | | | \$ 204,000 |
| | Replace S-56 Mini Excavator | | \$ 101,296 | | | | | | \$ 101,296 |
| Total | | | \$73,229,188 | \$9,233,000 | \$16,882,750 | \$3,903,875 | \$7,809,267 | \$28,493,000 | \$6,907,296 |

Water & Sewer Fund Capital Improvement Plan Fiscal Year 2017 - 2022

| | | | | Budget FY 17 | Forecasted FY 18 | Forecasted FY 19 | Forecasted FY 20 | Forecasted FY 21 | Forecasted FY 22 |
|----------|---|--------------------|--|---|--|--|---------------------|---------------------|---------------------|
| | Project List | Outside Funding | Cost | | | | | | |
| FY 16-17 | Mini Excavator Jet Vac Truck Charlotte-Meck Extension Shiloh Church Road Sewer | | \$ 101,000 \$ 381,924 \$ 1,500,000 \$ 2,500,000 | \$101,000 \$ 381,924 \$ 1,500,000 \$ 2,500,000 | | | | | |
| FY 17-18 | Hwy. 136 Abandonment Sewer Camera TV System I-3802B Utility Relocation Mooresville Road Watermain Royal Oaks Water & Sewer Ph. 1 Summit Ridge Sewer Downtown Infrastructure Phase 1 & 3 | | \$ 275,000 \$ 105,000 \$ 650,000 \$ 3,000,000 \$ 2,000,000 \$ 1,651,000 \$ 4,803,000 | \$137,500 | \$ 137,500 \$ 105,000 \$ 650,000 \$ 3,000,000 \$ 2,000,000 \$ 1,651,000 \$ 4,803,000 | | | | |
| FY 18-19 | Sludge Lagoon Dewatering Sewer Rehab (Project CW3-a) Royal Oaks Water & Sewer Ph. 2 | | \$ 2,673,000 \$ 2,832,000 \$ 2,500,000 | | | \$ 2,673,000 \$ 2,832,000 \$ 2,500,000 | | | |
| FY 19-20 | Downtown Infrastructure Phase 2 | | \$ 2,249,000 | | | | \$ 2,249,000 | | |
| FY 20-21 | Royal Oaks Water & Sewer Phase 3 | | \$ 1,000,000 | | | | | \$ 1,000,000 | |
| FY 21-22 | Eastside Elevated Water Tank & Main | | \$ 2,820,000 | | | | | | \$ 2,820,000 |
| | Total | \$0 | \$31,040,924 | \$4,620,424 | \$12,346,500 | \$8,005,000 | \$2,249,000 | \$1,000,000 | \$2,820,000 |

Stormwater Fund Capital Improvement Plan FY 2017 - FY 2022

| | Project | Outside Funding | Cost | Budget FY 17 | Forecasted FY 18 | Forecasted FY 19 | Forecasted FY 20 | Forecasted FY 21 | Forecasted FY 22 |
|--------------|--|-----------------|---|--------------|--------------------|------------------|--------------------------------------|--------------------------|--------------------------|
| FY 16-17 | No projects | | | | | | | | |
| FY 17-18 | Downtown Infrastructure Phase 1 & 3 | | \$ 4,436,000 | | \$ 4,436,000 | | | | |
| FY 18-19 | No Projects | | | | | | | | |
| FY 19-20 | Downtown Infrastructure Phase 2 New Crew Truck Tandem Dump Truck | | \$ 1,620,000 \$ 46,350 \$ 168,000 | | | | \$1,620,000 \$46,350 \$168,000 | | |
| FY 20-21 | Ashford Street Improvements Street Sweeper | | \$ 644,000 \$ 285,000 | | | | | \$ 644,000 \$ 285,000 | |
| FY 21-22 | Laundry Street Improvements Tandum Dump Truck | | \$ 321,000 \$ 135,000 | | | | | | \$ 321,000 \$ 135,000 |
| Total | | | \$7,655,350 | \$0 | \$4,436,000 | \$0 | \$1,834,350 | \$929,000 | \$456,000 |

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 replace. The cost of the fixed assets lost usefulness is the depreciation or the cost to reserve in order to replace tile 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% |

| | |
|-------|---|
| * | 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. |