
KANNAPOLIS



Annual Budget for Fiscal Year 2013-2014
City of Kannapolis, North Carolina

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CITY OF KANNAPOLIS, NORTH CAROLINA

MAYOR AND CITY OFFICIALS

Robert S. Misenheimer
Mayor

R. Gene McCombs
Mayor Pro-Tem

Randy E. Cauthen
Councilman

M. Darrell Hinnett
Councilman

Roger C. Haas
Councilman

Ryan Dayvault
Councilman

Tom Kincaid
Councilman

City Officials

Michael B. Legg
City Manager

Bridgette L. Bell
City Clerk

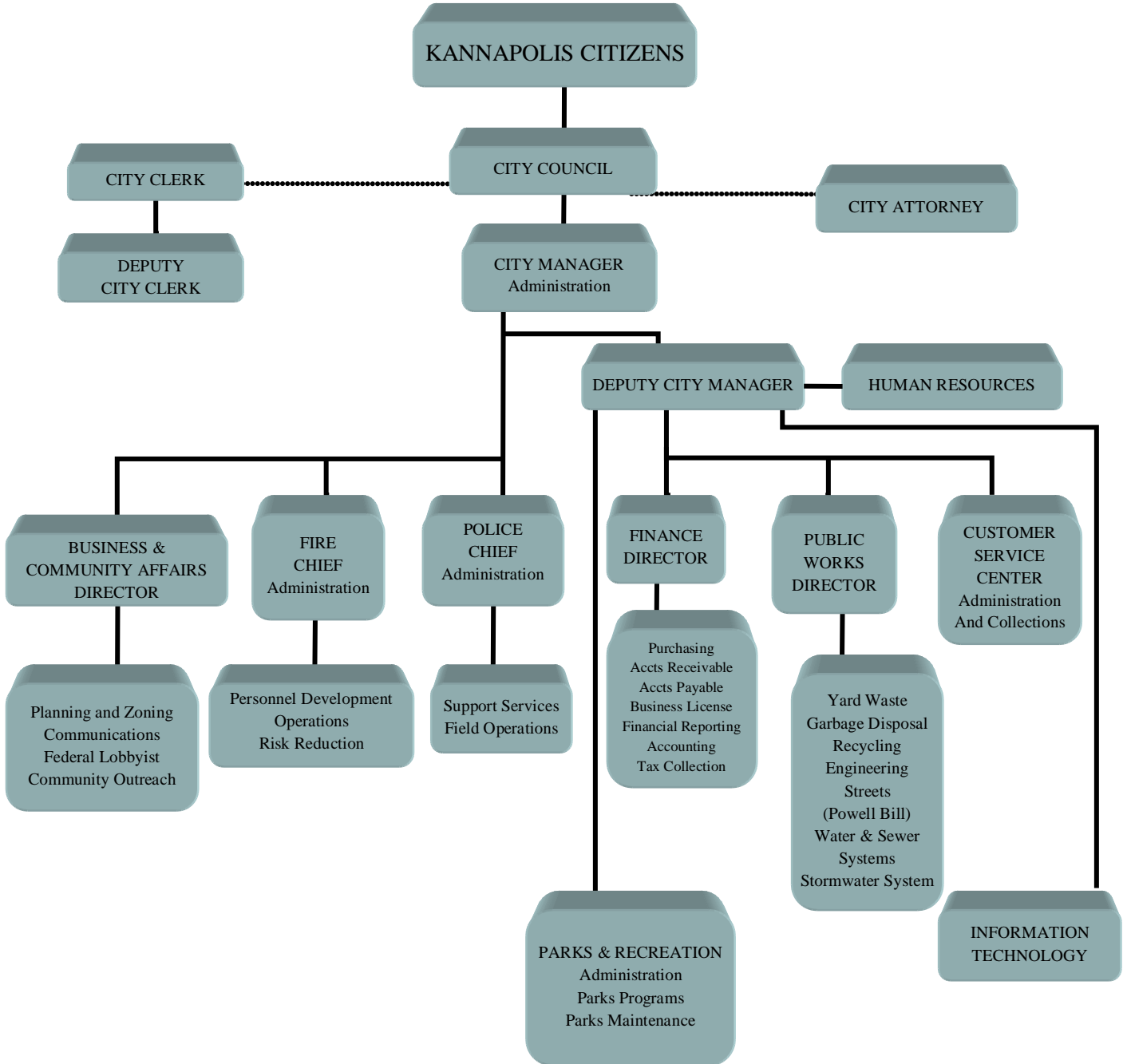
Eric Davis
Finance Director

R. Edward Smith
Deputy City Manager

Tina H. Cline
Human Resources Director

Walter M. Safrit, II
City Attorney

City of Kannapolis, North Carolina Organizational Chart





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Kannapolis
North Carolina**

For the Fiscal Year Beginning

July 1, 2012

Christopher P. Movill

President

Jeffrey R. Egan

Executive Director

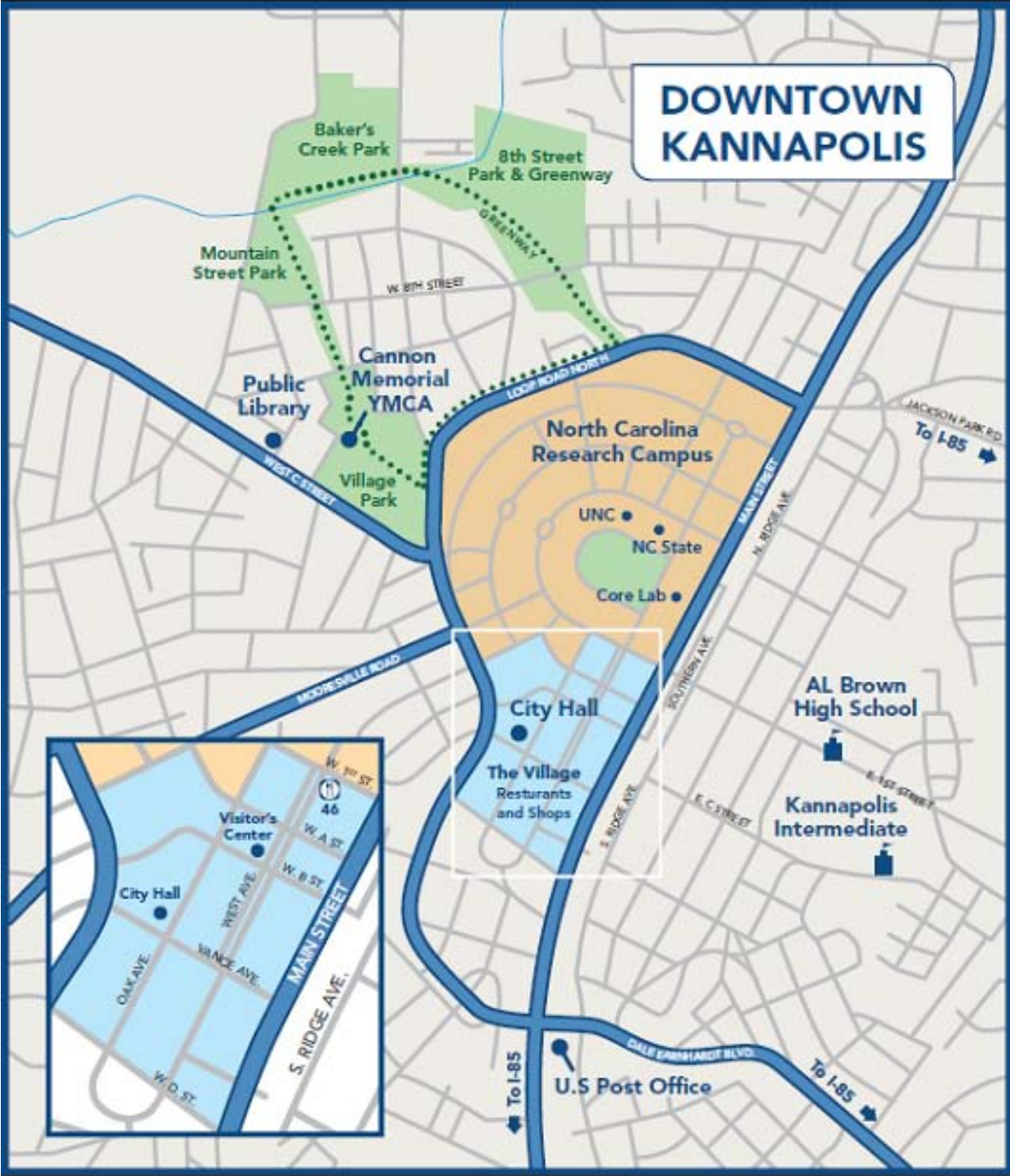
The Governmental Finance Officers Association of the United States and Canada (GFOA) presented an award for *Distinguished Budget Presentation* to the City of Kannapolis, North Carolina for its annual budget for the fiscal year beginning July 1, 2012. In order to receive this award, a governmental unit 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 43,242 with an assessed value of approximately \$3,468,844,752. (See Appendix A)

City of Kannapolis Population

FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY 2013
38,679	39,187	40,141	41,243	42,806	44,104	42,625	43,000	43,242

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 \$1,220,000 of the approximate \$18,630,000 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 is 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 (Real Estate) with 7.66 %

Atlantic American Properties, Inc./Club at Irish Creek, LLC with 1.53 %

Trinity of Cabarrus LTD/Shoe Show with 1.47 %

Afton Ridge Joint Venture, LLC/CK Afton Ridge Shopping Center with 1.24 %
 BNP Paribus Leasing Corp. with 1.07 %
 Duke Energy Corporation with 0.86%
 Integra Springs, LLC with 0.76%
 Kellswater with 0.70 %
 The Grand in Kannapolis, LLC with 0.56%
 Target Corporation with 0.42%

The top ten taxpayers make up a total of 16.25% 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. Commercial and Industrial building continues to perform at a similar pace in FY 2013 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

	2005	2006	2007	2008	2009	2010	2011	2012	2013*
Single-Family Residential Permits (Value in millions)	308 \$33.4	419 \$47.6	407 \$55.8	356 \$42.8	405 \$38.7	368 \$27.5	92 \$7.8	183 \$15.8	65 \$7.8
Commercial/ Industrial Building Permit (Value in millions)	36 \$12.2	55 \$96.2	57 \$93.2	60 \$72.8	34 \$17.8	31 \$22.5	9 \$5.6	119 \$17.8	102 \$9.2
Total Building Permit (Value in millions)	344 \$45.6	474 \$143.8	464 \$149.6	416 \$115.6	439 \$56.5	399 \$50	101 \$13.4	302 \$33.6	167 \$17.0

*Data through April 2013

Per Capita Personal Income in Cabarrus and Rowan County

County	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Cabarrus	32,111	35,703	35,935	34,083	34,587	34,444	34,452
Rowan	27,376	30,376	30,795	30,444	30,761	29,750	37,700

Unemployment Rate in Cabarrus and Rowan County

County	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013*
Cabarrus	4.8%	5.7%	11.4%	11.3%	10.1%	9.3%	7.9%
Rowan	6.3%	6.3%	13.6%	12.8%	11.3%	10.3%	8.8%

*Data through April 2013

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, Pelhem Pointe, Pine Creek, Jacob's Ridge, The Farm at Riverpointe, Trinity Crest, 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. On average, 22 new businesses applied for a business privilege license each month. In Fiscal Year 2013, the City had 257 new business licenses. Approximately 153,000 persons are employed in Cabarrus and Rowan Counties, as of April 2013. In the past two years, Cabarrus and Rowan Counties have added approximately 6,000 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 is scheduled to be built in FY 2014 on the research campus.

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. 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 - Vision, Mission and Core Values

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 2014

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 \$10,000 for this purpose.

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

The annual budget includes \$60,000 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 \$52,000 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 2013.

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

- Maintain aggressive incentive programs (*recent examples: Haas/CNC Racing,, Golden Gait Trailers, 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 \$13,500,000 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 \$185,000 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 \$187,975 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.
- Enhance and preserve Veterans Park or support the pursuit of an alternative tribute to our community’s veterans.
- **The City will spend \$2.8 million in TIF bonds on this project.**

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

The annual budget includes \$966,667 in debt service.

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 develop an effective legislative lobbying program in Washington D.C. and Raleigh.

The annual budget includes \$45,000 for this purpose.

25. 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 \$414,347 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

KANNAPOLIS



May 13, 2013

Subject: Recommended FY 2013-14 Budget

Dear Mayor Misenheimer and Members of the Kannapolis City Council:

I am pleased to present to you the recommended Fiscal Year 2013-14 (FY 2014) Budget for the City of Kannapolis, North Carolina, which begins July 1, 2013 and ends June 30, 2014. The 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 2014.

The total proposed FY 2014 Budget for the City of Kannapolis is **\$48,278,966**, a 7.3% increase (\$3,251,431) from the current \$45,027,535 budget. The total budget of \$48.3 million is net of the various fund transfers so this figure represents the true total revenue picture for FY 2014 and does not double count any revenues.

BUDGET HISTORY						
FY 2009 Budget	FY 2010 Budget	FY 2011 Budget	FY 2012 Budget	FY 2013 Budget	% Change FY12 to FY 13	Actual Change (\$) FY12 to FY 13
\$45,288,075	\$45,211,436	\$45,381,754	\$45,027,535	\$48,278,966	+7.3%	\$3,251,431

There are a number of reasons for the increase in the FY 2014 Budget. These reasons are explained in more detail in the Budget Summary document accompanying this budget message.

The following are the key highlights of the FY 2014 Budget:

1. The return of growth in property tax, sales tax and water and sewer revenues.
2. The addition of six (6) new positions: three (3) in the General Fund (\$135,000) and three (3) in the Water & Sewer Fund; (\$100,000). Unfortunately, these six positions are only a fraction of the 31.5 position requests by Department Heads in almost all departments (\$1 million+ budget impact).
3. A starting point for the creation of a centralized General Services Division to better manage all city properties, including the new City Hall/Police HQ building.
4. Continued significant investment in economic development (more than \$500,000).

5. Implementation of the 10-year Financial Plan. Evidence of this is included in the Plan policies and provisions update beginning on page 5 of this budget message.
6. An unexpected \$1.70 fixed charge increase (water only) to cover the increased cost projections associated with the multi-jurisdictional Albemarle Waterline project.
7. Construction of the northern leg of the Irish Buffalo Creek Sewer Line (\$910,000) adjacent to Kannapolis Parkway, south of NC Highway 3.
8. A Comprehensive Water Meter replacement project (\$5 million with an anticipated payback in as few as four years).
9. A return to merit-based pay. Included in the proposed Budget is funding for a three percent (3%) pool of funds (\$355,892 for all funds).
10. The continuation of the HSA/HRA healthcare savings benefit contribution is included.
11. No increase in medical insurance premiums this year. This can, in part, be attributed to the City's successful wellness program. Below are the historical trends in medical insurance costs to the City.

Medical Insurance Plan Increases City of Kannapolis	
Fiscal Year	% Increase from previous year
FY 14	0.0%
FY 13	0.0%
FY 12	7.2%
FY 11	12.0%
FY 10	8.9%
FY 09	0.0%
FY 08	7.0%
FY 07	14.0%

Similar to FY 2013, the FY 2014 Budget continues to be developed on the solid foundation of multi-year planning efforts that City Council spent much of FY 2013 developing. Emerging from that long range planning exercise were several substantial conclusions upon which the annual budgeted process will continue to be constructed over the next several years. Based on the 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.

More specifically, from this planning exercise several clear objectives emerged which serve as a foundation for the FY 2014 Budget (and beyond). The three primary objectives:

1. **Construct major public facilities including a municipal building, police headquarters and replacement fire stations.** In response to this objective City Council has completed the following:

- Approved the 10-year Financial Plan which includes the methods by which the facilities will be constructed.
- Made the decision to proceed with Limited Obligation Bonds.
- Agreed to receive land donation from David Murdock to building on the NCRC.
- Hired an architect – Creech and Associates.
- Participated in a number of planning sessions with the Architect.
- Toured facilities in a number of North and South Carolina municipalities.

In May, City Council will consider hiring the Construction Manager at Risk and our citizens will have the opportunity to learn more about the project at a public informational session. It is anticipated that the project will begin construction in late calendar year 2013 and will be completed by the middle part of calendar year 2015. Final decisions on the budget and financing will be made in June 2013 and limited obligation bonds will be issued in the early part of FY 2014. Currently the project budget is projected between \$24 and \$28 million. The debt service obligations will begin in FY 2015. The 10-year Financial Plan calls for 3.5 cent tax increase in FY 2015, in part to help meet this obligation.

Regarding Fire Stations, the Financial Plan provides for the construction of a replacement Fire Station #2 (\$3.2 million) and a temporary Fire Station #6 (\$475,000) in FY 2015. It could be that one or both of these projects slip a year to FY 2016 depending upon the final obligation of the City Hall/Police HQ building. A replacement for Fire Station #4 would occur in FY 2017 per the Financial Plan.

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.

- 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.

More specifically, the following Economic Development strategies were adopted and are in various stages of implementation. These strategies will be a substantial part of the work program for several City Departments over the course of FY 2014. There are other strategies beyond 2015 that are not shown here.

Kannapolis Economic Development Plan Implementation Short-Term Action Strategies (2012-2015)

Action Strategy/Initiative	
General Economic Growth	
1	Community-wide visioning/branding exercise
Industrial/Corporate Development	
2	Revised contract with Martin Fisher Thompson to include economic development assistance.
3	Kannapolis Gateway Business Park Strategy
4	Afton Ridge Corporate Park Strategy
5	Concrescere Business Park Strategy
6	Biscayne Business Park Strategy
7	Speculative Industrial Building Program
8	Plan to target underutilized properties for industrial, manufacturing and corporate development
9	Master plan for a medical/technology corridor for Kannapolis Parkway and Mooresville Road
Downtown/NCRC	
10	Construct a Police Station and City Hall facility
11	CCMPC Economic Restructuring Sub-Committee Report (incl. Comparative Analysis, Market Analysis, Building Inventory)
12	CCMPC Organization Sub-Committee Report to City Council
13	CCMPC Promotion Sub-Committee Report to City Council
14	Downtown CCMPC Design Sub-Committee Report to City Council
15	Establish local Junior Achievement (or similar) program focused on the NCRC and STEM
Workforce Development	
16	Revisit 2008 Education & Workforce Development Action Plan and select targeted implementation of recommendations.
Small Business Development	
17	Implement key initiatives of the updated Small Business and Entrepreneur Action Plan
18	Develop or support an aggressive youth entrepreneurship

Action Strategy/Initiative	
19	Kannapolis Rotary Club to establish an active Vocational Service
20	Comprehensive and aggressive examination of the current land development regulations and business permitting process
21	Incorporate a physical “one-stop shop” for development and business services in the new municipal building
22	Consider the work of Cabarrus County’s Council for a Local Sustainable Economy as potential strategies for our local businesses
23	Develop a small business outreach program
Quality of Life	
24	Comprehensive Kannapolis appearance improvement initiative
25	Refine the Let’s Move! campaign to correspond to the City’s branding effort
26	Establish an aggressive and organized Volunteerism Program
Tourism	
27	Integrate tourism strategies in accordance with the findings of the City’s branding effort
28	Develop and market the “Loop” and downtown street network as destination for exercise
29	Develop and implement a citywide wayfinding system
30	Complete Veterans Park improvements as both a memorial and a tourist destination
31	Develop a Historic Asset Inventory and Promotion Plan
32	Develop a plan to add NCRC university flags to the NCRC site
33	Inventory our tourism assets so we can package and sell them
34	Promote the downtown as a destination trailhead for the Carolina Thread Trail/Greenway

Kannapolis Economic Development Plan Implementation Ongoing Action Strategies

Action Strategy/Initiative	
Industrial/Corporate Development	
1	Annual Commercial Real Estate Broker’s Breakfast
2	Improve the effectiveness of the City-EDC relationship
3	Annual Corporate Appreciation Event
4	Establish and implement a plan for City staff becoming more actively involved in recruitment and marketing efforts
Downtown/NCRC	
5	Continue to explore the merits of a federal Life Science Bond Program
Workforce Development	
6	Establish a more active City role in supporting, marketing, and expanding the various NCRC public lecture series
7	Assist the school systems in exploring new funding sources for programs and resources to improve the education experience
8	Improve the connection of schools with the NCRC
Small Business Development	
9	Actively support emerging merchants and business associations in Kannapolis. These include Downtown Kannapolis, Inc., and Kannapolis Business Alliance
Quality of Life	
10	Continue to invest in street and sidewalk and greenway improvement projects

Action Strategy/Initiative	
11	Continue to invest in parks and the City's downtown
Tourism	
12	Examine opportunities the further the support of Mike Curb's investments in Kannapolis, including the Curb Motorsports Museum and the N.C. Music Hall of Fame
13	Focus time and resources enhancing and promoting the City's existing tourism assets
14	Continue to influence the redevelopment/reuse of the former K-town Furniture site
15	Support and promote baseball stadium and team owners
16	Promote and create new festivals/events
17	Continue to examine the development of new tourism assets

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 2014 Budget is the second year of implementation of this Financial Plan. The recommended Budget includes new revenue increases that are important to serving as a foundation for this new Plan. These new revenues can be directly tied to specific investments in our City's future. This Plan includes a clear path that will accomplish the following if it is faithfully implemented over the next decade:

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 continues in FY 2014.*
- 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 operating expenditures in the FY 2014 Budget.*
- c. Reliance more on user fees than taxes to implement the Financial Plan. *The increase in the stormwater fee is included in the FY 2014 Budget. The FY 2015 budget will include both a stormwater fee increase and an Environmental Fee increase.*

Capital Improvement.

- a. City Council will adopt a Capital Improvement Plan. *This has been completed.*
- 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 2014 Budget.*
- b. City's Net Debt (tax supported) would be 2% of assessed value or less. *When the NCRC Bond obligation is removed, the City's net, tax supported debt is less than 0.4% of the assessed value.*

- c. Debt service expenditures will not exceed 15% of total fund expenditures. *We are 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 2014 Budget.*
- b. Establishes General Fund - Fund Balance range of 25% to 33% (13 -17 weeks operating expenses). *This will take several years to achieve. The percentage is projected to be 20.1 in the FY 2014 Budget.*
- c. City will develop a plan if it gets outside of this range.
- d. 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.*

No municipal budget preparation is ever easy as there are always many hard decisions to make and far more needs than there are resources. However because of the extensive long range planning efforts by City Council in FY 2012 and FY 2013, there are very few surprises in the FY 2014 Budget. Also, this budget is far less complex than the FY 2013 Budget which included a number of significant structural changes (e.g., moving the solid waste services from the General Fund to a new Environmental Fund).

Looking Back – FY 2013

It is healthy to pause to reflect on past achievements. The FY 2013 Budget was a significant transitional budget. It was the first budget to use the new Capital Improvement Plan and 10-year Financial Plan as a foundation for its preparation. The following is just a sampling of the results of a rather aggressive budget over this past year:

- Effectively addressing the Cabarrus revaluation (value reduction) through the implementation of a revenue neutral tax rate.
- Beginning the process of reducing the reimbursements from Enterprise Funds.
- Beginning the process of placing more revenue generating burdens on the user fee.
- Local match for the Orphanage Road Bridge Project.
- Railroad Crossing at Rogers Lake Road (project starts at the end of FY 2013).
- Albemarle Water line (project starts in early FY 2014).

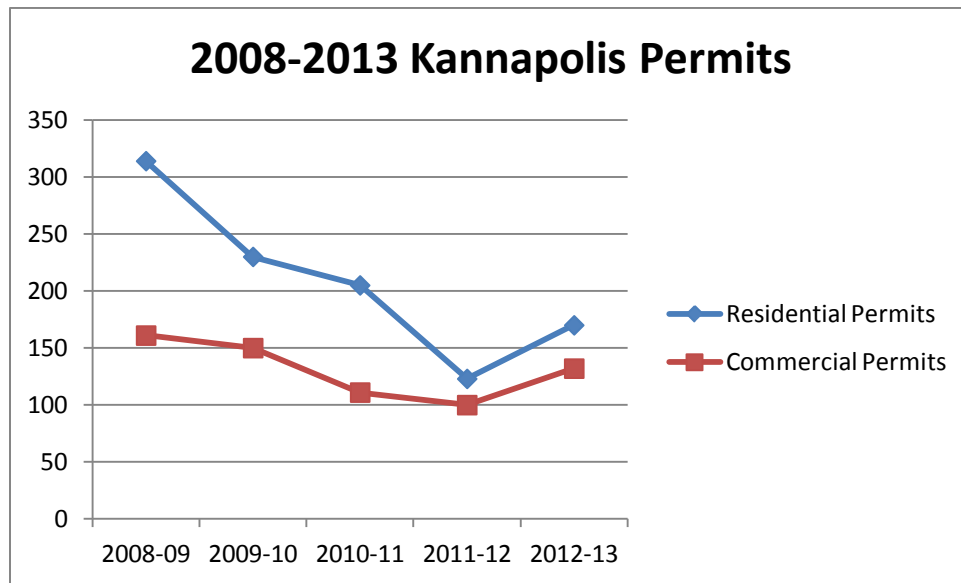
- New Regional Radio System maintenance agreement with the City of Charlotte.
- Cash reserve funding for future Highway 3 Sidewalk project, Highway 73 Sidewalk project, Public Safety portable radios and system, Roxie Street Traffic Improvements.
- Public safety vehicle mobile upgrades.
- Rolling stock replacement for General Fund and Utility Fund services.
- Fire Engine E-12 Replacement.
- Dump Truck (W-3) replacement.
- Purchase of a Central Warehouse facility.
- New Economic Development Initiatives (e.g., downtown market studies, City branding exercise, additional funding to the Cabarrus EDC and to Dunaway and Cross for Washington DC lobbying related to economic development).
- New contingency fund establishment.
- Polo Street Lift Station replacement.
- Pipes & Fittings storage area at the PWOC.
- 8th Street Culvert replacement.
- I-85 Utility Relocations.
- Employee Cost of Living Adjustments (first pay adjustments in several years).
- Three new Police Officer positions.

Looking Ahead – FY 2014-15 and Beyond

During FY 2014, City Council will be asked by staff to provide continued policy guidance regarding the implementation of the adopted Economic Development Plan and how to reconcile that objective with the ongoing basic operations needs of the City to keep our services to our community at the highest level possible. Providing high quality, effective City services is certainly a key component of our economic development strategy. However, to really make a difference in the world of competitive economic development, it will take additional public sector investment, and, quite frankly, some risk. That should, and will. Be a substantial discussion topic by City Council in FY 2014.

The vast majority of our City's revenue streams are tied to a growing economy (ad valorem taxes and sales taxes represent more than 80% 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. Residential and non-residential construction continues to lag behind pre-2008 permitting (50% decrease). However, residential permits issued from April 2012 to April 2013 are up 33% from the previous 12 month period. Residential permits had declined each of the previous three years. Non-residential permitting has not seen the precipitous drop that has burdened the residential sector. However the commercial sector has slowly declined since 2008. Like residential sector, commercial permitting is up by 13% from FY 2012. In both sectors, this is the first year since 2008 we can claim a growing development

trend which is very positive news. There is strong evidence that this trend will continue in FY 2014 and beyond.



More specifically, there are a number of new and rejuvenated development projects underway throughout the City. This is not a comprehensive list but represents a sampling of things to come:

- Several major subdivisions (the Farm at Riverpointe, Kellswater Bridge, Wildwood Ridge, Pelham Pointe) came under new ownership in late FY 2012 and FY 2013. These subdivisions (especially the Farm at Riverpointe and Kellswater) are showing significant progress under the new ownership.
- The Wellington Chase subdivision recently emerged from bankruptcy and is beginning to see homes constructed.
- The Waterford Subdivision recently started a new phase and unveiled a new product that targets the current housing market.
- Afton Ridge Apartments approved for 412 units – First phase of 90 units currently under construction. 322 units remaining to be constructed and are planned for 2014 and 2015.
- There are several smaller infill/redevelopment commercial projects completed or underway: McDonalds (on Cannon Blvd), Walgreens (@ Cannon and Jackson Park Rd), two Quick Trips (Dale Earnhardt Blvd @ Centergrove Rd and Cloverleaf).
- Several institutional projects have been completed in FY 2013 or are in the planning stages: CMC Emergency Room Facility, Cabarrus Health Alliance, Piedmont Behavioral Health Headquarters, Medical Office Building on the North Carolina Research Campus (NCRC), Christ the King Catholic School.

The hope is that these positive development trends continue to grow in FY 2014.

It is clear that the local and national economy is now growing (last year it was still “recovering”). Perhaps the most critical challenge facing the City is to build on the momentum and facilitate new growth and development. This is best accomplished through the proactive implementation of the Economic Development Plan described at the beginning of this budget message. I would also caution City Council to remain patient because the economic seeds we plant today may take several years to bear fruit. This FY 2014 Budget is strongly aligned with the conclusions reached at the March 2012 Planning Retreat and the adopted Economic Development Plan last year.

There are a number of City investments planned in the next three years in addition to the aforementioned City Hall/Police HQ and fire station construction. These projects are all included in the Capital Improvements Plan and the revenues are included in the 10-year Financial Plan.

FY 2015

- Rocky River Greenway (multi-jurisdictional project)
- Fire Engine (E-33) replacement
- Shiloh Church Road Waterline Extension
- Dump Truck (W-4) replacement

FY 2016

- Little Texas Sidewalk
- Water Rescue Equipment in the Fire Department
- Village Park Phase III
- First Street Sewer Outfall
- Rogers Lake Branch Sewer
- Summit Ridge Sewer

FY 2017

- Bakers Creek improvements
- Fisher Street Sidewalk
- Fire Engine (E-32) replacement
- Westside Park Land Acquisition
- Dump Truck (S-5) replacement
- North Bakers Creek Branch Greenway
- Tanker Truck for Fire Station #2
- Mooresville Road Waterline
- Dump Truck (W-6) replacement

Closing Thoughts

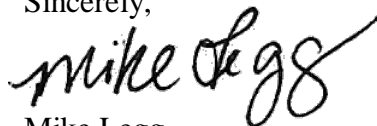
This proposed FY 2014 Budget is balanced in accordance with State statutes and it directly and aggressively addresses the goals and priorities that the City Council has established over the past 18 months of long range planning and strategy development. I am confident that this budget is the beginning of a series of tools that will give City Council the ability to make very good decisions that benefit our community now and well into the future.

As is the case every year, the preparation of the budget is a group effort with lots of staff participating in its development. The City and its citizens are fortunate to work with a very talented management team and a hard-working, dedicated group of employees. They all played different roles all year long in the development of this budget. For each of them I am thankful. I am very proud of the unwavering commitment and long hours that many of our staff put into the preparation of this budget. In particular, the efforts each of our Department Heads and their management teams and our Deputy City Manager Eddie Smith, our Finance Director Eric Davis should be applauded. This was the core group of staff members that really pulled this budget together.

I am also very appreciative of City Council's continued support of the implementation of the Capital Improvement Plan and the 10-year Financial Plan. This plan is not terribly easy to implement due to the difficult changes that must occur. However, it is clear that City Council sees the vision of what can be accomplished for our community if given the right level of resources. It is my hope that this commitment continues for the next several years as the plan continues to be applied to our collective decision making.

I respectfully recommend this proposed FY 2014 Budget to the City Council for its thoughtful consideration.

Sincerely,

A handwritten signature in black ink that reads "Mike Legg". The signature is written in a cursive, flowing style.

Mike Legg
City Manager

ORDINANCE # 2013-21

**AN ORDINANCE ADOPTING A BUDGET FOR THE
CITY OF KANNAPOLIS, NORTH CAROLINA FOR THE
FISCAL YEAR BEGINNING JULY 1, 2013 AND ENDING JUNE 30, 2014**

BE IT ORDAINED by the City Council of the City of Kannapolis, North Carolina, meeting in open session this 24th day of June, 2013, 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, 2013 and ending June 30, 2014:

Ad Valorem Taxes	\$ 19,177,768
Sales Taxes	6,153,000
Intergovernmental	5,956,040
Miscellaneous	<u>2,734,719</u>
Total	<u>\$ 34,021,527</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, 2013 and ending June 30, 2014:

Charges for Services	\$ 13,743,665
Other Revenue	<u>950,000</u>
Total	<u>\$ 14,693,665</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, 2013 and ending June 30, 2014:

Stormwater Fees	\$ 1,760,000
Miscellaneous	<u>250,000</u>
Total	<u>\$ 2,010,000</u>

SECTION IV – ENVIRONMENTAL FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2013 and ending June 30, 2014:

User Fees	\$ 1,290,000
Transfer from Other Funds	<u>2,270,000</u>
Total	<u>\$ 3,560,000</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, 2013 and ending June 30, 2014:

Motor Vehicle Privilege Tax	\$ 167,137
Transfer from General Fund	<u>303,789</u>
Total	<u>\$ 470,926</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, 2013 and ending June 30, 2014:

Transfer from General Fund	<u>\$ 282,000</u>
Total	<u>\$ 282,000</u>

SECTION VII - GENERAL FUND: A total of \$34,021,527 is hereby authorized to be expended from the departmental accounts of the General Fund as follows:

General Government	\$ 13,743,665
Community Development	759,345
Police	7,255,228
Fire	5,875,581
Parks and Recreation	1,729,161
Public Works (incl. Powell Bill)	3,874,304
Other	5,941,835
Contingency	174,443
Debt Service	<u>5,159,532</u>
Total	<u>\$ 34,021,527</u>

SECTION VIII - WATER AND SEWER FUND: A total of \$13,370,000 is hereby authorized to be expended from the Water and Sewer Fund as follows:

General Management Services	\$ 1,050,000
Billing & Collections – Water & Sewer	607,388
Distribution - Water and Sewer	3,317,413
WSACC – Sewage Treatment	2,712,919
Water Treatment Plant	2,334,584
Transfer to Other Funds	850,000
Debt Service	<u>3,821,361</u>
Total	<u>\$ 14,693,665</u>

SECTION IX – STORM WATER FUND: A total of \$2,010,000 is hereby authorized to be expended from the Storm Water Fund as follows:

Public Works	<u>\$ 2,010,000</u>
Total	<u>\$ 2,010,000</u>

SECTION X – ENVIRONMENTAL FUND: A total of \$3,560,000 is hereby authorized to be expended from the Environmental Fund as follows:

Recycling Collection	\$ 713,589
Household Solid Waste Collection	2,023,006
Yard Waste Collection	<u>823,405</u>
Total	<u>\$ 3,560,000</u>

SECTION XI – PUBLIC TRANSIT SYSTEM FUND: A total of \$470,926 is hereby authorized to be expended from the Public Transit System Fund as follows:

Contracted Services	<u>\$ 470,926</u>
Total	<u>\$ 470,926</u>

SECTION XII - SEPARATION PAY FUND: A total of \$282,000 is hereby authorized to be expended from the Separation Pay Fund as follows:

Salaries – Separation Pay	<u>\$ 282,000</u>
Total	<u>\$ 282,000</u>

SECTION XIII - TAX RATE ESTABLISHED: An Ad Valorem Tax Rate of \$0.56 per \$100 property valuation is hereby established as the official tax rate for the City of Kannapolis for the fiscal year 2013-2014. This rate is based on an estimated valuation of \$3,468,844,752 and an estimated 97 percent collection rate, which was at least the collection rate experienced during the 2011-2012 fiscal year. Allocation of the 2013-2014 tax rate will be as follows:

General Fund	\$ 0.56
Total Tax Rate	\$ 0.56

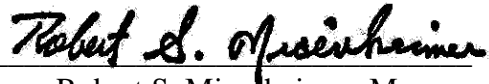
SECTION XIV - SPECIAL AUTHORIZATION - CITY MANAGER:

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

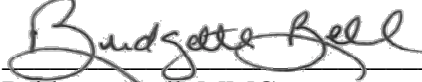
should be expended regardless of the position taken by the City Manager.

This Ordinance is approved and adopted this 24th day of June, 2013.



Robert S. Misenheimer, Mayor

ATTEST:



Bridgette Bell, MMC
City Clerk

KANNAPOLIS



**City Manager's
FY 2014 Budget Summary**

May 13, 2013

1 | General Fund

For more information please see page 88 of the FY 2014 Budget document.

The recommended FY 2014 General Fund Budget includes an **Ad Valorem (Property Tax) Rate of 56 cents** per \$100 of assessed property valuation. This represents no change from the FY 2013 budget. Public Safety (Police and Fire) expenditures account for 38% of all General Fund expenditures (down slightly from 39% in FY 2013). Public Works expenditures account for an additional 12% of the General Fund expenditures (up from 10% in FY 2013).

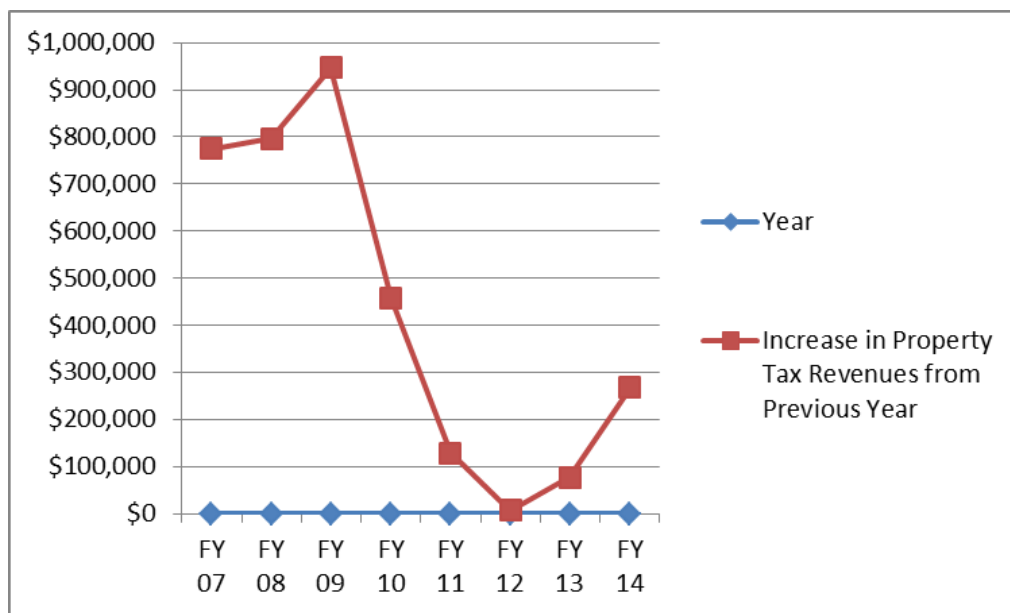
General Fund Revenues

Similar to most North Carolina municipalities, property taxes and sales taxes continue to be the predominant revenue streams in the FY 2014 General Fund Budget (62% and 19%, respectively). The property tax 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 proposed FY 2014 General Fund Budget is **\$34,021,527**, which represents a **2.3% increase** from the current year budget (\$1,063,366 actual). By comparison, the FY 2013 budget increase from FY 2012 was 5.4% (\$1,671,479 actual).

The primary drivers of this year's increase are:

1. \$268,768 projected increase in *ad valorem tax revenue* due to growth. This is the largest projected increase since 2009. The historical increases in property tax revenues are shown on the graph below. All revenues depicted are only growth related and exclude NCRC revenues and revaluation impacts.



2. \$353,000 projected increase in *local option sales tax revenue* due to growth. This represents a 6.1% increase from FY 2013. This is a smaller increase than the FY 2013 increase from FY 2012 (11%).
3. \$601,152 in *federal SAFER grant in the Fire Department*. The City was awarded this grant after the FY 2013 budget was adopted and received the funds last year. This will be the first year that the funds will be budgeted.
4. \$75,000 projected increase in *recreation fees and sponsorships*. This is due to better than expected performance of our parks programming and activities (mostly at Village Park).
5. \$45,000 projected increase in *planning and zoning fees* due to growth.

These increases are offset by a few key decreases:

1. \$225,000 decrease in *state sales tax refunds*. This change has nothing to do with the economy or sale tax revenues. This is essentially a budget structure change as these refunds correspond to previously made purchase of taxable goods by the City in the prior year. From an accounting standpoint, these refunds should be viewed as “receivables” not “revenues.” The process works as follows: the City buys goods; the City pays sales taxes on the goods; the City requests reimbursement from the State for these taxes paid; and the City receives the reimbursement.
2. \$150,000 decrease in *utility taxes*. The actual receipts for the current budget (FY 13) are projected to end up at \$1.815 million versus the \$1.95 million budgeted. The FY 14 budget is proposed to reflect the actual amount received this year.

There are some minor administrative fee inclusions and increases (copying, etc.) that will be included in the Kannapolis fee schedule City Council will consider adopting in June.

General Fund Expenditures – Personnel

Included in the General Fund is the establishment of three (3) new positions:

1. *General Services Director (\$53,000 salary & benefits)*. As envisioned by City Staff, this position will be part of a significant reorganization of how the City manages and maintains its property and buildings. Currently there are three departments involved heavily in these responsibilities (Public Works, Parks and Recreation and Finance). Finance manages purchasing; the Public Works Department manages its building and associated warehouse as well as a number of other properties; the Parks and Recreation Department manages a number of City properties besides the parks facilities and will also co-manage the new central warehouse facility on South Main Street. It is the goal of staff to explore the reorganization of several of these duties under one new internal service division, under the direct supervision of the new General Services Director. It is likely that this position will be supervised by the City Manager’s office.

The addition of the General Service positions is critical for a seamless transition into the new City Hall/Police Headquarters building. The new building will be far more complex than any building the City operates out of currently and the new position will need to be filled by an individual that has the right skill set to manage the systems in the building. With the possible exception of the Water Treatment Plant, this new building will be the City's largest single investment. It would be irresponsible to leave its maintenance and functional operation to a haphazard, piecemeal approach.

However, it is obvious that the new building will not be completed during FY 2014. Additionally, the aforementioned reorganization plan was not complete at the time of this budget preparation. As a result, it is probable that this position will not be filled until the third or fourth quarter of FY 2014. It is recommended that the budgeted (and unspent) salaries be added to the \$217,073 allocated in FY 2014 for economic development activities. These additional funds should be used for one-time, non-recurring activities because, as proposed, in FY 2015 the funds will be used in full for the General Services Director position.

2. *Warehouse Assistant (\$32,000 salary & benefits)*. The Public Works Operation Center Warehouse Manager position has been stretched very thin having taken on duties far more extensively than just the Public Works Operations Center Warehouse (including managing the maintenance of the Baseball Stadium). As the workload within the warehouse increases so does the need for more advanced inventory control to assist the Warehouse Manager with his responsibilities. The requested position will be required to perform the following duties: inventory control, accounting, purchasing, fuel system management, facility maintenance (multiple City sites), and vehicle maintenance.
3. *Telecommunications Center Manager (\$50,557 salary & benefits)*. The communications function is the heart of the City's police operation. All information, both emergency and non-emergency, is routed through this component. Telecommunications personnel are responsible for incoming calls on three non-emergency phone lines, four E911 phone lines, and one fire phone line. They dispatch all police calls for service, fire calls, and first responder calls within the City of Kannapolis. In addition, they are responsible for the majority of DCI transactions, CAD entries, and wrecker requests. They routinely forward ambulance requests, make contact with other private and governmental services, and monitor all traffic on multiple police and fire radio channels.

With constant evolution of E911 technology and corresponding procedures, it has become evident that there is a need to separate the tasks of supervising subordinate personnel and daily operations from the highly technical aspects of the Communications Center.

Both the police department's daily workload within the Communications Center and the technology required to maintain operations have grown to a point that one person can no longer effectively or efficiently focus these two divergent aspects of the job. It is proposed that these responsibilities be separated via the hiring of a civilian Telecommunications Center Manager. FY 2014 will be a transition year as it is proposed

that the current Communication Sergeant maintain responsibility for the technology aspect of the Communications Center and retain the overall command and control of operations. The requested position will focus on the day to day operation of Communication Center and its personnel. Beginning in FY 2015 it is anticipated that the civilian Telecommunication Center Manager will take full control of the managing the Communications Center which will allow for the sworn position currently filling this role to serve in the field.

An additional eleven (11) General Fund positions with a total budget impact of \$353,000 were requested by several departments but are not included in the recommended FY 2014 Budget. These requests were all certainly justifiable but budget limitations prevent their inclusion.

- Three (5) Construction Maintenance positions in the Streets Division (with a total budget impact of \$152,000). Two of these positions were frozen in previous years due to budget reductions.
- One (1) Engineering Technician (\$46,000 budget impact).
- One (1) Parks and Recreation Maintenance Technician (\$34,000 budget impact)
- One (1) Training Captain in the Fire Department (\$53,000 budget impact)
- Two (2) Mechanic positions in the Fire Department (\$96,000 budget impact).
- One (1) Warehouse Assistant (\$32,000 budget impact) – one is included.

A contract position in the Information Technology Budget (Systems Integrator) was also proposed but is not included in the FY 2014 Budget (\$84,000 budget impact).

General Fund Expenditures – Operating

The following are operating expenditure highlights. This list is a mix of: 1) recurring expenditures of note, 2) new expenditures and 3) increased expenditures. New and substantially increased expenditures are noted as such.

\$34,183	Municipal Election costs.	New
\$217, 073	<p><i>Economic Development Initiatives</i> (increase of \$39,710). Staff will develop a more detailed recommendation for the use of these funds within the first quarter of FY 2014. Potential projects and initiatives include:</p> <ul style="list-style-type: none"> • Six additional months of funding for Dunaway and Cross (Paris Fisher’s new firm). Funding is in place in another budget line for July thorough December. • Support for Downtown Kannapolis, Inc. The DKI Board is working on a formal request to submit to the City. • Implementation of the branding effort outcomes. • More funding for direct economic development marketing including collateral items for targeted distribution. 	Increase

	<ul style="list-style-type: none"> • More funding for lobbying efforts in Raleigh. • Commercial Real Estate Broker's Breakfast. • Corporate Appreciation Event. • Medical/Technology Corridor Master Plan for Kannapolis Parkway and Mooresville Road • Website videos promoting the City's assets. • Biscayne Area Master Plan. • Wayfinding Plan. • University Flag installation on the NCRC. • Thinkkannapolis.com search engine advertising. • Additional implementation of the Economic Development Plan Strategies not listed here. 	
\$11,700	<i>Increase in non-profit organization support.</i> This increase includes additional funds for the Rowan EDC \$2,500 (5,500 total); Cabarrus Arts Council \$4,200 (\$21,500 total; represents \$0.50 per capita the same as Cabarrus County's investment); NC Music Hall of Fame \$5,000 (\$10,000 total).	Increase
\$24,000	<i>Increase in Information Technology contracted services in the Fire Department.</i> As the City's technology needs improve there is the need for expanded support services. The Fire Department in particular is in need of this support expertise. This funding would allow for 10 hours per week of technical support.	Increase
\$20,000	<i>Additional Code Enforcement building demolition funds.</i>	Increase
\$30,000	<i>Purchase sound equipment in the Parks and Recreation Department.</i> Currently sound equipment is rented for all of the events. The success (and frequency) of the Summer Concert Series and other activities makes this investment a solid financial decision. This equipment will pay for itself in two years.	New
\$32,500	<i>Update to the City's Parks and Recreation Master Plan.</i> The current Master Plan is more than a decade old and renders the City ineligible for most grants (including Parks and Recreation Trust Fund grants).	New
\$20,000	<i>Additional part time salaries in the Parks and Recreation Department.</i> Substantially more activities are being sponsored by the Department in addition to demands on the Parks staff via events and activities sponsored by others requesting City support. With the reopening of Veterans Park and its more complex maintenance demands, the part time budget may need to be revisited mid-year.	Increase
\$38,000	<i>Additional support for Village Fest, Jiggy with the Piggy and a new Thursday night concert series at Veterans Park.</i> City staff pulled small amounts from various existing FY 2013 budget accounts to make this year's rejuvenated spring festival more attractive to our citizens. This addition	Increase

	provides designated funding. The new Thursday event will showcase Veterans Park to the community and provide another low cost entertainment opportunity for our citizens.	
\$60,000	<p><i>Maintenance of Kannapolis Baseball Stadium.</i> \$25,000 is for contractually obligated maintenance; \$25,000 is for reimbursement to Smith Family Baseball for 50% of the cost of a new training and weight room that the team was required (by the White Sox organization) to construct earlier this year; \$10,000 is for on-going building maintenance. The building is an improvement to the property and will be treated as a City asset.</p> <p>Note: At the end of fiscal year 2012 the City had \$240,961 in fund balance earmarked for the Stadium. It is estimated that approximately \$70,000 of the fund balance will be spent through fiscal year 2013. Subtracting the FY 2014 budgeted amount will leave an estimated \$110,961 in fund balance at the end of fiscal year 2014 with one more year remaining. It is quite possible that additional maintenance funds will be needed during FY 2014 (accomplished via a budget amendment). Per the current contract with Smith Family baseball, the City's day to day maintenance obligations end after FY 2015.</p>	Decrease
\$603,668	<i>Maintain existing funding levels for road resurfacing & maintenance.</i>	Maintain
\$117,858	<i>Increase in funding for Contract Engineering (AWCK).</i> This is a rightsizing adjustment that is tied to the recent historical trends. Because the AWCK contract for ongoing engineering services is not a flat fee but based on hourly rates it is difficult to manage from one year to the next what the needs will be. The usage of AWCK's services is directly tied to new growth and development as well as city initiatives. Many of these activities are unknown at the beginning of a fiscal year.	Increase
\$18,000	<i>Implementation of Mobile 311 system.</i> Mobile 311 is a GPS-based mobile phone and tablet application that will be used by most City departments to more effectively report and manage various service needs such as pot holes, missed garbage pickups, code enforcement cases.	New
\$99,000	<i>Economic Development Incentive Grants.</i> These grants include Shoe Show at \$48,000 (the last year) and SP Richards at \$51,000 (the first year).	Maintain/Increase
\$174,443	<i>Contingency funds (increase of \$26,695).</i> The 10-year Financial Plan recommends that 0.5% of the General Fund budget be placed in contingency.	Increase
\$1,670,000	<i>Transfer to the Environmental Fund.</i> This is \$120,000	Increase

	greater than anticipated in the 10 year financial plan. Please see the Environmental Fund summary for details.	
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The following operating capital items (not included in the Capital Improvement Plan) are included in the recommended FY 2014 Budget:

\$220,500	<i>Seven (7) police patrol vehicles (Ford Taurus \$24,470 each) with cameras and radar guns (additional \$6,750 per vehicle).</i> These replacements are in keeping with the Police Department's vehicle replacement plan. Eleven were requested by the Police Department.
\$21,000	<i>Police Department Pick-up truck.</i> This vehicle would replace an existing 1989 truck replaced by the Parks and Recreation Department several years ago. It is used for a variety of hauling activities of equipment, bicycles and for towing certain trailers. The Police Department believed this replacement was more important than an additional patrol vehicle.
\$8,500	<i>Thermal Imaging Camera in the Police Department.</i> This camera would enhance Police operations in the location of suspects in buildings or heavily wooded areas where vision is limited. This is a smaller less expensive camera than the ones used by the Fire Department.
\$33,800	<i>Fire Department SUV.</i> Under the Fire Department's vehicle replacement plan, this new vehicle will result in a domino or "hand me down" effect that ultimately results in a pool car being eliminated from the vehicle inventory.
\$39,000	<i>Breathing Air Compressor machine at Fire Station #1.</i> Currently there is only one machine at Fire Station #5 that is fully operational. The machine at Station #1 is completely worn out and replacement parts are difficult to find. Currently all tanks are being loaded and taken to Station #5 on a continual basis which is extraordinarily time consuming.
\$8,500	<i>Replacement of driveway apron at Fire Station #4.</i> The concrete driveway apron is in a state of disrepair and there are some structural issues with the soils beneath. It needs to be ripped out, stabilized and replaced. Station #4 was inherited by the City when the old Winecoff Volunteer Fire Department folded.
\$22,240	<i>Replacement of fire hose nozzles to gain standardization.</i> Currently hoses for most of our Fire Department's rolling stock (fire engines, etc.) are not interchangeable which creates significant time and operational challenges. These upfits would standardize all fire department rolling stock hose connections.
\$18,200	<i>Three mowing machines in Parks and Recreation.</i> All three of these mowers are more than 5 years old and are in need of replacement due to natural wear and tear and increased maintenance costs.
\$10,000	<i>New Christmas decorations.</i> In FY 2013, six new lighting fixtures for Village Park were purchased to create a "12 Days of Christmas" display during the Christmas season. This funding would purchase the additional six to permit a number of children's activities related to the lighting fixtures (trivia games, scavenger hunts at the park to find the "12 Days of Christmas").

General Fund Expenditures - Capital

Several Capital projects are included from the adopted 10-year Capital Improvement Plan. They are as follows:

\$189,000	<i>Oakwood Avenue Sidewalks.</i> This project fills in all of the remaining sidewalk gaps between Rogers Lake and Orphanage Rd. This amount represents the City's 20% local match to a Federal CMAQ Grant. The grant amount is expected to be \$756,000. The project is slated to begin in the second half of FY 2014.
\$101,900	<i>Replacement of Dump Truck S-4.</i> This is a 15-year old 1998 GMC Dump with 52,192 miles and approximately 91,000 hours. The transmission replaced four times and the transmission is currently out again. An electrical fire in the dash occurred a few years ago and the truck suffers from other electrical problems exist (gauge failure, electric transmission shift etc.). In addition to decreased maintenance costs, replacement will allow for greater hauling and towing capacity which will reduce our reliance on contract hauling needs.
\$112,500	<i>Highway 3 Sidewalk payment.</i> The total project cost to install sidewalk on one side of Highway 3 as part of the widening project (from Kannapolis Parkway to Dale Earnhardt Boulevard) is estimated to be \$500,000. Kannapolis share of the project is estimated at \$150,000 based on a 70/30 split per NCDOT sidewalk cost share policy. Right of way for this larger \$28 million project is slated to begin January 2014 with construction beginning in June 2015. This funding will be set aside in a capital reserve fund with the remaining \$37,500 being added in FY 2015. The 10-year Financial Plan provided for four years of allocations at \$37,500 but staff believes this is the better year to substantially allocate cash to this capital reserve fund.
\$0	<i>Construction of new City Hall/Police Headquarters Building.</i> There will be no financial obligation in FY14. The funds will be fronted to pay for the project expenses until bonds are issued later in calendar year 2013. The debt service obligations will begin in FY 2015.

General Fund Debt Service

The FY 2014 Budget includes an additional \$1.6 million in debt from FY 2013 capital expenditures to (a) acquire and equip the central warehouse facility located at 1240 South Main Street, and (b) purchase a replacement fire engine. The Budget also includes the first full payment of \$62,500 to Rowan County for the equity interest purchase in the Baseball Stadium and property. After these additions, the General Fund Debt will be \$45.6 million resulting in slightly more than \$5 million in annual debt service. Most of this debt has a remaining term of between 1 and 10 years. Only a 2011 equipment purchase (13 years) and a part of the NCRC Limited Obligation Bonds or "LOBs" (14 years) have longer terms.

The FY 2014 Budget includes the last payment for the Public Works Operations Center (one-half of the debt is included in the Water and Sewer Fund).

The FY 2014 Debt Service Budget also includes funds to cover the cost of debt issuance for the City Hall/Police Headquarters building. While the debt will be issued in FY 2014 the actual debt service payments for the new building will be included in the FY 2015 Budget.

General Fund - Fund Balance

The General Fund available fund balance at June 30, 2013 is estimated to be approximately \$4,850,000 or 20.1% of the estimated FY 2013 General Fund expenditures. This is up from 14.90% at the end of FY 2012. This amount is also the highest fund balance percentage since FY 2005. The 10-year financial plan sets a target of at least 25% fund balance but the Plan recognizes that this goal will take several years to achieve.

2 | Water and Sewer Fund

For more information please see page 143 of the FY 2014 Budget document.

Water and Sewer Fund Revenues

The proposed FY 2014 Water and Sewer Budget is \$14,746,836, which represents a 10.3% increase from the current year budget (\$1,376,836 actual increase). By comparison, the FY 2013 budget increase from FY 2012 was 2.16% (\$282,641 actual).

A water rate increase is recommended for reasons described below. There are primarily two rate increases being proposed as part of the FY 2014 Budget:

1. The fixed charge is proposed to increase by \$1.70 per month in order to cover the revised debt service obligation for the Albemarle Waterline project. This increase will generate an estimated \$345,168, all of which will be applied to the increased debt service on the project. The construction on the Albemarle Waterline is anticipated to begin in FY 2014. The project cost has increased substantially over the past 12 months as final engineering was completed. This has resulted in a need to increase the revenue stream to support the project. Kannapolis' portion of the project (37.5%) - paid to the City of Concord - is now expected to be approximately \$10.2 million. Originally, Kannapolis' portion was expected to be \$7.4 million, including engineering services. This original amount was Kannapolis' portion of an estimated \$19.8 million total project (with Concord and Albemarle being the other funding partners).

The key drivers of the anticipated increase over the past year are as follows:

- *Pipe cost* is now estimated at \$120/LF for the 30" pipe compared to old estimates of \$95/LF (\$1,800,000 difference).
- *Appurtenances* (valves, ARV's, blow off assemblies) are estimated to be \$2,400,000 compared to original estimate of \$650,000. This is due to valve spacing of 2,500 feet apart as oppose to original spacing that was closer to a mile as well as increased number of blow offs. This change was initiated by staff after reviewing the preliminary engineering plans. The additional valves certainly impact the cost, but provide operational efficiency and cost savings during activation as well as in the long-term. It is unclear why the engineering firm did not anticipate this earlier in the process.
- *Booster pump stations* are now estimated around \$3,800,000 compared to the original estimate of \$1,650,000. This increase is largely due to poor soils at one of the pump stations, additional site zoning requirements that include enhanced building façade, additional landscaping for buffer, fencing, and updated quotes for pump systems, equipment and tank. An additional chemical feed was also added that cost an additional \$100,000.
- The budget has been amended to allow for an additional \$2,300,000 for *rock excavation*. The preliminary budget was established before significant geo-technical

exploration was completed. This is only an allowance. If less rock is encountered during construction, this expenditure will be far less.

- *Project inspection* was originally planned to be performed in house by the City of Concord but due to insufficient staff this service is now proposed to be contracted at an estimated cost for inspection and testing of \$634,000.
- *Additional easements* had to be acquired where NCDOT didn't having recorded right-of-way was also added cost that was not anticipated.

An alternative to the proposed fixed charge increase would be a \$0.18 variable rate increase which would generate \$351,000. The increase in the fixed charge is recommended to be consistent with the previous decisions by City Council regarding how to fund the major water projects like the Albemarle Waterline. However, either method would be appropriate.

It appears that the debt for the Albemarle Waterline will be considered for approval by the Local Government Commission on August 6, 2013 with the Concord City Council considering a bid award on August 8, 2013.

2. In keeping with the 10-year Financial Plan the FY 2014 Budget also includes an increased variable water rate charge of \$0.30 per 1,000 gallons for Tier 1 customers, inside the corporate limits. This increase is expected to generate \$585,000. This rate increase is less than the \$0.50 increase included in the Financial Plan. Note: The rate is also proposed to increase correspondingly customers outside of the City limits, as well as Tier 2 customers, keeping the separation of 5% between Tiers 1 & 2 and 20% between in-City and out-of-City customers.

The remainder of the projected FY 2014 revenue increase (\$446,668) in the Water and Sewer Fund is attributable to growth in the system.

There are no changes being recommended to the fixed charge or variable rate for sewer. The wholesale sewer treatment and sewer collection rates from the Water and Sewer Authority of Cabarrus County (WSACC) are proposed to remain unchanged from the current fiscal year.

**Proposed Water and Sewer
Fee and Charge Schedule
(Tier One)**

Charge	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	Proposed FY 14
Variable Water Rate	\$5.40	\$5.40	\$5.40	\$5.40	\$5.40	\$5.40	\$5.40	\$5.70
Variable Sewer Rate	\$5.30	\$5.30	\$5.30	\$5.30	\$5.30	\$5.30	\$5.30	\$5.30
Fixed Water Charge	\$3.30	\$3.30	\$3.30	\$3.30	\$4.65	\$6.00	\$6.00	\$7.70
Fixed Sewer Charge	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80

Variable Rates are charged per 1,000 gallons usage 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 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	Proposed FY 14	FY 12 to FY 13 % Change	FY 12 to FY 13 Actual \$ Change
2000 gallons	\$28.50	\$28.50	\$28.50	\$28.50	29.85	\$31.20	\$31.20	\$33.50	+ 7.4%	+ \$2.30
4000 gallons	\$49.90	\$49.90	\$49.90	\$49.90	51.25	\$52.60	\$52.60	\$55.50	+ 5.5%	+ \$2.90
5000 gallons	\$60.60	\$60.60	\$60.60	\$60.60	61.95	\$63.30	\$63.30	\$66.50	+ 5.1%	+ \$3.20

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

Water and Sewer Fund Expenditures – Personnel

Over the past few years additional personnel have been added to both the Police Department and Fire Department. Conversely no new personnel have been added to the Public Works Department in nearly a decade. In fact, like several other departments, the Public Works Department is operating with fewer personnel than it did in FY 2003 despite increased demands (more homes, more people, more utility lines, etc.). In FY 2003 the Public Works Department Budget included 56 funded positions. In FY 2013, the current fiscal year, the Public Works Department has 68 budgeted positions. Excluding the outsourcing of yard waste, the takeover of the Water Treatment Plan operations and the transfer of meter reading from Finance to Public Works, Public Works would really have 52 budgeted positions today, a net loss of 4 positions through attrition during the tough budget years. While the Department has worked very hard to maintain its level of service to our citizens, the service delivery our community has come to expect is simply not sustainable without additional resources.

The Water Resources Division works diligently to maintain the City's municipal water and wastewater infrastructure; however, with increased growth, State mandated regulations, repairs and upgrades that are needed to our existing systems, additional personnel will be necessary to perform the aforementioned duties. Failure to approve these positions may result in reduced customer service (increased response times), system operation and maintenance failures and/or non-compliance with distribution and collection system permits.

In recognition of these demands, *two (2) new Construction Maintenance Worker positions and one (1) Jet Vac Operator position* are included in the FY 2014 Budget with a budget impact of \$100,000 in salary and benefits). These positions have remained unfilled for several years due to the economic downturn and other factors. The return of these employees will assist in departmental operations. The demand described above also holds true in the other areas of the Public Works Department: General Fund (Streets), Stormwater Fund, and to a lesser degree the Environmental Fund. Unfortunately, these new positions in the Water and Sewer Fund are the most that this budget can support this year.

The Water Resources Division currently maintains 318 miles of water lines, 325 miles of sewer pipelines, three flume stations and fifteen wastewater lift stations. The City presently serves approximately 17,500 water and sewer customers. The City water system is comprised of 300

miles of waterlines, 2 raw water pump stations, 1,662 fire hydrants and 4 major water system interconnections. The sanitary sewer system is comprised of 325 miles of sewer pipelines, 50 miles of outfall right-of-ways and 15 sewer lift stations. The State requires that 10% of our sewer systems be cleaned annually that is increasingly difficult to meet those requirements with limited staff.

The positions requested will include the operation of various wastewater preventive maintenance equipment and performance of other related daily tasks. Specific job functions will include the operation of the camera van, backhoe, and other heavy equipment; clean sewers by using hydraulic or mechanical methods, detect and repair leaks, excavate trenches and pipeline construction. The positions will also have the responsibilities to locate valves; exercising valves (cut off and on to see if operating properly and counting the turns to determine the size); fire hydrant inspection; fire hydrant maintenance that would include lubrication, flushing, painting and extensions (to raise hydrant to grade).

An additional six (6) positions were requested by the Public Works Department (with a budget impact of \$210,000). These positions are not included in the FY 2014 Budget. The requests were certainly justifiable but budget limitations prevent their inclusion in this Budget.

- Three (3) additional Construction Maintenance Worker positions (with a total budget impact of \$92,000). One of these positions was frozen in previous years due to budget reductions.
- One (1) additional Jet Vac Operator position (budget impact of \$39,000).
- Two (2) Water Treatment Plant Operator positions (budget impact of \$79,000). Both of these of these positions were frozen in previous years due to budget reductions.

Water and Sewer Fund Expenditures – Operating

The following is a summary of some of the key operating expenditures in the Water and Sewer Department. There is not a tremendous amount of change in the operations budget for FY 2014.

\$71,500	Maintenance of vehicles (\$34,000) and motorized equipment (\$37,500 - Jet Vac and Backhoe primarily).	Increase
\$1,050,000	Transfer to other Funds. As stipulated in the 10-year Financial Plan the Water & Sewer fund will transfer \$1,050,000 to the General Fund for a General Management Fee (to cover General Fund Costs to support the Water and Sewer Fund). This transfer is increasing slightly (\$50,000).	Increase
\$850,000	Transfer to other Funds. As stipulated in the 10-year Financial Plan the Water & Sewer fund will transfer \$600,000 Environmental Fund and \$250,000 Stormwater Fund. This is \$175,000 less than the transfer in FY 2013.	Decrease

Water and Sewer Fund Expenditures - Capital

Several capital projects will be addressed this year in our Capital Improvement Plan. They are as listed below. It is expected that these projects (with the exception of the filter replacement) will be funded through the issuance of revenue bonds in conjunction with the Albemarle Waterline.

\$124,800	<i>Lady's Funeral Home Sewer Line Replacement.</i> This sewer line has eroded to the point that it needs replacement. Part is located under the Lady's Funeral Home parking lot. A slip line technique is being considered to reduce impacts to the funeral home property.	Emergency Repair
\$910,000	<i>Irish-Buffalo Creek (Kannapolis Parkway) Sewer Line.</i> This would provide sewer service to the entire northeastern quadrant of Kannapolis Parkway from Rogers Lake Road to NC Highway 3. The investment will prepare this part of the Parkway for new development as the economy emerges.	Future Growth
\$500,000	<i>Kannapolis Lake Intake & Clear Well Improvements.</i> These improvements will add an additional intake at a higher level allowing intake adjustments based on the seasons and other factors. These will help the City meet EPA Stage 2 Federal water quality rules to meet water quality. These improvements will also allow treatment operators to isolate and turn water over more frequently from the clear wells.	Repair & Rehab
\$250,000	<i>Moose Road Waterline.</i> This project is related to the NCDOT Moose Road bridge replacement project.	Relocation / Improvement
\$102,000	<i>Replacement of Dump Truck W-18.</i> 15-year old 1998 GMC Dump with 49,212 miles with approximately 88,000 hours. The truck has had significant maintenance issues such as failing to start, choking down after start, electrical problems, gauges not registering properly, and leaks in the air system that have been repaired. Presently we have problems with the fuel system that will require replacement of the tank and pump. This vehicle is still somewhat operational and currently used as spare because of its limited reliability. Additionally replacement of this vehicle will offer greater carrying and hauling capacity of tandem trucks that will lessen the need for contract hauling.	Replacement
\$213,000	<i>Repair of Filter #2 at the Water Treatment Plant.</i> This is the last of four filters needing replacement.	Emergency Repair
\$5,000,000	<i>Water Meter Replacement Project.</i> The average age of all of the water meters in the City is between 20-25 years old. These meters can no longer be counted on to provide accurate readings. The Finance Department's analysis of our system points to a 19.42% loss of water due to	Replacement / Rehab

inaccurate readings. These numbers come from the City's AFIR report due to the State in December. Replacing all of the City's meters is a daunting task with many things to consider. Among the considerations:

1. *Equity.* Customers with newer water meters are paying closer to what they should be paying. Customers with older meters are in all likelihood paying far less. As a result newer homes are subsidizing older homes when it comes to water and sewer billing.
2. *New Revenue.* The assumption is that is that water loss would be reduced in half with the new meters.
 - The water loss of 257 million gallons annually equates to 257,000 billing units.
 - Recoverable billing units for water = 128,751.
 - Additional recoverable billing units for sewer = 128,751 (sewer loss of 39.85%) (Sewer billed based upon water consumption).
 - Water: $128,751 \times \$5.40 = \$695,255.40$
 - Sewer: $128,751 \times \$5.30 = \$682,380.30$
 - Total recoverable revenue = \$1,377,635.70
3. *Potential Personnel Savings.* Staff continues to refine this potential impact from the meter replacements. There is consensus among the various departments that there are 8 employees involved directly in meter reading activities (2 billing clerks and 6 meter readers/service technicians). It is clear that the replacement with technologically advanced, remote read meters will reduce the need for staff. However, it is not the intention of this project to reduce employees. The hope is that any reduction would be through attrition and reassignment to other positions. The cost savings could be as much as \$153,669.
4. *Cost Benefit Analysis.* The numbers included in this analysis represents a "best case scenario." A more detailed analysis describing the full range of options will be provided to City Council at its May 20, 2013 Budget Work Session.
 - Potential Savings: \$1,531,304
 - \$5 million project cost divided by \$1.5 million in savings would result in project pay back in year four.

	<ul style="list-style-type: none"> • Meter project debt service will be \$650,000 annually (10 years @ 3%). This is currently included in the FY 2014 Budget as is a corresponding rate increase. More than 70% of the proposed \$0.30 rate increase is attributable to this project. <p>5. <i>Impact on 10-Year Financial Plan.</i> Based on this “best case scenario” the revenue needed for planned FY 2016 rate increase (\$780,000) would be unneeded if this project is successful. Additionally, the revenue needed for FY 2021 rate increase (\$292,000) would be reduced if this project is successful.</p>	
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Water and Sewer Fund Debt Service

Funding is included for the initial debt payments for three of the projects listed above (Irish Buffalo Creek Sewer, Intake and Clear Well improvements, and Water Meter replacement). The other projects will be paid for with cash. These debt payments (\$833,300) for the three projects are located in the Water Treatment Plant and Water Distribution budgets. In future budgets (after the projects are formally financed) these payments will consolidated in the Debt Service section of the budget. The exception to this method is the Albemarle Waterline which has been a multi-year project; it is already included in the Debt Service section (with the increased amount included).

After inclusion of the additional \$3 million in debt for the Albemarle Waterline (and the \$833,300 described above) the total Water and Sewer Debt will be approximately \$36.3 million resulting in \$4.2 million in annual debt service. Most of this debt has a remaining term of 10 years or more.

FY 2014 Budget includes the last payment for the Public Works Operations Center (one-half of the debt is included in the General Fund).

3 | Environmental Fund

For more information please see page 159 of the FY 2014 Budget document.

Environmental Fund Revenues

The proposed FY 2014 Environmental Fund Budget is \$3,560,000, which represents a 4.96% increase from the current year budget (\$168,167 actual). The FY 2013 budget increase from FY 2012 was largely irrelevant because FY 2013 was the first year of the consolidation of all environmental services into a stand-alone fund.

It is projected that \$1,290,000 of the Environmental Fund revenues will be generated from user fees. \$1,670,000 will come in the form of a transfer from the General Fund. \$600,000 will come via transfer from the Water & Sewer Fund. The transfer from the General fund is \$120,000 greater than anticipated. This is due to several factors:

1. *Personnel Transfer: \$52,000.* The City transfer of the Environmental Educator position from the City Manager's office to the Public Works Department
2. *Misaligned Billing Method: \$73,980.* The City is billing approximately 16,373 customers each month. However, the City is being billed for approximately 17,200 residences each month from the City's waste collection contractor, Waste Management. The billing by Waste Management is based on the actual housing count. The City bills less than that number due to fluctuations from month to month due to vacancies and other factors. The difference is almost 5% which may be higher than it should be. Since the decision was made that environmental services are consumption based, this approach to billing appears to be the most appropriate method. The remedy to this is a contract change that may be difficult to achieve until the current contract expires June 30, 2016.
3. *School Recycling Service: \$27,600.* The City incurs all costs of recycling service for all of the schools within the corporate limits of Kannapolis. This was initially started to help promote the new service. This can, and should be viewed as ongoing public education to encourage students to recycle but there is clearly a cost attached.

Total impact on transfers and subsidies is \$153,580. The difference between this figure and the proposed General Fund transfer amount of \$120,000 will be absorbed via savings in other areas.

It is important to note that in FY 2015, FY 2017 and FY 2019 and FY 2021 the 10 year Financial Plan calls for Environmental Services fee increases (\$2.50/month for each year) as a means to creating a sustainable, self-supporting, user-fee based fund.

Environmental Fund Expenditures – Personnel

This fund is primarily service contract oriented. Only one position (Environmental Educator) is budgeted in this fund (beginning in FY 2014). This position was previously budgeted in the City

Manager's department. The position has already been relocated to the Public Works Department.

An additional (1.5) Environmental Fund positions with a total budget impact of \$46,000 were requested by the Public Works Department but are not included in the recommended FY 2014 Budget. These requests were certainly justifiable but budget limitations prevent their inclusion.

- One (1) Warehouse Assistant position to (with a total budget impact of \$32,075).
- One (1) Part-time Warehouse Assistant (budget impact of \$12,790).

Environmental Fund Expenditures – Operating

The contract proposal from Waste Management includes a 2.1% Consumer Price Index increase. The new cost per household is \$12.55 (increased from \$12.28 in FY 2013).

Environmental Fund Expenditures – Capital

The Environmental Fund is primarily a service contract oriented fund. As such, there is no funding included for capital items.

Environmental Fund Debt Service

There is no new Environmental Fund debt service added to the recommended FY 2014 Budget. The only debt current included in this fund was for the 2011 recycling cart purchases (\$175,928 annual payment). This debt expires after FY 2016.

4 | Stormwater Fund

For more information please see page 166 of the FY 2014 Budget document.

Stormwater Fund Revenues

The proposed FY 2014 Stormwater Fund Budget is \$2,010,000, which represents a 1.82% increase from the current year budget (\$35,900 actual). By comparison, the FY 2013 budget increase from FY 2012 was 3.4% (\$64,923 actual).

The Stormwater Fund Budget includes a planned 9% rate increase as follows:

	Current	FY 2014
Tier 1:	\$3.30	\$3.60
Tier 2:	\$4.40	\$4.80
Tier 3:	\$5.50	\$6.00

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

This is the second of four annual rate increases stipulated by the 10-year financial model. This rate increase, coupled with system growth is expected to generate \$161,000 in new revenue. However, in keeping with the Financial Plan, the transfer from the Water and Sewer Fund to the Stormwater Fund is proposed to decrease by \$125,000. This transfer will be completely eliminated upon the completion of the fourth consecutive rate increase in FY 2016.

Stormwater Fund Expenditures – Personnel

There are no new recommended personnel included in the proposed Stormwater Fund budget. Six (6) Construction Maintenance and Construction Technician positions (with a \$200,000 budget impact) were requested by the Public Works Director.

Stormwater Fund Expenditures – Operating

\$83,000	Professional Services to assist the City in compliance with on-going Federal Phase 2 Stormwater Regulations.	Increase
\$46,684	Maintenance of vehicles (\$29,972) and motorized equipment (\$16,712).	Increase
\$197,219	Planned transfer to the General Fund. <i>The transfer in FY 13 was \$187,828 (an increase of \$73,975 from FY 2012).</i>	Increase

Stormwater Fund Expenditures - Capital

There are no new stormwater capital projects planned for the upcoming year.

Stormwater Fund Debt Service

Total debt service in the Stormwater Fund is projected to be \$681,458, an increase of \$100,284. Changes in the FY 2014 Debt Service include the following:

- Debt service (\$151,537) for the 8th *Street Culvert Replacement project* will begin, and extend for 10-years at an interest rate of 2.08% annually. The project is well underway and will be completed in the first half of FY 2014.
- The FY 2014 debt includes the *consolidation* of three separate loans into one refinancing totally \$3.59 million. This refinancing converted three loans with interest rates between 3.63% and 4.03% and converted them to one loan at 1.98%. This move saved more than \$70,000 per year in interest.
- An additional debt of \$228,000 for equipment was *transferred from individual capital outlay budgets* to the debt service budget now that the loans are completed. This is not an increase.

5 | Public Transit Fund

For more information please see page 170 of the FY 2014 Budget document.

Public Transit Fund Revenues

The proposed FY 2014 Public Transit Fund Budget is \$470,926, which represents a 4.82% increase from the current year budget (\$21,663 actual). By comparison, the FY 2013 budget increase from FY 2012 was 10.6% (\$43,203 actual). Revenues in this Fund come from two sources: \$167,137 from the \$5 vehicle tax and a \$303,789 transfer from the General Fund.

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 (\$470,926) is projected to be spent on contracted services through the City of Concord as the Transit System's lead agency. There are no major new operating expenses. The figures included in the Transit System Fund budget are slightly different than those included in the City's Budget document. The system's budget was an earlier document that has since been refined.

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.

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.

6 | Separation Pay Fund

For more information please see page 174 of the FY 2014 Budget document.

Public Transit Fund Revenues

The proposed FY 2014 Separation Pay Fund Budget is \$282,000, which represents a 4.4% increase from the current year budget (\$12,000 actual). By comparison, the FY 2013 budget increase from FY 2012 was 0.7% (\$2,100 actual). All revenues in this fund are provided by a transfer from the City's General Fund.

Public Transit Fund Expenditures – Personnel

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

Public Transit Fund Expenditures – Operating

The full amount of the Separation Pay Fund (\$282,000) is projected to be spent on separation pay obligations for retired City employees. The increase of \$12,000 is anticipation of a *net* increase of two employees projected to retire during FY 2014.

Public Transit Fund Expenditures - Capital

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

Public Transit Fund Debt Service

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

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 appropriations.

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 citizens 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.

BUDGET PREPARATION CALENDAR FISCAL YEAR 2013-2014
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10-1-12 (Mon.)	Personnel & C.I.P. Request Forms are distributed to Department Heads
10-31-12 (Wed.)	New Capital Project requests due to Deputy City Manager for consideration & inclusion in the city's 10 year C.I.P
11-30-12 (Fri.)	All Adjustments to C.I.P, Financial Forecast, & Rate Model completed
12-31-12 (Mon.)	Requests for new personnel, reclassifications, & re-instated positions are to the Deputy City Manager & H.R. Director
1-14-13 (Mon.)	Budget dateline is given to the City Council in open session.
1-15-13 (Tues)	Department Heads receive operations budget request forms.
1-31-13 (Thurs)	Financial Impact Analysis on new personnel requests due to Deputy City Manager & Finance Director from the Human Resource Director. Personnel cost projections for existing employees also due.
2-28-13 (Thurs.)	Deputy City Manager receives operations budget requests from Department Heads. Debt Service requirements are due to Deputy City Manager from Finance Director.
3-18-13 (3 rd Mon.)	City Council holds budget retreat: Discusses revenue projections, service options, fee structures, staffing levels, debt structure, and proposed C.I.P. projects.
3-1 – 4-30	Preliminary Budget is prepared by staff.
5-1-13 (Wed.)	Preliminary Budget is made available for public review.
5-13-13	Preliminary Budget is submitted to City Council in open session. City Council holds the first Public Hearing on the proposed budget.
5-20-13 (3 rd Mon.)	City Council holds 2 nd budget workshop. Discusses and finalizes revenues, personnel, and operations costs, as well as finalizes debt structure and C.I.P. projects
5-21 – 5-31	City staff makes final revisions to the budget
6-10-13	City Council holds the second Public Hearing on the proposed budget.
6-10-13	City Council adopts the 2013 - 2014 fiscal year budget ordinance, and fee schedule for the City of Kannapolis.
6-11 – 6-28	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 seven funds: **General Fund, Water and Sewer Fund, Stormwater Fund, Separation Pay Fund, Environmental Fund, and Transit 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 **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 **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 **Environmental Fund** is a 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 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.
- *Environmental Fund:* Expenditures for contracted services related to recycling, and solid waste collections.
- *Stormwater Fund:* Expenditures for maintenance of the stormwater drainage system and federally mandated stormwater runoff education program.
- *Transit Fund:* Expenditures related specifically to the regional transit system established by the cities of Kannapolis and Concord.

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

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

**CITY OF KANNAPOLIS
REVENUE ASSUMPTIONS**

Certain methods, techniques and approaches have been used to aid the City in estimating future revenues. By analyzing current trends and their underlying forces, the City can make realistic projections of revenues. The following are some assumptions concerning revenues estimated in the City of Kannapolis 2011-2012 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 \$3,468,844,752 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 56.0 cents by City Council. The estimated collection percentage is 97%. The collection remained level from last year's 97%. The prior year tax budget amount is based upon previous historical trends. **Estimate – General Fund – Current year tax - \$18,842,768; prior year tax - \$335,000.**

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 - \$1,800,000.**

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 \$195,000.**

Powell Bill

One and three quarters ($1\frac{3}{4}$) 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 \$1,596 and 43,000 population times \$20.16 equals the **Estimate – Powell Bill revenues \$1,249,000.**

REVENUES

FORECAST RATIONALE

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 6.0% increase from the FY2013 budget amount based on State estimates provided by the North Carolina League of Municipalities (NCLM). **Estimate –General Fund \$6,153,000**

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. The projected earnings are expected to increase from FY2013 Estimated – General Fund \$99,000; Water and Sewer Fund \$10,000; **Estimate General Fund \$105,000; Water & Sewer Fund \$15,000.**

Planning and Zoning Fees

Projections are based on comparisons of past operating data and consideration for a slow recovering housing activity. **Estimate – General Fund \$75,000.**

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 \$200,000**

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 \$300,000; Transit Fund \$167,137.**

REVENUES

FORECAST RATIONALE

Street Lighting Fees and Charges

Projections are based on estimates provided by Duke Energy and prior year data. **Estimate – General Fund \$25,000.**

City Code Violation Revenues

Projections are based on comparisons of past operating data. **Estimate – General Fund \$17,000.**

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 \$90,000; Building Rental \$3,000.**

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 \$35,000.**

Police Officer Court Cost Reimbursements

Projections are based on comparisons of past operating data. **Estimate – General Fund \$24,000.**

Transfers from Other Funds

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 \$1,247,219.**

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 \$13,496,836; Wholesale \$300,000.**

REVENUES

FORECAST RATIONALE

Taps and Connections

Fees are charged to customers for connections to the City's water or wastewater system. Revenues are based on historical trends and the projections of connection fees due from developers. **Estimate – Water and Sewer Fund \$385,000.**

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 \$375,000.**

Business Privilege License Tax

All non exempt businesses in the City are required to pay this tax based on gross receipts and/or amounts set under State statutes. Revenue estimates are based on approximation of taxes to be collected by the City in FY2013. **Estimate – General Fund \$220,000.**

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 \$29,000.**

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 \$1,913,550.**

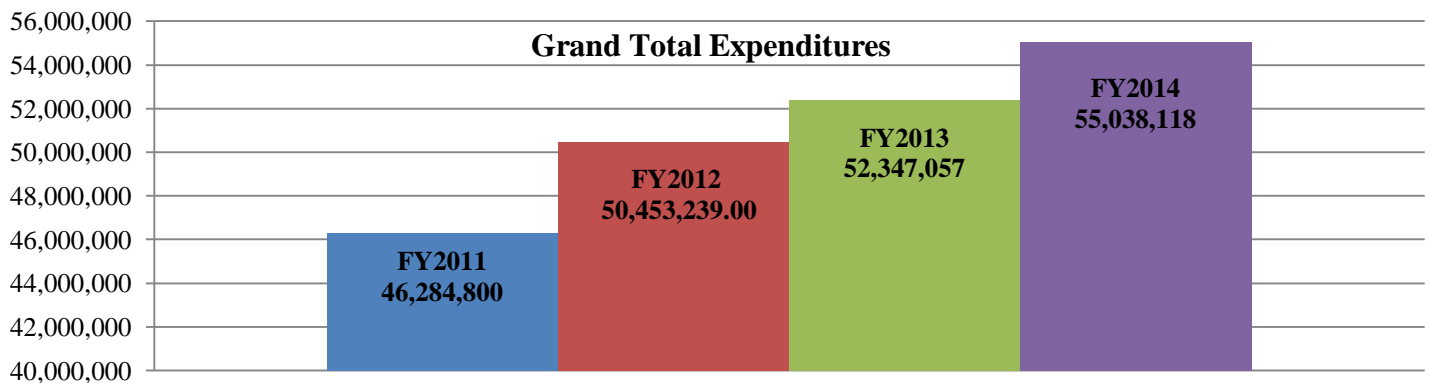
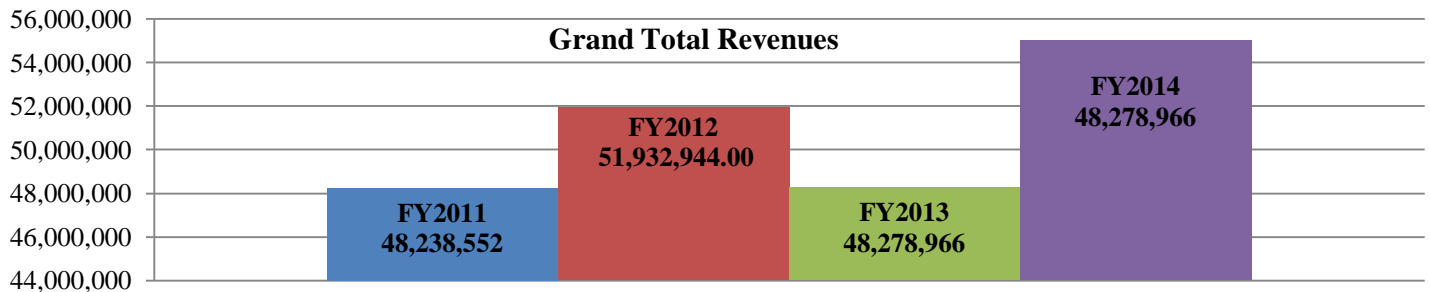
Community Development Block Grant Reimbursement

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
CONSOLIDATED BUDGET SUMMARIES**

REVENUES	ACTUAL FY2011	ACTUAL FY2012	BUDGET FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
GENERAL FUND	31,071,367	34,889,470	32,993,661	34,021,527	34,021,527
ENTERPRISE (WATER & SEWER FUND)	15,049,119	13,662,521	13,370,000	14,746,836	14,693,665
STORMWATER FUND	1,472,404	2,012,971	1,974,100	2,010,000	2,010,000
SEPARATION PAY FUND	301,056	267,810	270,000	282,000	282,000
TRANSIT FUND	344,606	401,391	449,263	470,926	470,926
ENVIRONMENTAL FUND	-	698,781	3,391,833	3,560,000	3,560,000
LESS INTER-FUND TRANSFERS	-	-	4,167,891	3,105,789	3,105,789
GRAND TOTAL REVENUES	48,238,552	51,932,944	48,278,966	51,985,500	51,775,244

EXPENDITURES	ACTUAL FY2011	ACTUAL FY2012	BUDGET FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
GENERAL FUND	31,395,271	31,425,945	32,993,661	34,021,527	34,021,527
WATER & SEWER FUND	13,031,215	12,934,246	13,370,000	14,746,836	14,693,665
STORMWATER FUND	1,201,700	2,016,615	1,974,100	2,010,000	2,010,000
SEPARATION PAY FUND	305,246	273,829	270,000	282,000	282,000
TRANSIT FUND	351,368	402,084	449,263	470,926	470,926
ENVIRONMENTAL FUND	-	3,400,520	3,391,833	3,560,000	3,560,000
GRAND TOTAL EXPENDITURES	46,284,800	50,453,239	52,347,057	55,091,289	55,038,118

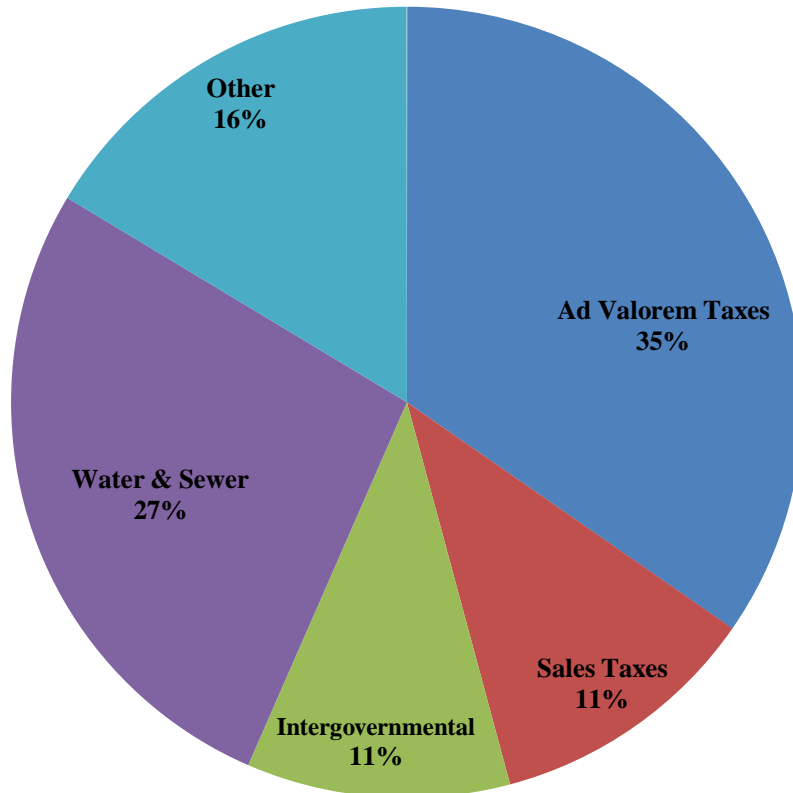


**CITY OF KANNAPOLIS
FY2013 CONSOLIDATED BUDGET SUMMARIES**

	FY2014 GENERAL FUND BUDGET	FY2014 WATER & SEWER FUND BUDGET	FY2014 STORMWATER FUND BUDGET	FY2014 SEPARATION PAY BUDGET	FY2014 STADIUM FUND BUDGET	FY 2014 ENVIRONMENTAL FUND BUDGET	FY2014 TRANSIT FUND BUDGET	FY2014 TOTAL ALL FUNDS
SOURCES OF FUNDS								
AD VALOREM TAXES	19,177,768	-	-	-	-	-	-	19,177,768
SALES TAXES	6,153,000	-	-	-	-	-	-	6,153,000
INTERGOVERNMENTAL	5,956,040	-	-	-	-	-	-	5,956,040
INVESTMENT INCOME	105,000	15,000	-	-	-	-	-	120,000
OTHER	2,329,719	385,000	250,000	282,000	-	2,270,000	-	5,981,719
CHARGES FOR SERVICES	-	13,743,665	1,760,000	-	-	1,290,000	303,789	17,097,454
TAP FEES & CONNECTION FEES	-	550,000	-	-	-	-	-	385,000
VEHICLE LICENSE TAX	300,000	-	-	-	-	-	-	300,000
FUND BALANCE APPROPRIATION	-	-	-	-	-	-	167,000	167,000
TOTAL SOURCES	34,021,527	14,693,665	2,010,000	282,000	-	3,560,000	470,296	55,038,188
USES OF FUNDS								
GENERAL GOVERNMENT	3,252,068	-	-	-	-	-	-	3,252,068
COUMMUNITY DEVELOPMENT	759,348	-	-	-	-	-	-	759,345
PUBLIC SAFETY	13,130,809	-	-	-	-	-	-	13,130,809
PARKS AND RECREATION	1,729,161	-	-	-	-	-	-	1,729,161
PUBLIC WORKS	3,874,304	-	-	-	-	-	-	3,874,304
OTHER	6,116,278	-	1,131,583	282,000	-	3,560,000	470,296	11,560,157
DEBT SERVICE	5,159,562	3,821,361	681,458	-	-	-	-	9,662,381
BILLING AND COLLECTION	-	607,388	-	-	-	-	-	607,388
DISTRIBUTION	-	3,317,413	-	-	-	-	-	3,317,413
SEWAGE TREATMENT	-	2,712,919	-	-	-	-	-	2,712,919
WATER TREATMENT PLANT	-	2,334,584	-	-	-	-	-	2,334,584
TRANSFER TO OTHER FUNDS	-	1,900,000	197,219	-	-	-	-	1,047,219
TOTAL USES	34,021,527	14,693,665	2,010,000	282,000	-	3,560,000	470,296	55,038,118

**CITY OF KANNAPOLIS
REVENUE SUMMARY**

REVENUES	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
AD VALOREM TAXES	18,529,924	18,899,000	18,630,000	19,177,768	19,177,768
SALES TAXES	5,697,969	5,800,000	6,000,000	6,153,000	6,153,000
INTERGOVERNMENTAL	3,830,501	5,702,781	5,909,071	5,956,040	5,956,040
OTHER	6,831,226	2,591,880	4,394,728	2,734,719	2,734,719
TOTAL GENERAL FUND	34,889,470	32,993,661	34,933,799	34,021,527	34,021,527
TOTAL STORM WATER FUND	2,012,426	1,974,100	1,990,387	2,010,000	2,010,000
TOTAL WATER & SEWER FUND	13,662,521	13,370,000	13,990,000	14,746,836	14,693,580
TOTAL SEPARATION PAY FUND	267,810	270,000	270,000	282,000	282,000
TOTAL TRANSIT FUND	401,391	449,263	449,263	470,926	470,926
TOTAL ENVIRONMENTAL FUND	698,780	3,391,833	3,333,000	3,560,000	3,560,000
<i>LESS INTER-FUND TRANSFERS</i>	-	<i>4,167,891</i>	-	<i>3,105,789</i>	<i>3,105,789</i>
GRAND TOTAL ALL FUNDS	51,932,398	48,280,966	48,278,966	51,985,500	51,775,244



NOTE: The OTHER category is made up of Other, Separation Pay, Transit, Environmental, and the Stormwater Funds.

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

REVENUES	FY 2012 ACTUALS	FY 2013 BUDGET	PROJECTED BUDGET	FY 2014 MANAGER PROPOSED	FY 2014 ADOPTED
Ad Valorem Taxes- Current Year	17,876,509	18,574,000	18,300,000	18,842,768	18,842,768
Ad Valorem Taxes- Prior Year	653,415	325,000	330,000	335,000	335,000
TOTAL AD VALOREM TAXES	18,529,924	18,899,000	18,630,000	19,177,768	19,177,768
1% Sales Tax (Local)	2,383,781	2,400,000	2,500,000	2,500,000	2,500,000
1/2% Sales Tax (State)	3,314,188	3,400,000	3,500,000	3,553,000	3,553,000
TOTAL SALES TAXES	5,697,969	5,800,000	6,000,000	6,153,000	6,153,000
State Sales Tax Refund	-	225,000	-	-	-
Food Stamp Sales Tax	15,646	16,000	15,000	15,000	15,000
Beer And Wine Tax	185,562	205,000	191,000	195,000	195,000
Powell Bill Fund	1,220,581	1,225,000	1,244,900	1,249,000	1,249,000
Utility Taxes	1,738,421	1,950,000	1,815,000	1,800,000	1,800,000
ABC Funds	51,487	45,000	72,390	52,000	52,000
CDBG Administration Revenues	64,400	70,000	70,000	70,000	70,000
Cabarrus County Bond Payments	-	1,421,804	1,421,804	1,465,804	1,465,804
Build America Bond Subsidy Payments	485,139	485,139	485,139	447,746	447,746
Federal Fire Dept. Grant	8,450	-	534,000	601,152	601,152
Police School Event Fees	22,827	22,000	22,000	22,500	22,500
School Resource Officer	37,838	37,838	37,838	37,838	37,838
TOTAL INTERGOVERNMENTAL	3,830,351	5,702,781	5,909,071	5,956,040	5,956,040
Vehicle License Tax	320,887	328,250	300,000	300,000	300,000
Rental Vehicle Sales Tax	3,469	2,500	4,500	4,500	4,500
Business Privilege License	220,942	220,000	272,000	220,000	220,000
Investment Income	4,338	97,000	99,000	105,000	105,000
Fines and Forfeitures	-	-	-	-	-
Officer Court Cost Reimbursement	26,543	26,000	24,000	24,000	24,000
Planning and Zoning Fees	20,589	30,000	76,000	75,000	75,000
Recreation Fees and Charges	214,163	150,000	211,000	200,000	200,000
Recreation Sponsorship Donations	62,152	35,000	60,000	60,000	60,000
Street Lighting Fees and Charges	38,472	40,000	25,000	25,000	25,000
Fire Fees and Charges	47,939	33,000	38,000	35,000	35,000
Fire Special District Tax	70,200	70,000	70,000	70,000	70,000
City Code Violation Revenue	12,484	17,500	18,000	17,000	17,000
Baseball Stadium Proceeds	313,415	101,800-	-	60,000	60,000
Tower Rental	85,137	84,000	88,000	90,000	90,000
Building Rental	3,069	3,500	3,000	3,000	3,000
Second Creek and Property Rentals	-	-	-	-	-
Garbage Fees	5,113	5,500	-	-	-
Solid Waste Disposal Tax	29,242	30,000	28,000	29,000	29,000
Reimbursements from Enterprise funds	1,743,833	1,187,828	1,187,828	1,247,219	1,247,219
Proceeds from Debt Financing	3,000,000	-	1,600,000	-	-
One Time Fees and Transfers	450,311	-	100,400	-	-
Festival Fees and Sponsorships	-	-	15,000	20,000	20,000
Miscellaneous Revenue	158,928	130,002	175,000	150,000	150,000
TOTAL OTHER	6,831,226	2,591,880	4,394,728	2,734,719	2,734,719
TOTAL GENERAL FUND	34,889,470	32,993,661	34,933,799	34,021,527	34,021,527

**CITY OF KANNAPOLIS
REVENUE DETAIL ANALYSIS – STORMWATER FUND**

REVENUES	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
CHARGES FOR SERVICES	1,503,285	1,599,000	1,615,387	1,760,000	1,760,000
INTEREST ON INVESTMENTS	63	100	-	-	-
MISCELLANEOUS REVENUE	546	-	-	-	-
TRANSFER FROM GENERAL FUND	-	-	-	-	-
TRANSFER FROM WATER AND SEWER FUND	509,077	375,000	375,000	250,000	250,000
FUND BALANCE APPROPRIATION	-	-	-	-	-
TOTAL STORMWATER FUND	2,012,971	1,974,100	1,990,387	2,010,000	2,010,000

**CITY OF KANNAPOLIS
REVENUE DETAIL ANALYSIS – WATER AND SEWER FUND**

REVENUES	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
CHARGES FOR WATER & SEWER RETAIL	12,116,512	12,100,000	12,250,000	13,476,836	13,443,665
CHARGES FOR WATER & SEWER WHOLESALE	256,812	350,000	300,000	300,000	300,000
TAP FEES	51,650	100,000	50,000	60,000	60,000
CONNECTION FEES	259,978	305,000	300,000	325,000	325,000
RECONNECTION FEES	107,740	105,000	150,000	165,000	165,000
PENALTIES	370,766	320,000	355,000	375,000	375,000
INVESTMENT INCOME	35,561	40,000	10,000	15,000	15,000
MISCELLANEOUS REVENUE	513,502	50,000	575,000	10,000	10,000
TOTAL WATER & SEWER FUND	13,662,521	13,370,000	13,990,000	14,747,836	14,693,665

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

REVENUES	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
TRANSFER FROM GENERAL FUND	267,800	270,000	270,000	282,000	282,000
INTEREST ON INVESTMENTS	10	-	-	-	-
FUND BALANCE APPROPRIATION	-	-	-	-	-
TOTAL SEPARATION FUND	267,810	270,000	270,000	282,000	282,000

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

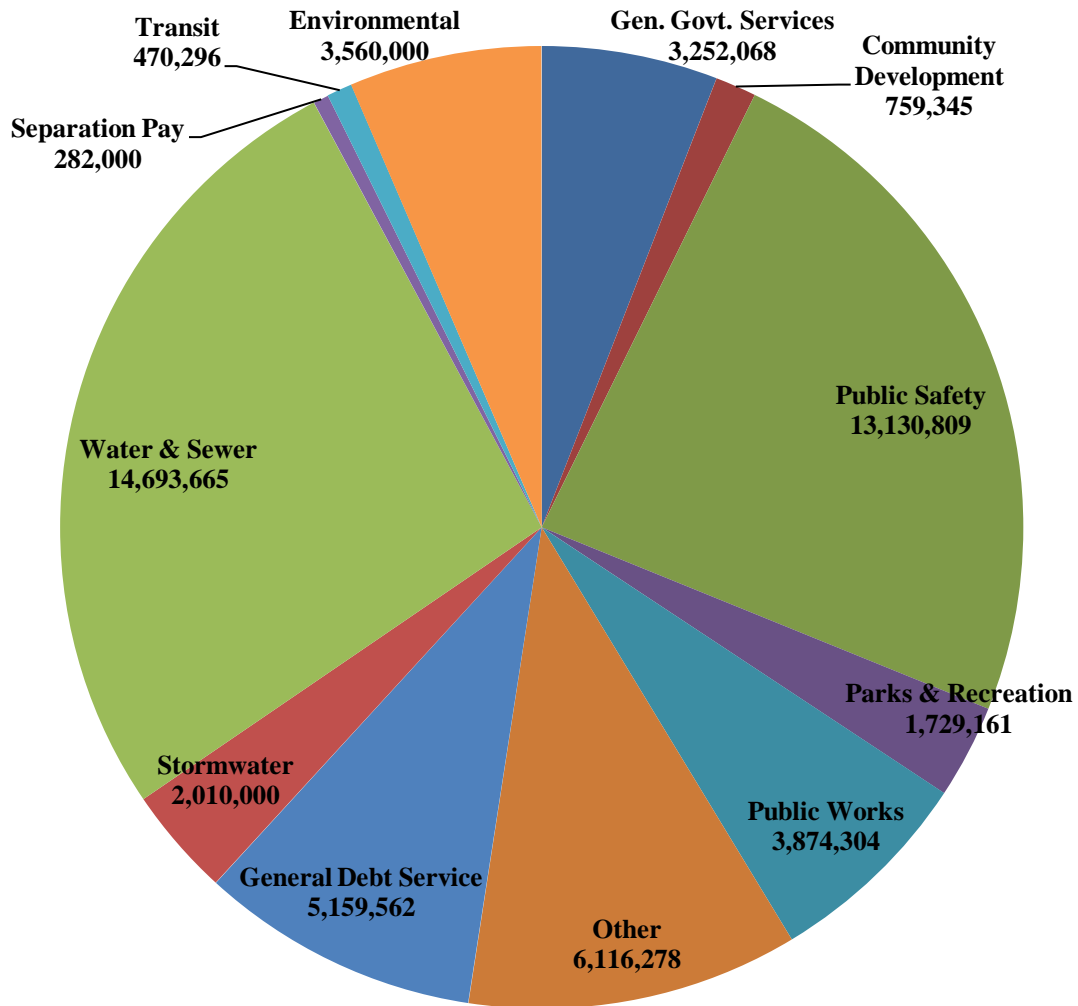
REVENUES	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
VEHICLE LICENSE TAX	160,376	164,000	164,000	167,137	167,137
INTEREST ON INVESTMENTS	55	-	-	-	-
TRANSFER FROM GENERAL FUND	240,960	285,263	285,263	303,789	303,789
TOTAL TRANSIT FUND	401,391	449,263	449,263	470,926	470,926

CITY OF KANNAPOLIS66
REVENUE DETAIL ANALYSIS – ENVIRONMENTAL FUND

REVENUES	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
INCOME FROM FEES	630,730	1,271,833	1,282,000	1,290,000	1,290,000
INVESTMENT INCOME	550	-	-	-	-
PROCEEDS FROM DEBT FINANCING	-	-	-	-	-
APPROPRIATED FUND BALANCE	-	-	-	-	-
TRANSFER FROM GENERAL FUND	-	1,400,000	1,400,000	1,670,000	1,670,000
TRANSFER FROM WATER & SEWER FUND	-	650,000	650,000	600,000	600,000
MISCELLANEOUS REVENUE	67,500	70,000	1,000	-	-
TOTAL ENVIRONMENTAL FUND	698,780	3,391,833	3,333,000	3,560,000	3,560,000

**CITY OF KANNAPOLIS
EXPENDITURE SUMMARY**

EXPENDITURES	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
GENERAL GOVERNMENT SERVICES	3,056,643	3,125,366	3,057,352	3,252,068	3,252,068
COMMUNITY DEVELOPMENT	671,358	717,115	749,369	759,345	759,345
PUBLIC SAFETY	12,315,332	12,534,578	12,770,131	13,130,809	13,130,809
PARKS AND RECREATION	4,568,712	1,639,641	1,484,453	1,729,161	1,729,161
PUBLIC WORKS	3,289,617	3,322,178	3,384,422	3,874,304	3,874,304
OTHER	4,448,187	6,041,596	7,119,657	6,116,278	6,116,278
GENERAL DEBT SERVICE	3,076,096	5,613,187	5,512,448	5,159,562	5,159,562
TOTAL GENERAL FUND	31,425,945	32,993,661	34,077,832	34,021,527	34,021,527
STORMWATER FUND	2,016,615	1,974,100	1,930,563	2,010,000	2,010,000
WATER & SEWER FUND	12,934,246	13,370,000	13,700,501	14,746,836	14,693,665
SEPARATION PAY FUND	273,829	270,000	282,500	282,000	282,000
TRANSIT FUND	404,084	449,263	449,263	470,926	470,926
ENVIRONMENTAL FUND	3,400,520	3,391,833	3,396,403	3,560,000	3,560,000
GRAND TOTAL ALL FUNDS	50,380,661	52,448,857	53,837,062	55,091,289	55,085,984



**CITY OF KANNAPOLIS
EXPENDITURE DETAIL ANALYSIS**

EXPENDITURES	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
GENERAL FUND					
GOVERNING BODY	147,347	108,540	98,673	148,223	148,223
CITY MANAGER	684,743	706,433	661,138	675,280	675,280
ECONOMIC DEVELOPMENT	386,963	506,066	486,066	535,638	535,638
COMMUNITY RELATIONS AND NON-PROFIT	149,414	166,979	167,136	186,670	186,670
HUMAN RESOURCES	297,065	310,512	290,101	317,666	317,666
LEGAL SERVICES	323,416	266,786	270,550	280,873	280,873
INFORMATION TECHNOLOGY	483,591	380,847	420,588	414,347	414,347
FINANCE DIRECTOR	584,104	679,203	663,100	693,371	693,371
GENERAL SERVICES	344,757	345,380	314,080	336,800	336,800
TOTAL GENERAL GOVERNMENT	3,401,400	3,470,746	3,371,432	3,588,868	3,588,868
COMMUNITY DEVELOPMENT					
PLANNING AND ZONING	488,053	553,613	565,867	571,370	571,370
CODE ENFORCEMENT	183,305	163,502	183,502	187,975	187,975
TOTAL COMMUNITY DEVELOPMENT	671,358	717,115	749,369	759,345	759,345
PUBLIC SAFETY					
POLICE	7,089,825	7,404,641	6,732,854	7,255,228	7,255,228
FIRE	5,225,507	5,129,937	6,037,277	5,875,581	5,875,581
TOTAL PUBLIC SAFETY	12,315,332	12,534,578	12,770,131	13,130,809	13,130,809
TOTAL PARKS AND RECREATION	4,568,712	1,639,641	1,484,453	1,729,161	1,729,161
PUBLIC WORKS					
ADMINISTRATION AND ENGINEERING	1,047,476	1,165,755	1,271,616	1,548,001	1,548,001
POWELL BILL – STREETS	1,263,977	1,225,000	1,237,933	1,249,000	1,249,000
STREET LIGHTING	531,775	502,100	439,000	533,500	533,500
TRAFFIC SIGNS AND MARKINGS	239,560	265,823	246,773	329,799	329,799
OPERATIONS CENTER	206,829	163,500	189,100	214,004	214,004
TOTAL PUBLIC WORKS	3,289,617	3,322,178	3,384,422	3,874,304	3,874,304
TOTAL NON-DEPARTMENTAL	4,103,430	5,465,811	6,575,172	5,605,035	5,605,035
CONTINGENCY	-	230,405	230,405	174,443	
TOTAL DEBT SERVICE	3,076,096	5,613,187	5,512,448	5,159,562	5,159,562
TOTAL GENERAL FUND	31,353,367	32,993,861	34,077,832	34,021,527	34,021,527

CITY OF KANNAPOLIS
EXPENDITURE DETAIL ANALYSIS - *continued*

EXPENDITURES	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER	
				PROPOSED FY2014	ADOPTED FY2014
WATER & SEWER FUND					
ADMINISTRATION	175,705	-	-	-	-
BILLING AND COLLECTION	589,238	572,375	2,070,492	607,388	607,388
DISTRIBUTION	2,045,549	2,599,887	2,605,277	3,317,413	3,317,413
SEWER TREATMENT	2,666,683	2,716,509	2,662,131	2,712,919	2,712,919
WATER TREATMENT PLANT	2,393,067	2,070,134	1,891,367	2,334,584	2,334,584
GENERAL MANAGEMENT SERVICES	1,495,386	1,000,000	1,000,000	1,050,000	1,050,000
TRANSFER TO OTHER FUNDS	509,077	1,025,000	1,025,000	850,000	850,000
DEBT SERVICES	3,059,541	3,386,095	2,446,234	3,874,532	3,821,361
TOTAL WATER & SEWER	12,934,246	13,370,000	13,700,501	14,746,836	14,693,655
TOTAL STORMWATER FUND					
	2,016,615	1,974,100	1,930,563	2,010,000	2,010,000
TOTAL SEPARATION PAY FUND					
	273,829	270,000	282,500	282,000	282,000
TOTAL TRANSIT FUND					
	402,084	449,263	449,263	470,926	470,926
TOTAL ENVIRONMENTAL FUND					
	3,400,520	3,391,833	3,333,000	3,560,000	3,560,000
TOTAL ALL FUNDS	50,380,661	52,412,483	53,822,462	55,091,289	55,038,118

FY2014 BUDGET – COMPARISON OF EXPENDITURES BY FUND BY MAJOR CATEGORY

EXPENDITURES	GENERAL FUND	SEPARATION PAY FUND	TRANSIT FUND	ENVIRONMENTAL FUND	STORMWATER FUND	WATER & SEWER FUND	TOTAL
PERSONNEL	16,127,690	-	-	-	563,792	2,121,711	18,813,193
OPERATING	17,119,237	282,500	470,926	3,560,000	764,750	11,102,025	33,298,808
CAPITAL	774,600	-	-	-	681,458	1,523,100	2,979,158
TOTAL	34,021,527	282,500	470,926	3,560,000	2,010,000	14,746,836	55,038,118
POSITIONS	243	-	-	1	13	45	302

FY2013 BUDGET - COMPARISON OF EXPENDITURES BY FUND BY MAJOR CATEGORY

EXPENDITURES	GENERAL FUND	SEPARATION PAY FUND	TRANSIT FUND	STADIUM FUND	ENVIRONMENTAL FUND	STORMWATER FUND	WATER & SEWER FUND	TOTAL
PERSONNEL	15,086,602	-	-	-	-	546,178	2,030,581	17,663,361
OPERATING	16,581,770	270,000	449,263	101,800	3,391,833	1,240,094	10,410,966	32,445,726
CAPITAL	1,223,519	-	-	-	-	187,828	721,014	2,132,361
TOTAL	32,891,891	270,000	43,203	101,800	3,391,833	1,974,100	13,162,561	51,835,388
POSITIONS	243	-	-	-	-	13	44	300

FY2012 BUDGET - COMPARISON OF EXPENDITURES BY FUND BY MAJOR CATEGORY

EXPENDITURES	GENERAL FUND	SEPARATION PAY FUND	TRANSIT FUND	STADIUM FUND	ENVIRONMENTAL FUND	STORMWATER FUND	WATER & SEWER FUND	TOTAL
PERSONNEL	16,932,627	267,900	-	-	-	536,168	1,662,557	19,399,252
OPERATING	14,315,121	-	406,060	70,000	693,735	1,373,009	10,883,170	27,741,095
CAPITAL	-	-	-	-	-	-	-	-
TOTAL	31,220,380	267,900	406,060	70,000	693,735	1,909,177	13,087,289	47,654,611
POSITIONS	222	-	-	-	-	13	44	276

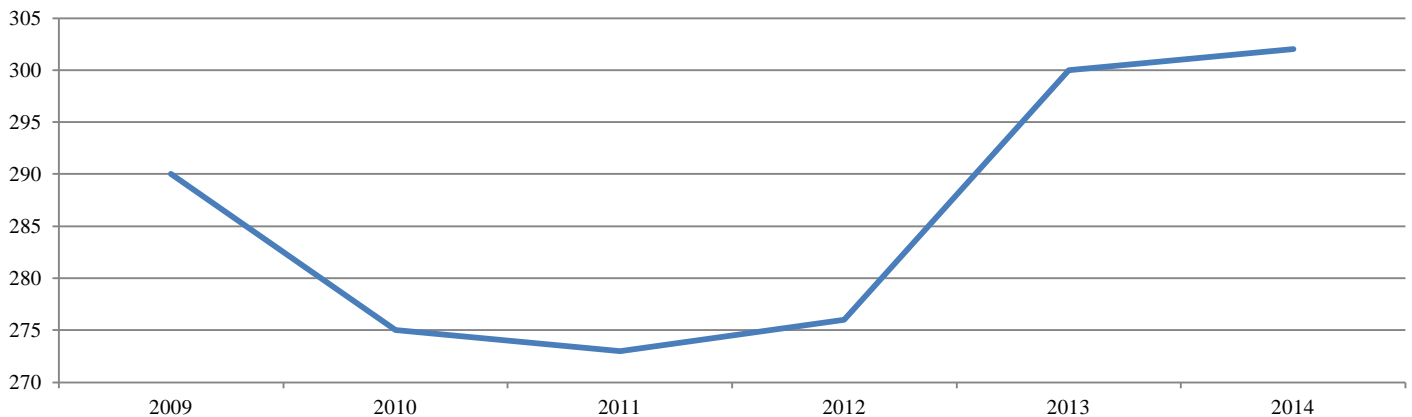
FY2011 BUDGET - COMPARISON OF EXPENDITURES BY FUND BY MAJOR CATEGORY

EXPENDITURES	GENERAL FUND	WATER & SEWER FUND	SEPARATION PAY FUND	TRANSIT FUND	STORMWATER FUND	TOTAL
PERSONNEL	12,802,968	2,752,701	237,900	-	486,478	16,280,047
OPERATING	14,535,933	8,073,794	-	354,662	861,610	23,824,999
CAPITAL	-	-	-	-	-	-
TOTAL	27,338,901	10,826,495	237,900	354,662	1,348,088	40,106,046
POSITIONS	220	44	-	-	13	273

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

DEPARTMENT	ACTUAL FY2009	ACTUAL FY2010	ACTUAL FY2011	ACTUAL FY2012	ACTUAL FY2013	CHANGE/ ADDITIONS	BUDGET FY2014
GOVERNING BODY	7	7	7	7	7	-	7
CITY MANAGER	8	5	8	8	8	-2	6
HUMAN RESOURCES	4	4	4	4	4	-	4
LEGAL SERVICES	0	0	0	2	2	-	2
FINANCE DIRECTOR	7	6	7	7	7	-	7
TOTAL GENERAL GOVERNMENT	26	22	26	28	28	-2	26
PUBLIC SAFETY							
POLICE	102	100	108	108	102	1	103
FIRE	71	57	70	70	85	1	86
TOTAL PUBLIC SAFETY	173	157	178	178	187	2	189
TOTAL PARKS AND RECREATION	11	9	11	11	11	-	11
TOTAL PUBLIC WORKS	21	20	17	17	17	-	17
<i>Including POWELL BILL</i>							
TOTAL GENERAL FUND	231	218	220	222	243	-	243
TOTAL STORMWATER FUND	13	12	13	13	13	-	13
WATER & SEWER FUND							
BILLING AND COLLECTIONS	12	11	5	6	7	1	7
WATER TREATMENT PLANT	11	9	10	10	10	-	10
DISTRIBUTION	23	25	28	28	27	1	28
TOTAL WATER & SEWER	46	45	43	44	44	1	45
TOTAL SEPERATION PAY	-	-	-	-	-	-	-
TOTAL TRANSIT	-	-	-	-	-	-	-
TOTAL ENVIRONMENTAL	-	-	-	-	-	-	1
TOTAL STADIUM	-	-	-	-	-	-	-
TOTAL ALL FUNDS	290	275	273	276	300	-	302

Full Time Employees By Year



**CITY OF KANNAPOLIS
CITY DEBT, LEGAL DEBT LIMIT, AND LEGAL DEBT MARGIN FY2012**

GENERAL FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
EXISTING DEBT AT JUNE 30, 2013	44,719,133	2,870,681	2,213,578	5,084,259
NEW PROPOSED DEBT FOR FY2014	1,627,000	81,055	12,500	93,555
TOTAL GENERAL FUND DEBT	46,346,133	2,951,736	2,226,078	5,177,814

The \$43,962,868 in General Fund Debt is 1.34% 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, 2013	19,900,412	1,851,712	599,061	2,450,773
NEW PROPOSED DEBT FOR FY2014	10,000,000	666,667	300,000	966,667
TOTAL WATER & SEWER FUND DEBT	29,900,412	2,518,379	899,061	3,417,440

STORMWATER FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
EXISTING DEBT AT JUNE 30, 2013	5,101,647	580,572	99,917	680,489
NEW PROPOSED DEBT FOR FY2014	-	-	-	-
TOTAL STORMWATER FUND DEBT	5,101,647	580,572	99,917	680,489

ENVIRONMENTAL FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
EXISTING DEBT AT JUNE 30, 2013	509,227	165,999	9,929	175,928
NEW PROPOSED DEBT FOR FY2014	-	-	-	-
TOTAL ENVIRONMENTAL FUND DEBT	509,227	165,999	9,929	175,928

DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
TOTAL CITY EXISTING DEBT	70,230,419	5,468,964	2,922,485	8,391,449
TOTAL CITY NEW DEBT PROPOSED	11,627,000	747,722	312,500	1,060,222
TOTAL CITY DEBT FOR FY2013	81,857,419	6,216,686	3,234,985	9,451,671

ASSESSED VALUE	\$ 3,468,844,752	Taxable Property for Ad Valorem Tax located in City
LEGAL DEBT LIMIT	\$ 277,507,580	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	\$ 53,863,516	Note: The City's Revenue Bonds and Water Debt are excluded from this calculation.
CITY LEGAL DEBT MARGIN	\$ 223,644,064	

**CITY OF KANNAPOLIS
 FUND BALANCE ANALYSIS
 FUND BALANCE SUMMARY FOR ALL FUNDS FY2014**

	GENERAL FUND	WATER & SEWER FUND	SEPARATION PAY FUND	TRANSIT FUND	STORMWATER FUND	ENVIRONMENTAL FUND	TOTAL
ACTUAL BALANCE JUNE 30, 2012	6,688,020	8,739,401	41,342	58,028	618,559	977,530	17,122,880
PROJECTED REVENUES FY2013	34,933,799	13,990,000	270,000	449,263	1,990,387	3,333,000	54,966,449
PROJECTED EXPENDITURES FY2013	34,077,832	13,700,501	282,500	449,263	1,930,563	3,396,403	53,837,062
PROJECTED BALANCE JUNE 30, 2013	7,543,987	9,028,900	28,842	58,028	678,383	914,127	18,252,267
BUDGETED REVENUES FY2014	34,021,527	14,693,665	282,000	470,926	2,010,000	3,560,000	55,038,118
BUDGETED EXPENDITURES FY2014	34,021,527	14,693,665	282,000	470,926	2,010,000	3,560,000	55,038,118
BALANCE JUNE 20, 2014	7,543,987	9,028,900	28,842	58,028	678,383	914,127	18,282,267

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 FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
REVENUES					
AD VALOREM TAXES	18,529,924	18,899,000	18,630,000	19,177,768	19,177,768
SALES TAXES	5,697,969	5,800,000	6,000,000	6,153,000	6,153,000
INTERGOVERNMENTAL	3,830,531	5,702,781	5,909,071	5,956,040	5,946,040
OTHER	6,831,226	2,591,880	4,394,728	2,734,719	2,734,719
ANTICIPATED LAND SALE NOT IN BUDGET	-	-	-	-	-
TOTAL REVENUES	34,889,470	32,993,661	34,933,799	34,021,527	34,021,527
EXPENDITURES					
GENERAL GOVERNMENT	3,056,643	3,125,366	3,057,352	3,252,068	3,252,068
COMMUNITY DEVELOPMENT	671,358	717,115	749,369	759,345	759,345
PUBLIC SAFETY	12,315,332	12,534,578	12,770,131	13,130,809	13,130,809
PARKS & RECREATION	4,568,712	1,537,841	1,484,453	1,729,161	1,729,161
PUBLIC WORKS	3,289,617	3,322,178	3,384,422	3,874,304	3,874,304
OTHER	4,448,187	6,041,596	7,119,657	6,116,278	6,116,278
GENERAL DEBT SERVICE	3,076,096	5,613,187	5,512,448	5,159,562	5,159,562
TOTAL EXPENDITURES	31,425,945	32,993,661	31,220,379	34,021,527	34,021,527

ANALYSIS OF WATER AND SEWER REVENUES AND EXPENDITURES

	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
REVENUES					
CHARGES FOR WATER & SEWER RETAIL	12,116,512	12,100,000	12,250,000	13,496,836	13,443,665
CHARGES FOR WATER & SEWER WHOLESALE	256,812	350,000	300,000	300,000	300,000
TAP FEES	51,650	100,000	50,000	60,000	60,000
CONNECTION FEES	259,978	305,000	300,000	325,000	325,000
RECONNECTION FEES	107,740	105,000	150,000	165,000	165,000
PENALTIES	320,766	320,000	355,000	375,000	375,000
INVESTMENT INCOME	35,561	40,000	10,000	15,000	15,000
MISCELLANEOUS	513,002	50,000	575,000	10,000	10,000
TOTAL REVENUES	13,662,021	13,370,000	13,990,000	14,746,836	14,693,665
EXPENDITURES					
ADMINISTRATION	175,647	-	-	-	-
BILLING & COLLECTION	589,238	572,375	2,070,492	607,388	607,388
DISTRIBUTION	2,045,549	2,599,887	2,605,277	3,317,413	3,317,413
SEWAGE TREATMENT	2,666,683	2,716,509	2,662,131	2,712,919	2,712,919
WATER TREATMENT PLANT	2,393,067	2,070,134	1,891,367	2,334,584	2,334,584
GENERAL MANAGEMENT SERVICES	1,495,386	1,000,000	1,000,000	1,050,000	1,050,000
TRANSFER TO OTHER FUNDS	509,077	1,025,000	1,025,000	850,000	850,000
DEBT SERVICE	3,059,541	3,386,095	2,446,234	3,874,532	3,821,361
TOTAL EXPENDITURES	12,934,246	13,370,000	13,700,501	14,746,836	14,693,665

REVENUES AND EXPENDITURE ANALYSIS—STORMWATER FUND

	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
REVENUES					
STORMWATER FEE	1,503,285	1,599,000	1,615,387	1,760,000	1,760,000
INTEREST EARNED	64	100	-	-	-
OTHER	546	-	-	-	-
TRANSFER FROM OTHER FUNDS	509,077	375,000	375,000	250,000	250,000
TOTAL REVENUES	2,012,971	1,974,100	1,990,387	2,010,000	2,010,000
EXPENDITURES					
PERSONNEL SERVICES	581,119	546,178	495,033	563,792	563,792
OPERATING EXPENSES	1,435,496	1,427,922	447,900	567,531	567,531
OTHER	-	-	-	-	-
TRANSFER TO OTHER FUNDS	-	-	187,828	197,219	197,219
DEBT SERVICE	-	-	799,802	681,458	681,458
TOTAL EXPENDITURES	2,016,615	1,974,100	1,930,563	2,010,000	2,010,000

REVENUES AND EXPENDITURE ANALYSIS—SEPARATION PAY FUND

	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
REVENUES					
TRANSFER FROM GENERAL FUND	267,800	270,000	270,000	282,000	282,000
INTEREST EARNED	10	-	-	-	-
TOTAL REVENUES	267,810	270,000	270,000	282,000	282,000
EXPENDITURES					
PERSONNEL (PAYMENTS TO RETIREES)	273,829	270,000	282,500	282,000	282,000
TOTAL EXPENDITURES	273,829	270,000	282,500	282,000	282,000

REVENUES AND EXPENDITURE ANALYSIS—TRANSIT FUND

	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
REVENUES					
TRANSFER FROM GENERAL FUND	240,960	285,263	285,263	303,789	303,789
VEHICLE LICENSE TAX	160,376	164,000	164,000	167,137	167,137
INTEREST EARNED	55	-	-	-	-
TOTAL REVENUES	401,391	449,263	449,263	470,926	470,926
TOTAL EXPENDITURES (CONTRACTED SERVICES)	402,084	449,263	449,263	470,926	470,926

REVENUES AND EXPENDITURE ANALYSIS— ENVIRONMENTAL FUND

	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
REVENUES					
INCOME FROM FEES	630,730	1,271,833	1,282,000	1,290,000	1,290,000
INVESTMENT INCOME	550	-	-	-	-
PROCEEDS FROM DEBT FINANCING	-	-	-	-	-
TRANSFER FROM OTHER FUNDS	-	2,050,000	2,050,000	2,270,000	2,270,000
OTHER	67,500	70,000	1,000	-	-
TOTAL REVENUES	698,780	3,391,833	3,333,000	3,560,000	3,560,000
EXPENDITURES					
RECYCLING COLLECTION	597,197	636,196	659,497	713,589	713,589
SOLID WASTE COLLECTION	2,025,514	1,945,689	1,940,464	2,023,006	2,023,006
YARD WASTE COLLECTION	777,809	809,948	796,442	823,405	823,405
TOTAL EXPENDITURES	3,400,520	3,391,833	3,396,403	3,560,000	3,560,000

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.

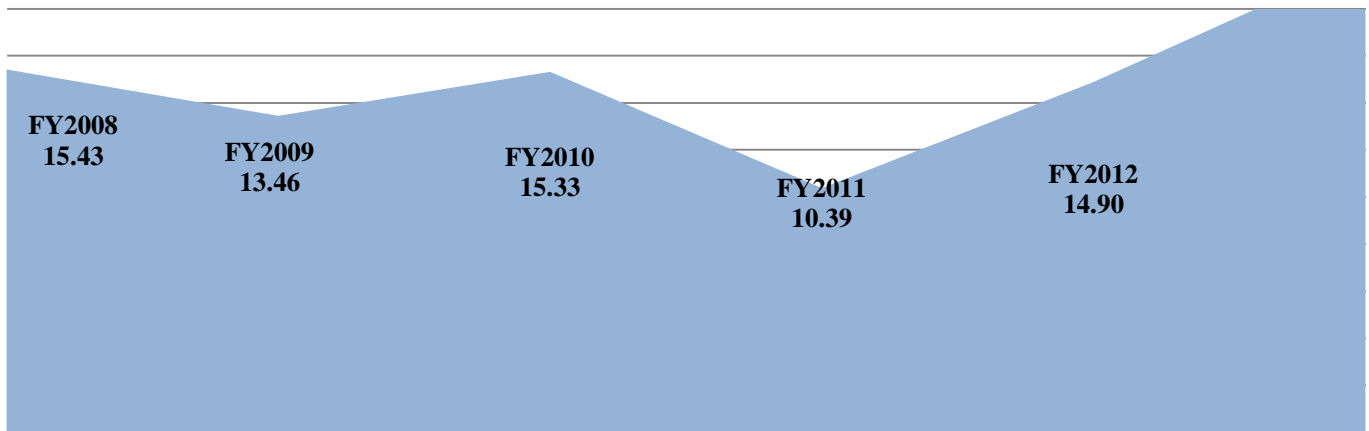
The GF section of the budget document includes a reporting of GF undesignated fund balance and program summaries for each of the operating services. The mission statement, departmental accomplishments and performance measures, goals and objectives, and an action plan included in each program summary.

GENERAL FUND AVAILABLE FUND BALANCE

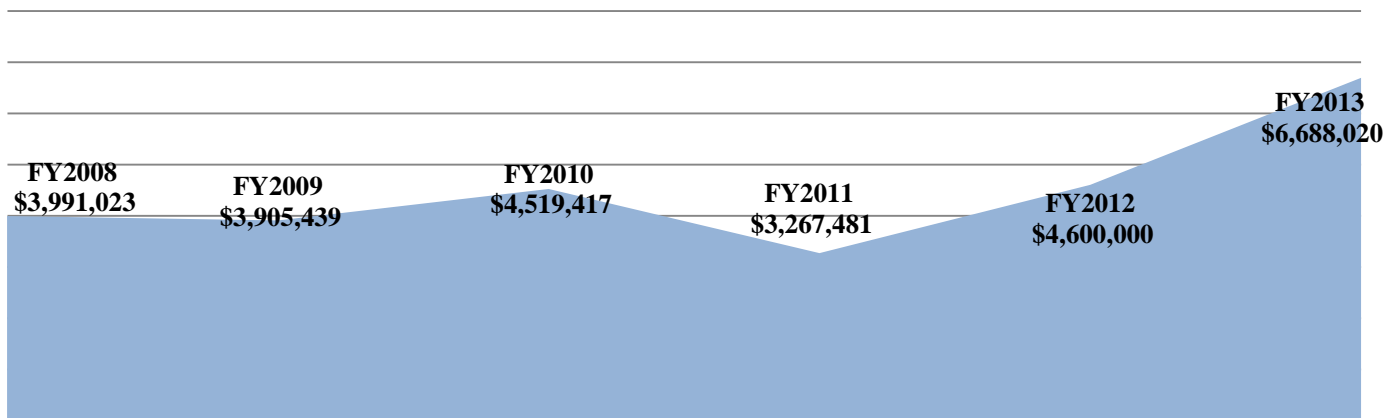
The General Fund available fund balance was \$6,688,020 at June 30, 2012. Staff anticipates that approximately \$200,000 will be added to fund balance in FY2013. This addition to fund balance will give the City with an estimated available fund balance at June 30, 2013 approximating \$ 6,850,000 or 20.1% of the estimated FY2013 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 Expenditures



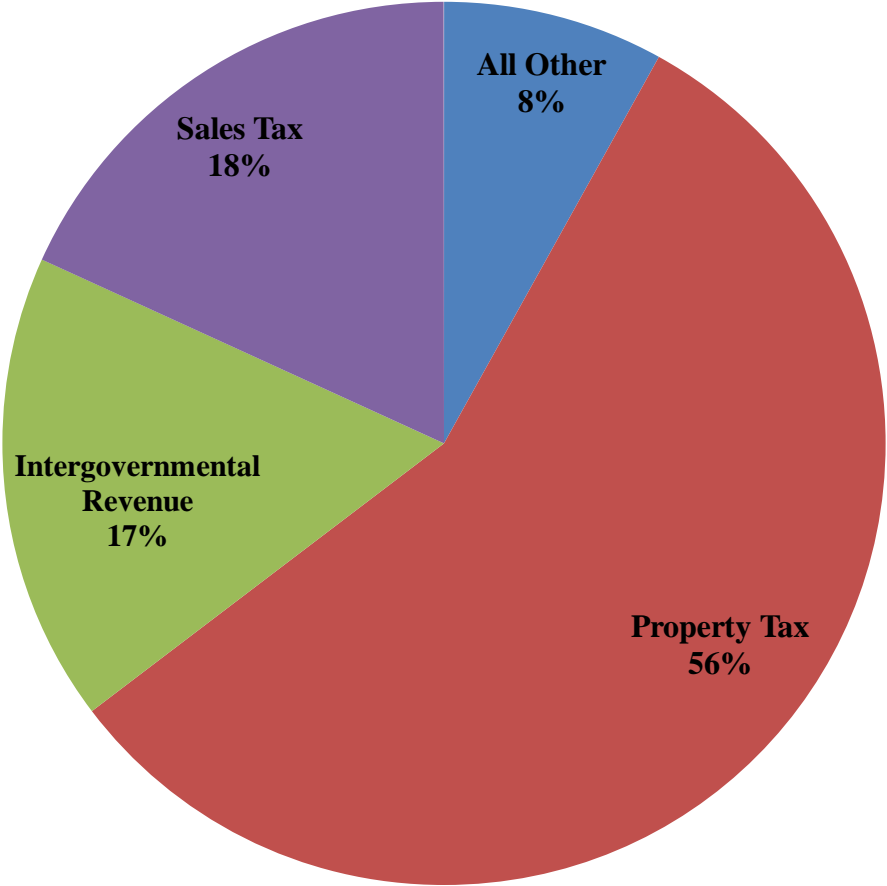
Unreserved Fund Balance in Dollars



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

REVENUES	FY 2012 ACTUALS	FY 2013 BUDGET	PROJECTED BUDGET	FY 2014 MANAGER PROPOSED	FY 2014 ADOPTED
Ad Valorem Taxes- Current Year	17,876,509	18,574,000	18,300,000	18,842,768	18,842,768
Ad Valorem Taxes- Prior Year	653,415	325,000	330,000	335,000	335,000
TOTAL AD VALOREM TAXES	18,529,924	18,899,000	18,630,000	19,177,768	19,177,768
1% Sales Tax (Local)	2,383,781	2,400,000	2,500,000	2,500,000	2,500,000
1/2% Sales Tax (State)	3,314,188	3,400,000	3,500,000	3,553,000	3,553,000
TOTAL SALES TAXES	5,697,969	5,800,000	6,000,000	6,153,000	6,153,000
State Sales Tax Refund	-	225,000	-	-	-
Food Stamp Sales Tax	15,646	16,000	15,000	15,000	15,000
Beer And Wine Tax	185,562	205,000	191,000	195,000	195,000
Powell Bill Fund	1,220,581	1,225,000	1,244,900	1,249,000	1,249,000
Utility Taxes	1,738,421	1,950,000	1,815,000	1,800,000	1,800,000
ABC Funds	51,487	45,000	72,390	52,000	52,000
CDBG Administration Revenues	64,400	70,000	70,000	70,000	70,000
Cabarrus County Bond Payments	-	1,421,804	1,421,804	1,465,804	1,465,804
Build America Bond Subsidy Payments	485,139	485,139	485,139	447,746	447,746
Federal Fire Dept. Grant	8,450	-	534,000	601,152	601,152
Police School Event Fees	22,827	22,000	22,000	22,500	22,500
School Resource Officer	37,838	37,838	37,838	37,838	37,838
TOTAL INTERGOVERNMENTAL	3,830,351	5,702,781	5,909,071	5,956,040	5,956,040
Vehicle License Tax	320,887	328,250	300,000	300,000	300,000
Rental Vehicle Sales Tax	3,469	2,500	4,500	4,500	4,500
Business Privilege License	220,942	220,000	272,000	220,000	220,000
Investment Income	4,338	97,000	99,000	105,000	105,000
Fines and Forfeitures	-	-	-	-	-
Officer Court Cost Reimbursement	26,543	26,000	24,000	24,000	24,000
Planning and Zoning Fees	20,589	30,000	76,000	75,000	75,000
Recreation Fees and Charges	214,163	150,000	211,000	200,000	200,000
Recreation Sponsorship Donations	62,152	35,000	60,000	60,000	60,000
Street Lighting Fees and Charges	38,472	40,000	25,000	25,000	25,000
Fire Fees and Charges	47,939	33,000	38,000	35,000	35,000
Fire Special District Tax	70,200	70,000	70,000	70,000	70,000
City Code Violation Revenue	12,484	17,500	18,000	17,000	17,000
Baseball Stadium Proceeds	313,415	101,800	-	60,000	60,000
Tower Rental	85,137	84,000	88,000	90,000	90,000
Building Rental	3,069	3,500	3,000	3,000	3,000
Second Creek and Property Rentals	-	-	-	-	-
Garbage Fees	5,113	5,500	-	-	-
Solid Waste Disposal Tax	29,242	30,000	28,000	29,000	29,000
Reimbursements from Enterprise funds	1,743,833	1,187,828	1,187,828	1,247,219	1,247,219
Proceeds from Debt Financing	3,000,000	-	1,600,000	-	-
One Time Fees and Transfers	450,311	-	100,400	-	-
Festival Fees and Sponsorships	-	-	15,000	20,000	20,000
Miscellaneous Revenue	158,928	130,002	175,000	150,000	150,000
TOTAL OTHER	6,831,226	2,591,880	4,394,728	2,674,719	2,674,719
TOTAL GENERAL FUND	34,889,470	32,993,661	34,933,799	34,021,527	34,021,527

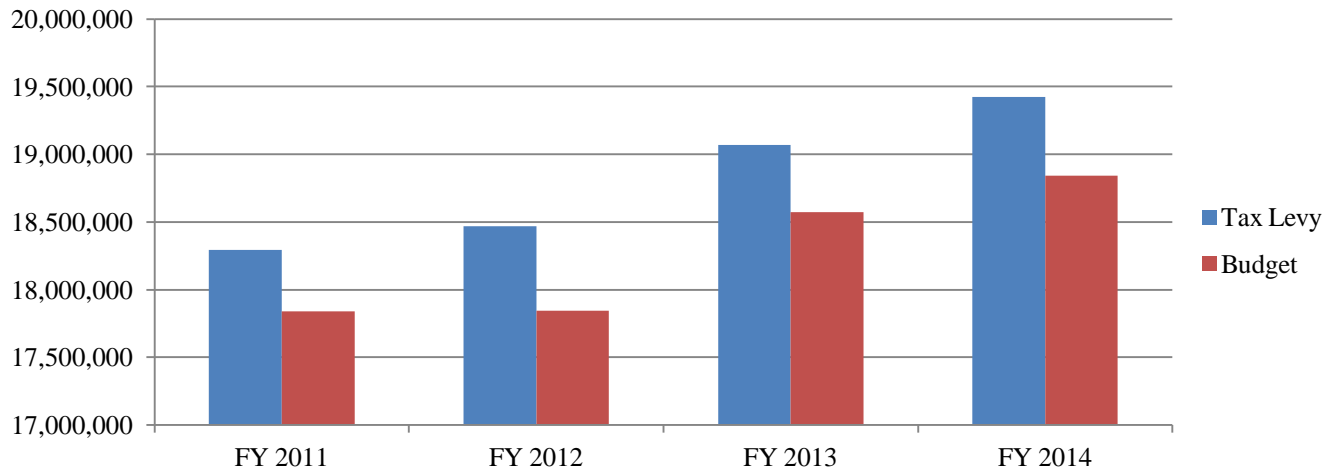
GENERAL FUND REVENUE ESTIMATE FOR FY2014
\$34,021,527



PROPERTY TAX

The anticipated property assessment for FY 2014 will be approximately \$3,468,844,752. The tax levy at **fifty-six cents** will be \$19,425,531 for FY 2014. The current year levy is \$19,069,891 and property value is \$3,405,337,747. The projected budget estimate for FY 2014 is \$18,842,768 for property tax compared to \$18,574,000 for the FY 2013, an increase of \$268,768. 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 (FY2012) was 97%). It is estimated that \$1,220,000 of the \$19,069,891 levy is related to the incremental value of the TIF district.

<u>Property Tax</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>Increase</u>
Estimated Levy	18,295,595	18,466,959	19,069,891	19,425,531	355,640
Budget	17,837,895	17,845,012	18,574,000	18,842,768	268,768

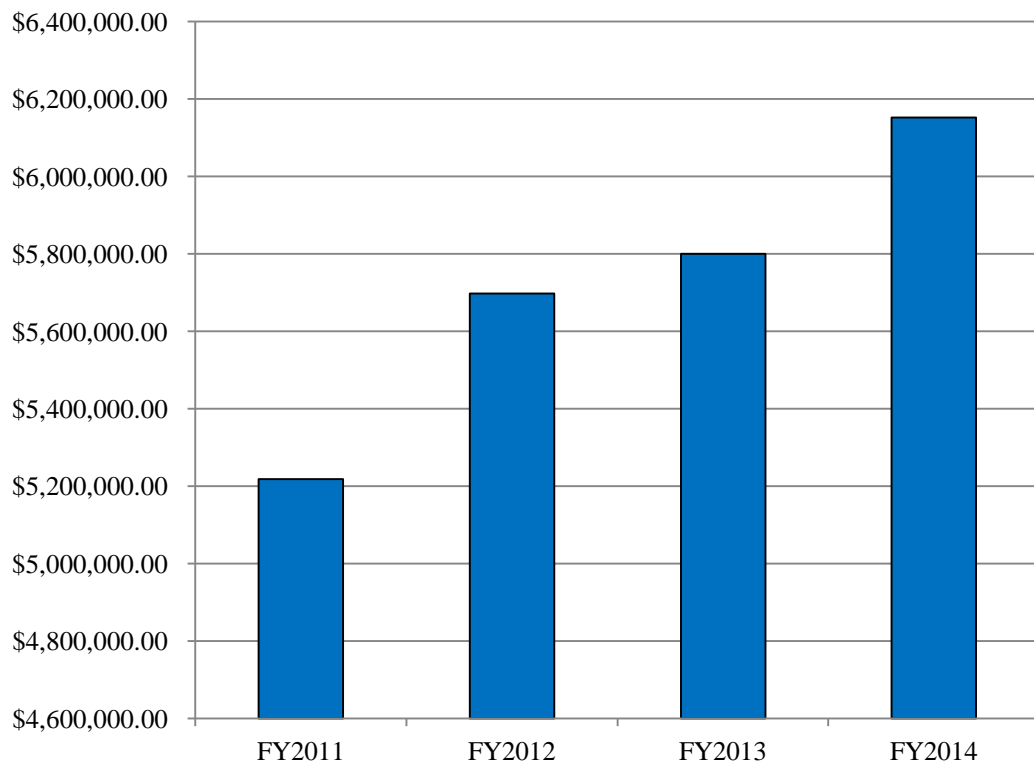


SALES TAX

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 FY2012 we are allocated approximately 7.91 % of the sales tax returned to Cabarrus County by the State. The FY2013 allocation percentage is 8.10% per the Cabarrus County Finance office. Rowan County allocates sales tax using the population method. We expect that the City's allocation in Rowan will remain at approximately 5% for FY2013.

	ACTUAL FY2011	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	ADOPTED FY2014
ONE CENT SALES TAX	2,167,837	2,383,781	2,400,000	2,500,000	2,600,000
HALF CENT SALES TAX	3,050,867	3,314,188	3,400,000	3,500,000	3,553,000
TOTAL GENERAL FUND	5,218,704	5,697,969	5,800,000	6,000,000	6,153,000

SALES TAX COLLECTIONS

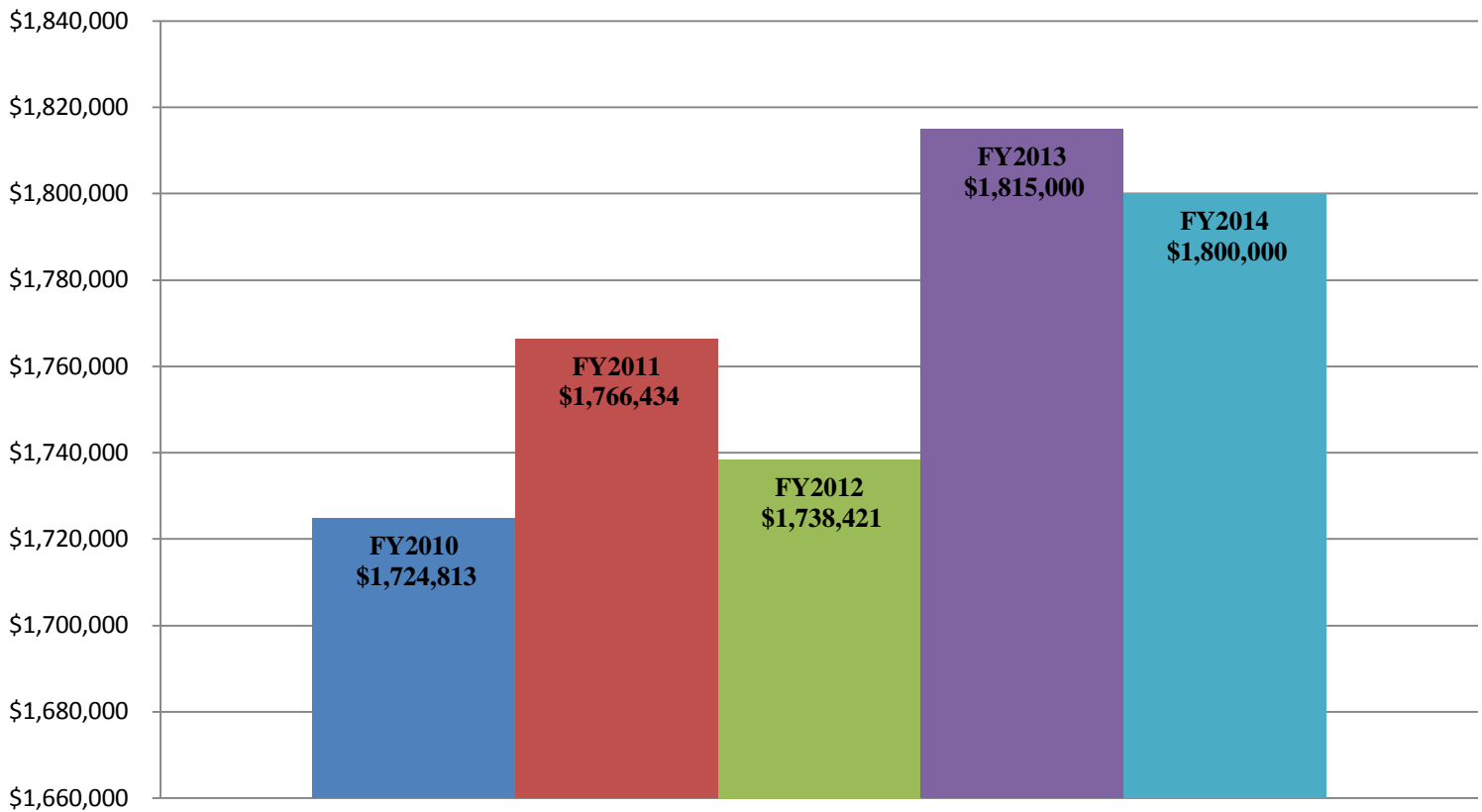


Utility Taxes

Utility Franchise taxes are the third largest source of revenue for the General Fund. Outside of a slight decrease in FY 2012, these receipts have grown steadily for the City over recent years. Continued steady growth is projected for the future.

	ACTUAL FY2010	ACTUAL FY2011	ACTUAL FY2012	PROJ. FY2013	BUDGET FY2014
UTILITY TAX REVENUES	1,724,813	1,766,434	1,738,421	1,815,000	1,800,000

UTILITY TAX COLLECTIONS



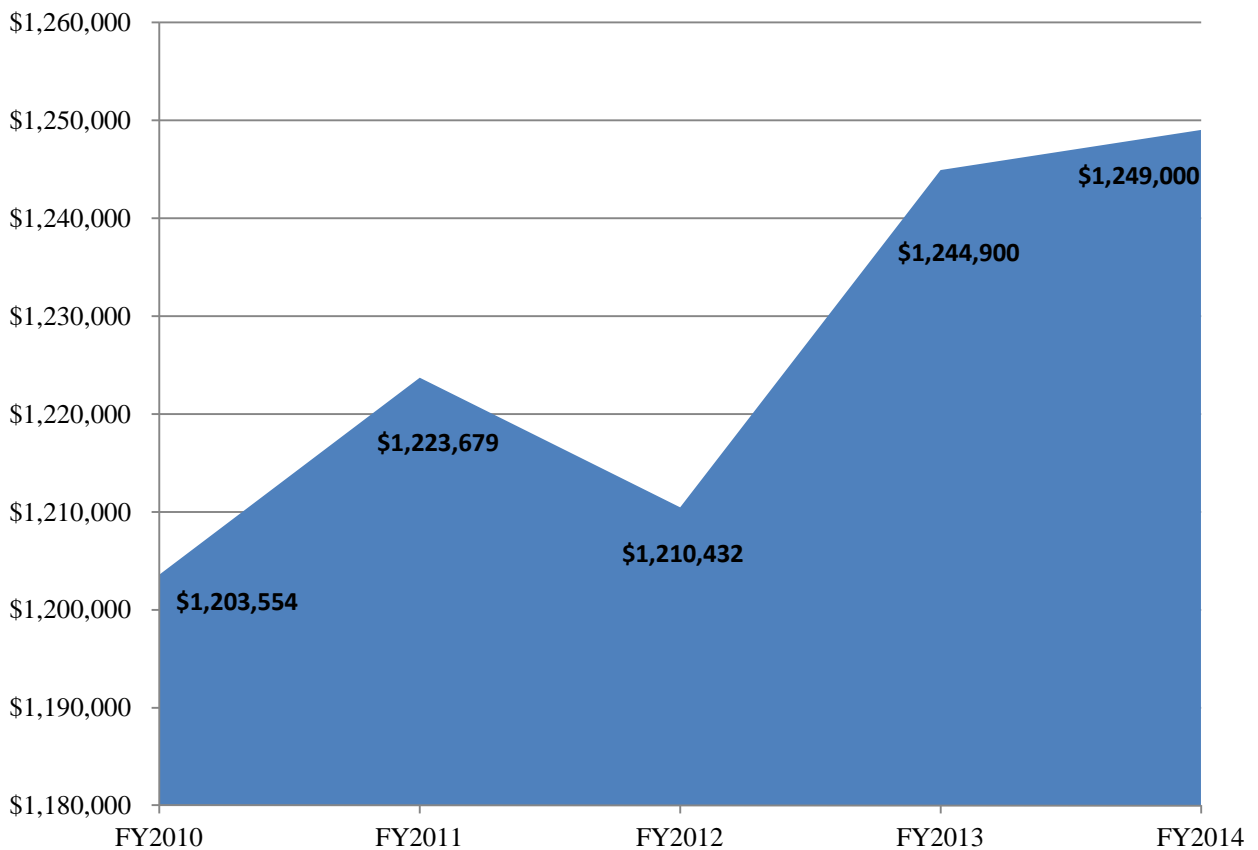
The City receives franchise tax from utilities which furnish electricity and cable TV. The City receives a sales tax for telephone services and an excise tax for piped natural gas services.

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. It is projected that slow growth will continue to occur in the future.

	ACTUAL FY2010	ACTUAL FY2011	ACTUAL FY2012	ACTUAL FY2013	BUDGET FY2014
POWELL BILL FUNDS	1,203,554	1,223,679	1,210,432	1,244,900	1,249,000

POWELL BILL FUNDS RECEIVED



The City will receive from the State approximately \$20.16 per citizen and approximately \$1,596 per mile of City maintained streets next year compared to \$20.26 and \$1,668 in FY2013. These funds can only be used for City streets and sidewalks. The population and street mileage used is 43,000 and 223.8, respectively.

GENERAL FUND EXPENDITURES (SUMMARY)

BUDGET & STAFFING SUMMARY

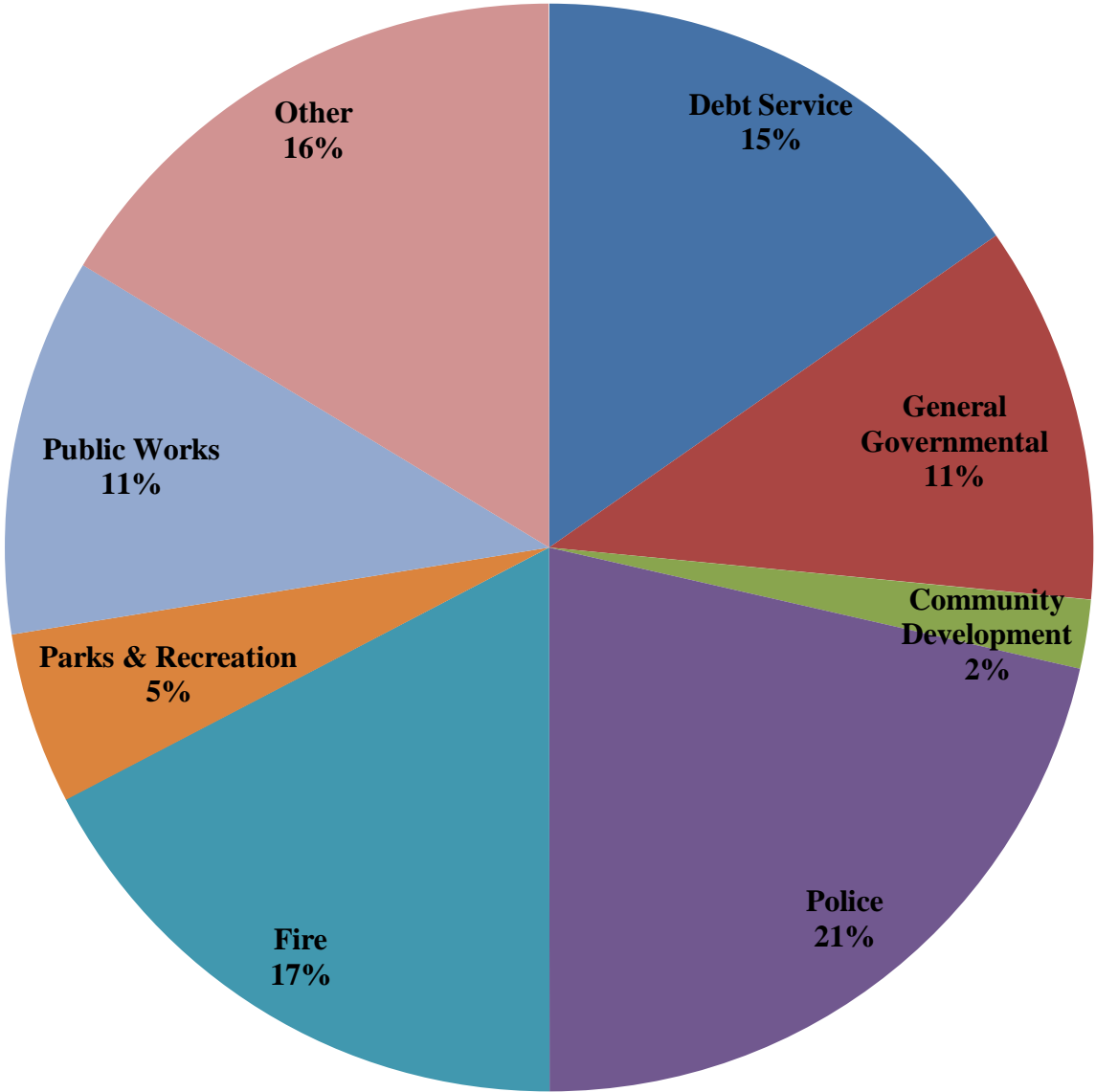
EXPENSE CATEGORY	ACTUAL FY2012	BUDGET FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	12,007,433	15,086,602	16,127,690	16,127,690
OPERATING	18,877,991	16,581,770	17,119,237	17,119,237
CAPITAL	249,611	1,223,519	774,600	774,600
TOTAL	31,135,035	32,993,661	34,021,527	34,021,527
POSITIONS	220	222	222	222

Overall, the General Fund Adopted Budgeted Expenditures have increased by \$1,027,866 or 3.1% from the previous fiscal year. This is due primarily to rise in operating expenditures for equipment repair and the rising cost of utilities. An increase in capital expenditures is representative of the second year in a change in philosophy whereby the City will plan to utilize more cash for capital purchase instead of relying on debt..

**CITY OF KANNAPOLIS
EXPENDITURE DETAIL ANALYSIS**

EXPENDITURES	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
GENERAL FUND					
GOVERNING BODY	147,347	108,540	98,673	108,540	108,540
CITY MANAGER	684,744	706,433	661,138	675,280	675,280
ECONOMIC DEVELOPMENT	386,963	506,066	486,066	535,638	535,638
COMMUNITY OUTREACH/NON-PROFITS	149,414	166,979	167,136	186,670	186,670
HUMAN RESOURCES	297,065	310,512	290,101	317,666	317,666
LEGAL SERVICES	323,416	266,786	270,550	280,873	280,873
INFORMATION TECHNOLOGY	483,591	380,847	420,588	414,347	414,347
FINANCE DIRECTOR	584,104	679,203	663,100	693,371	693,371
GENERAL SERVICES	344,757	345,380	314,080	336,800	336,800
TOTAL GENERAL GOVERNMENT	3,401,400	3,470,746	3,371,432	3,588,868	3,588,868
COMMUNITY DEVELOPMENT					
PLANNING AND ZONING	488,053	553,613	565,867	571,370	553,613
CODE ENFORCEMENT	183,305	163,502	183,502	187,975	163,502
TOTAL COMMUNITY DEVELOPMENT	671,358	717,115	749,369	759,345	717,115
PUBLIC SAFETY					
POLICE	7,089,825	7,404,641	6,732,854	7,255,228	7,255,228
FIRE	5,225,507	5,129,937	6,037,277	5,875,581	5,875,581
TOTAL PUBLIC SAFETY	12,315,332	12,534,578	12,770,131	13,130,809	13,130,809
TOTAL PARKS AND RECREATION	4,568,712	1,639,641	1,484,453	1,729,161	1,729,161
PUBLIC WORKS					
ADMINISTRATION AND ENGINEERING	1,047,476	1,165,755	1,271,616	1,548,001	1,548,001
POWELL BILL – STREETS	1,263,977	1,225,000	1,237,933	1,249,000	1,249,000
STREET LIGHTING	531,775	502,100	439,000	533,500	533,500
TRAFFIC SIGNS AND MARKINGS	239,560	265,823	246,773	329,799	329,799
OPERATIONS CENTER	206,829	163,500	189,100	214,004	214,004
TOTAL PUBLIC WORKS	3,289,617	3,322,178	3,384,422	3,874,304	3,874,304
TOTAL NON-DEPARTMENTAL	4,103,430	5,696,216	6,805,577	5,605,035	5,605,035
TOTAL DEBT SERVICE	3,076,096	5,613,187	5,512,448	5,159,562	5,159,562
TOTAL GENERAL FUND	31,425,945	32,993,661	34,077,832	34,021,527	34,021,527

GENERAL FUND EXPENDITURE FOR FY2014
\$34,021,527



FISCAL YEAR 2014**DEPARTMENT: GOVERNING BODY****PROGRAM: Governing Body****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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	76,412	78,940	68,573	78,940	78,940
OPERATING	70,934	29,600	30,100	69,283	69,283
CAPITAL	-	-	-	-	-
TOTAL	104,139	108,540	98,673	111,540	148,223
POSITIONS	7	7	7	7	7

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Personnel Expenses: No Change (0%)
Operating Expenses: \$36,683 Increase (+36%)
Total Budget: \$36,683 Increase (+36%)

Increases:

- \$34,183 Election Costs
- \$2,500 Special Expenses

Reductions/Decreases:

- None
- No other significant changes included.

FISCAL YEAR 2014**DEPARTMENT: CITY MANAGER****PROGRAM: Office of the 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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	634,591	655,612	622,738	639,330	639,330
OPERATING	50,153	34,950	38,400	35,950	35,950
CAPITAL	-	-	-	-	-
TOTAL	684,744	690,562	661,138	675,280	675,280
POSITIONS	5	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. Implemented new 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. Coordinated a variety of water conservation initiatives and programs.
7. Implemented Waste Management contract to begin implementing a recycling program for City residents.
8. Successfully implemented new Environmental Fee to better manager operational costs associated 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 2013-2014.
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 – Administration

Personnel Expenses:	\$16,282 Decrease (-2.5%)
Operating Expenses:	\$1,000 Increase (+2.8%)
Total Budget:	\$15,282 Decrease (-2.2%)

Increases:

- \$1,000 Special Expenses

Reductions/Decreases:

- Moved Community Outreach Coordinator to Environmental Fund.

Personnel:

- Funded Positions: Seven (7)
- Personnel includes: City Manager, Deputy City Manager, Customer Service Manager, Director of Business and Community Affairs, City Clerk, Community Development Block Grant Administrator
- No new capital outlay

City Manager – Communications and Community Outreach

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$7,000 Increase (+11.7%)
- **Total Budget:** \$7,000 Increase (+11.7%)
- **Increased:**
 - \$2,000 Added a second Academy Program (Fall 2013)
 - \$5,000 Veteran's Park Night/Giveaway at Baseball Stadium (August 2013)
- **Decreased**
 - N/A

- **Other Continued Services included in Communications and Community Relations:**
 - \$35,000 Connect CTY (Year 3 of a 3 year **renegotiated** 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 weblink to Connect CTY.
 - \$1.92 per address (using 2000 census data). Down from \$2.50 per address. Price is locked for 3 years.
 - Uses include: Holiday trash collection schedule, leaf collection updates, utility payment reminders, road closures, water conservation information, water line breaks, meeting notifications, neighborhood watch alerts, senior wellness checks, permit/license notifications, and many more uses.
 - \$10,000 to continue Outreach Educational Programs related to the NC Research Campus and increased citizen promotion and participation associated with Environmental Stewardship Committee, North Carolina's Spring & Fall Clean Sweep Campaigns, and festival support.
- **Eliminated From Consideration: N/A**

City Manager – Memberships and Non-Profits

- **Personnel Expenses: N/A**
- **Operating Expenses: \$12,691 Increase (+11.8%)**
- **Total Budget: \$12,691 Increase (+11.8%)**

Increases:

- \$5,000 NC Music Hall of Fame
- \$4,200 Cabarrus Arts Council
- \$2,500 Rowan EDC
- \$142 National League of Cities
- \$307 School of Government

Other Continued Services included:

- \$24,309 NC League of Municipalities Membership Dues (Based per capita).
- \$21,300 Cabarrus Arts Council
- \$10,000 NC Music Hall of Fame Development Support
- \$9,000 Intimidators July 4th/Kannapolis History Celebration Sponsorship (Expense is offset by team's sponsorship of city events and Christmas Parade)
- \$7,945 Cabarrus/South Rowan MPO
- \$6,750 All-Star Race
- \$6,490 Metropolitan Mayor's Coalition.
- \$4,482 School of Government
- \$1,825 Alliance for Innovation Membership
- \$1,733 Cabarrus Crime Stoppers
- \$1,350 YMCA Y Cares Campaign

-
- \$1,000 Team USA Baseball Sponsorship
 - \$900 Charlotte Biotech Conference
 - \$900 Five Ventures Entrepreneur Competition (Charlotte Research Institute)
 - \$800 Chamber Annual Meeting
 - All other non-profit funding previously included in the General Fund budget will be considered as part of the CDBG non-profit funding.

FISCAL YEAR 2014

DEPARTMENT: ECONOMIC DEVELOPMENT

PROGRAM: 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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2014	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	-	-	-	-	-
OPERATING	386,964	506,066	486,066	535,638	535,638
CAPITAL	-	-	-	-	-
TOTAL	386,964	506,066	486,066	535,638	535,638
POSITIONS	-	-	-	-	-

ACCOMPLISHMENTS:

1. Continued support of the development of the North Carolina Research Campus.
2. Adopted the Economic Development Plan and began implementation steps.
3. Began branding study with significant stakeholder input.
4. Guided the merger of the Center City Master Plan Committee with Downtown Kannapolis, Inc. as part of next steps in downtown revitalization efforts.
5. Organized and participated in Cabarrus County's first Small Business Resource Fair.

ACTION PLAN:

1. Complete the branding study for Kannapolis to shape the city's identity and marketing message; begin implementation of branding concepts.
2. Maintain and expand cooperative relationships with the Cabarrus Economic Development Corporation, Rowan Economic Development Corporation, Charlotte Regional Partnership, the North Carolina Department of Commerce, and other appropriate economic development partners.
3. Partner with DKI in taking initial steps to revitalize the downtown Kannapolis area, such as developing a budget.
4. Conduct a market study for downtown Kannapolis.
5. Continue to develop and advance action items in the Economic Development Plan.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses: N/A**
- **Operating Expenses: \$29,572 Increase (+5.8%)**
- **Total Budget: \$29,572 Increase (+5.8%)**

Increases:

- \$38,907 Economic Development Initiatives
- \$5,400 Strategic Marketing (Increase in Summer Events Postage)

Reductions/Decreases:

- None

Budget Includes:

- Cabarrus EDC \$55,000
- Lobbyist \$45,000
- Monthly PR (Walker) \$110,000
- Monthly Newsletter Design (Walker) \$55,000
- Website maintenance and upgrades, photography, video, economic development e-newsletter, search engine advertising for ThinkKannapolis (Walker) \$36,000
- Summer Events Direct Mail Advertisement \$12,165

Items Eliminated/Not Considered:

- N/A

FISCAL YEAR 2014**DEPARTMENT: GENERAL GOVERNMENT****PROGRAM: 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 who are committed to providing quality service.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2014	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	220,151	221,102	221,251	228,256	228,256
OPERATING	76,914	89,410	68,850	89,410	89,410
CAPITAL		-	-	-	-
TOTAL	297,065	310,512	290,101	317,666	317,666
POSITIONS	3	4	4	4	4

ACCOMPLISHMENTS:

1. 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.
2. Administered an employee wellness program that includes an onsite health clinic and onsite access to dietician/nutritionist services.
3. Administered the City's general, property, public officials, police professional, environmental and workers compensation liability insurance programs.
4. Ensured the City's compliance with state and federal regulations affecting personnel policies, procedures and practices.
5. Received an investigated citizen complaints and referred to appropriate department or individual for resolution.
6. Provided tuition assistance to employees who requested through the City's Tuition Assistance program.
7. 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.
8. 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	2009	2010	2011	2012
*Applications Processed	1,522	1,851	1408	2052
*Applications Referred within one week of closing date	100%	100%	94%	100%
*Average # of Days from Application to Hire	51.14	89.23	50.46	49
*Hiring Percentage	5.3%	3.67%	3.27%	2.44%
**Percentage of New Hires Successfully Completing Probation	90.9%	83.3%	92.3%	90%

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

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

ACTION PLAN:

In addition to on-going operations of the department:

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** **\$7,154 Increase (+3.2%)**
- **Operating Expenses:** **\$ 0 Neutral (0%)**
- **Total Budget:** **\$7,154 Increase (+3.2%).**

Increases:

- 3% Merit Pay Allowance in Personnel

Reductions/Decrease:

- None

Eliminated/Not Included:

- Annual Employee/Safety Banquet

Continued Services Includes:

- Employee Christmas Breakfast
- Employee Veteran's Recognition Luncheon
- Lunch-n-Learn Seminars
- New Employee Orientations

Personnel:

- Funded Positions: Four (4)

- No new capital outlay is included

FISCAL YEAR 2014**DEPARTMENT: LEGAL SERVICES****PROGRAM: 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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	182,062	199,286	197,900	208,323	208,323
OPERATING	141,354	67,500	72,650	72,550	72,550
CAPITAL	-	-	-	-	-
TOTAL	323,416	266,786	270,550	280,873	280,873
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:** \$9,037 Increase (+4.5%)
- **Operating Expenses:** \$5,050 Increase (+7.4%)
- **Total Budget:** \$14,087 Increase (+5.2%)

Increases:

- \$3,150 Utilities (Not budgeted in FY13)
- \$1,500 Travel
- \$1,000 Education/Training
- \$1,000 Dues Subscriptions

Reductions/Decreases: None

FISCAL YEAR 2014

DEPARTMENT: GENERAL GOVERNMENT

PROGRAM: 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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	-	-	-	-	-
OPERATING	483,592	380,847	420,588	414,347	414,347
CAPITAL	-	-	-	-	-
TOTAL	483,592	380,847	420,588	414,347	414,347
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

1. Continued investment in technology as a consumable resource to enhance the City’s proficiency.
2. Began the project to migrate to MUNIS Financials.
3. Expanding to mobile applications and technology.
4. Expanded communication with Police Department and Public Services through social media.
5. 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. Begin and successfully complete new wireless water metering system throughout the City.
3. See the budget highlights below for details of FY2014 plan.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses: N/A**
- **Operating Expenses: \$33,500 Increase (+8.8%)**
- **Total Budget: \$33,500 Increase (+8.8.8%)**

The replacement of existing and outdated IT hardware and software was revisited in FY13 with the replacement of 10 computer/laptop computers and 10 police mobile laptops. Increased investment in technology serves as an accelerator for progress and efficiency. Technology is a consumable resource and should continue to be annualized in future budgets. The continued replacement and improvement of the City’s technology infrastructure is critical to improving our inter-operability with other local government units, private developers, citizens, and economic developers around the world. Any delay in updating software and hardware components citywide will jeopardize the effectiveness of operations between internal and external departments and lessen staffs’ ability to fully utilize technological resources currently available.

- **Increase:**
 - \$24,000 Network Administration (PT Network Admin for Fire – 10 hours/week)
 - \$9,500 IT Cell phones and Nine (9) computer replacements
- **Decrease:**

- None
- **Unfunded:**
 - Full-time Systems Integrator (\$84,000)
- **Other Continues Services included:**
 - \$281,051 Network Administration and Management (David Hancock \$92,255, David Jordan \$92,255, Tony Eury \$72,541, and \$24,000 new PT tech dedicated to fire IT)
 - \$71,796 Software Maintenance for the following operations: Harris Utility Billing and Financial Software, Crystal Reports, Cityworks / Work Order program, Blackberry, Laserfiche, Spam Protection, Virus Protection, File Backup Software.
 - \$35,000 Network System Support (262)
 - \$15,435 Harris Support (Jerry L.)
 - \$15,435 Cityworks Support (Jerry L.)
 - \$4,130 eCare Support (Garry Washburn)

Capital Outlay:

- None (other than nine (9) replacement computers in Department Supplies)

Personnel: Two (2) Full-time IT techs, One (1) Part-time Chief Information Officer (30 hrs per week), One (1) Part-time IT tech (Fire)

- Information Technology Reminder: In FY07, an independent audit was performed by the Center for Public Technology at the UNC-CH School of Government to help benchmark our IT projects, service, and upgrades. The audit summarized that the City’s current IT contract with Technologies Edge as a “great deal” and a responsible use of IT funds. However, the audit did outline that on or about FY 2010 the City could possibly be in a position to consider the economy of scale associated with a growing city and create an in-house IT department. The slowing economic conditions and decrease in new IT capital expenses have delayed the need to consider an in-house IT program. In FY 07, Council approved a total of \$414,946 to initiate Phase I-Part B of a 3-yr IT improvement plan. In FY 08, City Council approved \$428,991 to complete Phase II. Under normal circumstances, FY09 would have completed the 3-yr IT improvement plan and focused on replacing workstations and upgrading the operating systems for all workstations to Office 2007 (many workstations still operate on Office 2000); however, the implementation of the police departments OSSI and opening of the new customer service center in 2010 created unexpected demands on IT staff that delayed the full implementation IT improvement plan. Last year’s FY13 IT budget addresses the most dire preventive maintenance and replacement of computers and/or servers that have crashed during the fiscal year or require additional storage for expanding programs.

FISCAL YEAR 2014**DEPARTMENT: GENERAL GOVERNMENT****PROGRAM: Finance Department****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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2014	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	433,434	482,964	450,761	486,121	486,121
OPERATING	150,669	202,239	212,339	207,250	207,250
CAPITAL	-	-	-	-	-
TOTAL	584,103	685,203	663,100	693,371	693,371
POSITIONS	7	7	7	7	7

ACCOMPLISHMENTS:

1. The Finance Department has received the GFOA's *Distinguished Budget Award* for the FY2012 budget. This is the fourteenth 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 FY2012. This is the twentieth year the City has received this award.

PERFORMANCE INDICATORS:

ACTIVITY	Calendar Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Number of Funds Accounted for on General Ledger	42	55	50	17
Number of Accounts Payable checks issued	3141	6002	5601	5484
Number of Purchase Orders processed	465	813	680	501
Number of Payroll Checks issued	43	51	12	12
Number of Direct Deposit of Payroll checks	4429	8937	9262	9504
Number of Financing applications filed with the LGC	1	1	0	2
Number of Financing achieved through area banks	1	0	0	0
Number of Accounting entries processed (JE & BA)	473	770	559	1151
Number of Bank Statements Reconciled	78	168	180	83

ACTION PLAN:

1. Obtain the Budget Presentation award from the GFOA for the fiscal year beginning July 1, 2013.
2. Obtain the Financial reporting award from the GFOA for the fiscal year ending June 30, 2013.
3. Successfully implement the accounting and budgeting MUNIS financial software by October. Fully integrate financial software across Finance and HR before end of year through department collaboration.
4. Utilize new financial software to create efficiencies and task some duties of current personnel to new priorities or possible elimination of employee position.

5. Manage the financing of limited obligation bonds for a new Police Headquarters/City Offices and revenue bonds for several water and sewer projects such as the Albemarle Water Line
6. Continue the 2nd Year in successful implementation of the Kannapolis Fellowship Program.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** **\$3,157 Increase (+0.6%)**
- **Operating Expenses:** **\$5,011 Increase (+2.4%)**
- **Total Budget:** **\$8,168 Increase (+1.1%)**

- **Increase:**
 - \$3,100 Tax Collection
 - \$2,500 Office Supplies
 - \$500 Travel

- **Reductions/Decreases:**
 - \$1,000 Audit

Personnel:

- Funded Positions: Seven (7)

- No new capital outlay is included.

Tax Collection and Audit expenses that were once stand-alone budget items were added to the Finance-Administration budget FY14.

FISCAL YEAR 2014**DEPARTMENT: GENERAL SERVICES****PROGRAM: General Services****NOTE:**

The budget for General Services is established for 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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2014	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	-	-	-	-	-
OPERATING	344,757	345,380	314,080	336,800	336,800
CAPITAL	-	-	-	-	-
TOTAL	344,757	345,380	314,080	336,800	336,800
POSITIONS	0	0	0	0	0

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:** N/A
- **Operating Expenses:** **\$8,580 Decrease (-2.5%)**
- **Total Budget:** **\$8,580 Decrease (-2.5%)**

Increases:

- \$15,000 Telephone (Right-size budget based on telephone audit)
- \$7,000 Utilities – Electric
- \$4,320 Mobile 311 (Full Year Contract)
- \$2,100 Utilities – Gas
- \$1,500 Water Sewer
-

Reductions/Decreases:

- \$25,000 Contracted Service Railroad Depot (Utilities being charged in another department)
- \$10,000 Customer Service Center
- \$5,000 Legal Renovations

-
- This budget includes the operation and maintenance of the Train Station (City Council, Planning Board, Board of Adjustment, special events, etc.).
 - **Mobile 311 is included in this budget (\$18,000)**
 - No other significant changes are included.

FISCAL YEAR 2014

DEPARTMENT: COMMUNITY DEVELOPMENT

**PROGRAM: Planning and Zoning Services
& Code Enforcement**

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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	2,180	3,000	2,480	3,000	3,000
OPERATING	669,178	714,115	746,889	756,345	756,345
CAPITAL	-	-	-	-	-
TOTAL	671,358	717,115	749,369	759,345	759,345
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

1. Code Enforcement successfully eliminate violations in the City of Kannapolis jurisdiction; focusing primarily on illegal signage, public nuisances, junk vehicles, and dilapidated structures.
2. Continued to focus Code Enforcement efforts into the Carver Neighborhood area.
3. City Council recently acted to demolish several dilapidated structures; the majority of those structures were located in the Carver Neighborhood area.
4. City Council has increased the City's Code Enforcement efforts through the adoption of multiple Demolition Ordinances and enforcement of the "Repeat Offender Ordinance". The City plans to continue to enhance the quality of living in Kannapolis by increasing awareness and being more proactive with the Code Enforcement provisions.

ACTION PLAN:

1. Continue to provide general planning administration services.
2. Continue to provide support for the City Manager/staff as requested.
3. Continue to provide mapping support for city departments as needed.
4. Continue to provide general zoning administration services.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Community Development– Planning and Zoning

- **Personnel Expenses:** \$3,000 (Planning Board/Board of Adjustment)
- **Operating Expenses:** \$17,757 Increase (+3.2%)
- **Total Budget:** \$17,757 Increase (+3.2%)

- As a reminder, in FY07, contracted services transitioned from away from a fee for service to a flat fee. Since FY07, due to continued increase in service demands and concerns about overruns in budgeted funds, staff continues to recommend the use of a flat fee approach to providing consultant services for zoning administration, planning administration, special projects, and GIS mapping. The projected fee was calculated using recurring expense numbers and average projected demands for planning and zoning services.

- **Zoning Administration: Benchmark Requested \$584,451. This would have been a \$67,538 increase (13%) over the previous year.**

-
- **3% increase = \$15,507 for a budget total of \$532,420 (Included in FY14 Budget)**
- **5% increase = \$542,759**

Planning Administration: Benchmark Requested \$40,000. This would have been a \$14,250 increase (60%) over the previous year.

3% increase = \$750 for a budget total of \$25,750 (Included in FY14 Budget)

5% increase = \$26,250

Community Development– Code Enforcement

- **Personnel Expenses: N/A**
- **Operating Expenses: \$24,473 Increase (+15%)**
- **Total Budget: \$24,473 Increase (+15%)**

- Similar to planning and zoning, code enforcement was once budgeted as a service fee and fluctuated tremendously with service demands from staff, council, citizens, and business owners. In FY09, this budget was increased to accommodate more aggressive code enforcement, cover costs associated with lengthy statutory procedures, and realistically budget recurring costs. In FY10, staff reduced the amount of proactive code enforcement to help reduce the financial burden on the City’s budget, that trend continued in FY13. The amount of funds for code enforcement in FY14 was increased \$24,473.

FISCAL YEAR 2014**DEPARTMENT: POLICE****PROGRAM: Police Services****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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	5,224,025	5,442,019	5,214,327	5,579,312	5,579,312
OPERATING	1,865,802	1,359,851	1,518,527	1,425,916	1,425,916
CAPITAL	-	280,470	283,054	250,000	250,000
TOTAL	7,089,827	7,082,340	7,015,908	7,255,228	7,255,228
POSITIONS	101	103	103	103	103

ACCOMPLISHMENTS:

1. 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.
2. Completed upgrade/replacement of ten (10) wireless digital patrol vehicle camera systems. This wireless system allows for automatic upload to a secure workstation/server maintained at the police department.
3. Traffic Unit continues to work with the Governor's Highway Safety Program. During this year, the Kannapolis Police Department ranked third in the state regarding points earned from the Governor's Highway Safety Program. These points will be used at a later time to purchase traffic safety equipment thus reducing the impact on the budget.
4. Completed a Justice Assistance Grant (JAG) for replacement of high visibility light bars on all patrol vehicles.
5. Continued partnership with the Charlotte Mecklenburg regional radio system in an effort to reduce costs and expand regional coverage.
6. Initiated steps to implement On-Line crime reporting to allow citizens to report specific offenses via the internet thus reducing the call volume for officers.
7. Implemented CA+ Mobile. This allows agency personnel to analyze data in order to determine crime patterns and trends within the city from their assigned vehicles.
8. COPLINK is now available for all members of the agency. This tool allows officers to see records data from agencies within the region. Success Story – the first time an investigator with our agency logged into the system, she was able to clear several robberies which occurred in our jurisdiction based off data which was logged into the Huntersville Police Department system.
9. Updated our Criminal Investigations Division with mobile technology. This allows investigators to work more effectively and efficiently in the field.

PERFORMANCE INDICATORS:

ACTIVITY	FY2010	FY2011	FY2013
Homicide and Deaths Investigations*	12	7	2
Assault Investigations*	66	82	34

*Information is provided on a calendar year, and as such, is not available for FY2013.

ACTION PLAN:

1. Continue to pursue all types of grant opportunities in an effort to obtain equipment which would otherwise be unavailable.
2. Continue to upgrade and keep abreast of technology in order to have effective communication internally and with surrounding agencies.
3. Adhere to a sound fiscal management practice and ensure the cost effective delivery of police services.
4. Focus on the programmed replacement of technologies and equipment utilized by officers in the field to include obsolete radar units and in-car video systems.
5. Ensure management and operations are consistent with “best professional practices” and nationally accepted standards.
6. Implement the use of dedicated programs designed to increase operational effectiveness and efficiencies of personnel and reduce agency liability. Examples include the implementation of the Leads Online pawn reporting system and the purchase of PRO QA dispatch software for police and fire.
7. Focus on recruitment, selection, and retention measures in an effort to become and remain fully staffed.
8. Maintain low crime rate.
9. Reduce the impact of illegal drug trafficking through aggressive enforcement and interdiction efforts.
10. Improve highway safety to include the development of a plan to increase seatbelt usage within the City from its current rate of 89%.
11. Develop protocols designed to improve customer service delivery in conjunction with City’s Customer Service Committee.
12. Provide an expeditious police response to emergency calls.

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

- **Personnel Expenses:** \$35,557 Increase (+7.7%)
- **Operating Expenses:** \$33,050 Increase (+10.8%)
- **Total Budget:** \$68,607 Increase (+7.9%)

Once again, the Police Department will continue to focus on the provision of core services during FY14. The service demands facing the police department continue to change, with a significant increase in traffic concerns and an expanding number of special event activities requiring supplemental police coverage. The police department continued to meet these demands with reduced operating expenses in the last four fiscal years: FY10 (\$35,000), FY11 (\$14,087), FY12 (\$23,000) and FY13 (\$7,500).

Increase:

- \$40,000 Telephone (Right-sizing budget based on telephone bill audit)
- \$4,000 Rental Property
- \$1,000 Postage
- \$800 Dues Subscriptions

Reductions/Decreases:

- \$4,000 Education and Training
- \$2,000 Department Supplies

- \$1,000 Gas/Oil
- \$1,000 Tires
- \$1,000 Printing
- \$1,000 Office Supplies
- \$750 Automotive Supplies
- \$500 Uniforms
- \$500 Publications

Personnel:

- Funded Positions: Five (5) Sworn; Two (2) Civilian
- Project Safe Coordinator’s match (\$18,690) has been included in the part-time salary line item. Kannapolis, Concord, and Cabarrus County share the expense for this position.
- No new or replacement capital outlay.

Police – Support Services

- **Personnel Expenses: \$58,347 Increase (+2.9%)**
- **Operating Expenses: \$13,145 Decrease (-3.1%)**
- **Total Budget: \$25,202 Increase (+1.0%)**

Increase:

- \$5,000 Special Expenses
- \$2,500 Gas and Oil
- \$2,400 Telephone
- \$1,000 Utilities
- \$1,000 Repairs Maintenance & Grounds
- \$1,000 Repair Maintenance Other Equipment

Reductions/Decreases:

- \$46,045 Repair Maintenance Office Equipment

Personnel:

- **New Personnel: \$50,557 Telecommunication Center Manager**
- Funded Positions: Nineteen (19) sworn; Twenty (20) civilian

Eliminated from consideration:

- **ProQA Dispatch Software \$89,636 (Delay until construction of new PD or when Cabarrus County purchase system for possible cost share)**

Capital Outlay: N/A

Police – Field Operations

- **Personnel Expenses: \$43,389 Increase (+1.4%)**
- **Operating Expenses: \$66,160 Increase (+12.6%)**
- **Capital Outlay: \$250,000**
- **Total Budget: \$79,079 Increase (+2.0%)**

Increase:

- \$20,800 Uniforms (Right-sized this budget from historical needs)
- \$10,000 Maintenance Repair Auto (Unexpected retrofit of equipment from Crown Vic to Taurus model)
- \$15,000 Gas & Oil
- \$9,800 Automotive Supplies

Reductions/Decreases:

- \$2,000 Maintenance & Repair Radios

Capital:

- **7 police cruisers @ \$31,500 each = \$220,500**
- **1 truck @ \$21,000**
- **Thermal Camera @ \$8,500**
- **Total = \$250,000**

- **Notes: The cruiser total cost includes radar and cameras, as well as striping, etc.**
- **Cost per camera was \$5,200**
- **Cost per radar was \$1,550**

Personnel:

- Funded Positions: Fifty-seven (57)
- Un-funded Positions: N/A

FISCAL YEAR 2014
DEPARTMENT: FIRE

PROGRAM: Fire Services

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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	4,038,209	4,047,325	4,615,404	4,811,635	4,811,635
OPERATING	819,421	948,112	1,071,397	960,956	960,956
CAPITAL	-	134,500	444,426	103,040	103,040
TOTAL	4,857,630	5,129,937	6,131,227	5,875,631	5,875,631
POSITIONS	70	85	85	86	86

ACCOMPLISHMENTS:

1. Restructured the Department into three divisions: Administration, Emergency Services and Technical Services.
2. Received FEMA Assistance to Firefighters grant award for implementing a new records management system and installing mobile computers in all apparatus.
3. Award recipient for new dual band mobile and portable radios through participation in a regional FEMA Assistance to Firefighters grant.
4. Implemented automated staffing software to ensure minimum staffing is maintained.
5. Received grant funding from the North Carolina Firefighters Burned Children's Fund to purchase fire safety puppets to implement the Dusty the Dragon preschool program.

PERFORMANCE INDICATORS:

ACTIVITY	FY2011	FY2012	FY2013
Reported Incidents	5,608	6,077	6,285
Response to In-City Incidents within Six Minutes	4,849	82%	90%
Risk Reduction Safety Presentations for citizens	8,159	40,599	34,837
Risk Reduction Safety Presentations for school age children	24,303	21,198	29,052
Business Inspections	1,280	1,252	682
Installation of Smoke Detectors & Batteries	33	50	98
Issued and Installed Child Safety Seats	57 (Installed)	24	49

ACTION PLAN:

1. Maintain a citizen satisfaction rate of 96% of those surveys fielded.
2. Ensure all apparatus and vehicles are mechanically in service 98% of the time.
3. Provide a minimum of 15 firefighters to working structure fires within 9 minutes of dispatch 85% of the time.
4. Provide 98% of the elementary school children in Kannapolis with an annual safety lecture.

5. Provide public education contact with 25% of the citizens in Kannapolis.
6. Provide inspections for 90% of the City's commercial occupancies requiring inspections.
7. Provide a three working day turn-around time on 96% of requested plan reviews.
8. Ensure career personnel attend 75% of all training classes.
9. Reserve personnel attain 6 hours per month training 100% of the time.
10. Conduct 4 training classes that required external specialists to train personnel (i.e. Duke Energy).
11. Establish a standard coverage identifying necessary distribution and concentration of resources to effectively serve the community.
12. Implement an effective apparatus and equipment acquisition and replacement program.
13. Employ a qualified and diverse workforce by defining deficiencies with the demographics of the department.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Fire – Administrative Services

- **Personnel Expenses:** \$7,657 Increase (+3.2%)
- **Operating Expenses:** \$7,327 Decrease (-1.9%)
- **Total Budget:** \$49,527 Decrease (-7.6%) (Standard of Coverage Study Completed in FY13 \$30,000)

Increases:

- \$11,253 VFD Fire Protection Contracts
- \$1,610 Contract Services Medical
- \$1,500 Education & Training
- \$1,500 Gas & Oil

Reductions/Decreases:

- \$20,000 Contract Services
- \$5,000 Utilities-Gas

Capital:

- \$33,800 Replace F404 Battalion Crown Victoria Vehicle with Explorer (1998, Crown Victoria)

Personnel:

- Funded Positions: Three (3)
- No other significant changes are included.

Fire – Emergency Services

- **Personnel Expenses:** \$223,438 Increase (+6.4%)
- **Operating Expenses:** \$16,900 Increase (+3.3%)
- **Capital:** \$0
- **Total Budget:** \$181,838 Increase (+4.3%)

Increases:

- \$6,900 Gas & Oil

- \$5,000 Tires
- \$3,500 Uniforms
- \$1,500 Cleaning Supplies

Reductions/Decreases:

- None

Capital:

- None

Personnel:

- Funded Positions: Sixty-Three (63) FT; Eleven (11) PT

Eliminated from consideration:

- **Mechanic #1 \$40,228**
- **Mechanic #2 \$55,463**

No other significant changes are included.

Fire – Risk Reduction

- **Personnel Expenses: \$60,280 Decrease (-22.8%)**
- **Operating Expenses: \$3,271 Increase (+4.2%)**
- **Capital Expenses: \$69,240**
- **Total Budget: \$12,231 Increase (+2.9%)**

Increases:

- \$1,400 Office Supplies Durable
- \$771 Professional Services Medical
- \$500 Gas & Oil

Reductions/Decreases:

- None

Capital Outlay:

- **Air Comppressor: \$39,000**
- **Nozzle Replacement: \$ 22,240**
- **Repair Apron @ Station #4: \$8,000**

Personnel:

- Funded Positions: Four (4)

Eliminated from consideration:

Training Captain \$52,950	Vehicle Training Prop \$60,060	Refurbished Ambulance \$29,500
Mobile Portable Comms Unit \$27,400	Thermal Imaging Camera \$13,000	High Rise Training Kit \$10,410
Hazmat Training Kit \$5,995		

- No other significant changes are included.
-

Fire – SAFER Grant/Technical Services

- **Personnel Expenses:** **\$1,152 Increase (+0.1%)**
- **Operating Expenses:** **\$**
- **Total Budget:** **\$1,152 Increase (+0.1%)**

Increases: N/A

Reductions/Decreases: N/A

Personnel: Grant Funded Positions - Sixteen (16) FT

- No new or replacement capital outlay.
- No other significant changes are included

FISCAL YEAR 2014**DEPARTMENT: PARKS AND RECREATION****PROGRAM: Parks, Recreation, Beautification,
Grounds Maintenance, Gateways
and Cemetery****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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	779,033	804,556	786,164	843,361	843,361
OPERATING	789,896	658,200	623,664	863,600	863,600
CAPITAL	-	75,085	75,085	18,200	18,200
TOTAL	1,568,929	1,537,841	1,484,913	1,725,161	1,725,161
POSITIONS	11	12	11	11	11

Note: All of these budget numbers include funding for what was previously known as the Stadium Fund as part of their totals. The Stadium Fund no longer exists and has become part of the General Fund under the Parks and Recreation Department.

ACCOMPLISHMENTS:

1. Reached over 55,000 people with programs at Village Park and Veterans Park, including 7 movies, 8 concerts, 1 ballet performance, 4 Thursdays on Main concerts, 5 literary arts programs, and 20 co-sponsored events.
2. Sixth summer of splashpad operation with over 27,000 paid admissions and over 41,000 through the gate.
3. Fourth year of operation for the Rotary Express train ride. Train riders exceeded 41,300 for the year.
4. Received over \$50,000 in sponsorships to support the Summer Entertainment Series.
5. Completed pedestrian tunnel project under Loop Rd. connecting Village Park to the NCRC.
6. Planted 20 trees and over 400 shrubs as part of the Village Park landscape improvement plan.
7. Began redevelopment of Veterans Park
8. As of March 12, 2013 have sold over 400 bricks for Veterans Park and 9 benches
9. Re-opened James Street Park in cooperation with the neighboring church.
10. Continued usage agreement with Kannapolis Middle School to utilize facilities for community functions.
11. Adult and Youth Athletic Leagues with over 770 participants. Included Men's and Women's Fall League Softball, Men's and Women's Spring Softball Leagues, and youth tennis classes.
12. Maintained six parks and 44 parcels of City-owned land.
13. Maintenance of the grounds and medians at the North Carolina Research Campus
14. Handled maintenance operations for the Kannapolis Cemetery.
15. Managed 960 shelter reservations, 1,110 athletic field reservations, and 405 building reservations between Village Park and the Kannapolis Train Station.
16. Maintained over 843 trees, including all cherry trees on Loop Rd and Oakwood Ave. as well as all right-of-way trees on the NCRC.

17. Spread over 7,000 bales of pine needles around parks and properties.
18. Installed over 3,000 flowers in parks and other city properties.
19. Installed additional 200 cu. yds. of safety surface in playgrounds.
20. Created access from parking lot behind the credit union for use during events.
21. Second summer of beer/wine pavilion adding over \$6,000 to special event revenues.
22. Operated 2012 “Kannapolis Christmas” event with an attendance of over 5,000 in conjunction with the Christmas Tree Lighting program in Village Park. That same night kicked off the 5th year of the Winterland Express and Celebration of Lights.
23. Winterland Express ridership was 11,660 with an estimated 7,000 touring the park light display.
24. Continued development of the Dale Earnhardt Plaza. Including additional landscaping and the installation of an additional 25 engraved bricks.
25. Acquired new warehouse facility for Parks and Recreation Operations
26. Acquisition of several easements for the Rocky River Greenway corridor.
27. Successful implementation of making all parks tobacco free.

ACTION PLAN:

1. Finish redevelopment of Veterans Park
2. Provide additional part-time staff to assist with the full service operation of Village Park (park building, spraypark, shelter rentals, special events and train operations), and other park maintenance operations.
3. Continue to provide additional funding for the Summer Concert Series and Movies in the Park program.
4. Continue enhancement of programs to include the summer concerts, movies in the park, Stories Under the Stars, coordinated program efforts with the Cabarrus Arts Council, Kannapolis Library, Kannapolis Intimidators, youth organizations, and other departments.
5. Continue to grow the Jiggy with the Piggy BBQ competition to make it one of the best in the region.
6. Add new mowing equipment to replace older less efficient equipment to better assist with day to day maintenance operations.
7. Continue to fulfill landscape plan requirements for Village Park
8. Continue development of Winterland Express and Festival of Lights- light display throughout park scheduled for December.
9. Continue involvement in the development of open space and greenways.
10. Continue design development and planning of Irish Buffalo Creek Greenway
11. Begin property acquisition for Irish Buffalo Creek Greenway
12. Continue design development of the Rocky River Greenway
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. Begin a more thorough investigation to adding a more comprehensive athletics program to the department.
16. Work on street lighting and landscape improvement project for Laureate Way and Watson-Crick Drive.
17. Installation of new walk-in refrigerator and freezer to assist with making concession operations more efficient.
18. Continue improvements at the new warehouse facility in order to operate more efficiently and in safer conditions.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Parks – Parks

- **Personnel Expenses:** \$38,805 Increase (+4.6%)
- **Operating Expenses:** \$78,400 Increase (+14.1%)
- **Capital Rolling Stock:** \$18,200 (See Below)
- **Capital** \$0
- **Total Budget:** \$60,320 Increase (+4.2%)

Increase:

- \$32,500 Contracted Services – Consultant (Update Master Plan for future grant consideration and points)
- \$20,000 Part-time salaries
- \$10,000 Repair Maintenance – Buildings & Grounds (Expanded Veterans Park NCRC Maintenance)
- \$10,000 Department Supplies (Purchase remaining 12-days of Christmas light display)
- \$5,500 Telephone
- \$8,000 Utility Electric
- \$3,000 Gas & Oil
- \$1,000 Credit Card Fees
- \$2,000 Rental Property

Reductions/Decreases:

- \$93,202 Installment Purchase moved to Debt Service
- \$1,000 Contract Services - Other

Capital Rolling Stock:

- \$18,200
 - 1 - 60" Ex-Mark \$ 8,700
 - 1 - 48" Ex-Mark \$ 4,750
 - 1 - 48" Ex-Mark \$ 4,750

Eliminated from consideration: Parks Maintenance Tech III \$33,538

Personnel:

- Funded Positions: Eleven (11) FT; Fifty-Six (56) PT

Parks – Programming

- **Personnel Expenses:** N/A
- **Operating Expenses:** +\$71,000 (+40.0%)
- **Total Budget:** + \$71,000 (+40.0%)

Increase:

- \$38,000 Performances in the Park (New Thursday night concert series, expanded Thursday's On Main, expanded Villagefest concerts, sound equipment rental)
- \$30,000 Funding for creating our own sound equipment set-up for events. Payback would be in less than two years based on current rental fees.
- \$2,000 Community Program Assistance (Collegiate Golf Tournament)

Reductions/Decreases: N/A

Includes:

- \$23,000 Christmas Festival (Not Parade)
 - No other significant changes are included.
-

Parks – Cemetery

- **Personnel Expenses:** N/A
- **Operating Expenses:** Neutral (0%)
- **Total Budget:** Neutral (0%)

Increase: N/A

Reductions/Decreases: N/A

- No other significant changes are included.
-

Parks – Stadium

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$41,800 Decrease (-69.0%)
- **Total Budget:** \$41,800 Decrease

Increase: N/A

Reductions/Decreases:

- \$40,000 Building Maintenance and Grounds

Includes:

- \$25,000 Lawn Maintenance
- \$25,000 50/50 Cost Share for Weight Room
- \$10,000 Building Grounds Maintenance

In April 2011, City Council purchased Rowan County's equity interest in Fieldcrest Cannon Stadium.

FISCAL YEAR 2014**DEPARTMENT: PUBLIC WORKS****PROGRAM: 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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	348,431	353,913	355,966	451,601	451,601
OPERATING	699,047	565,092	668,900	693,000	693,000
CAPITAL	-	246,750	195,000	-	-
TOTAL	1,047,478	1,165,755	1,219,866	1,548,001	1,548,001
POSITIONS	6	7	7	7	7

ACCOMPLISHMENTS:

1. Reviewed and/or provided construction observation for 26 commercial site plans.
2. Reviewed and/or provided construction observation for 12 residential subdivisions.
3. Managed with other departments to update Water and Sewer GIS mapping data.
4. Coordinated with WSACC staff to identify and reduce inflow & infiltration (I&I).
5. Assisted with the Irish Buffalo Sanitary Sewer Evaluation.
6. Managed project information for the CIP program.
7. Provided assistance with other department's mapping needs.
8. Assisted with Infrastructure Audit.
9. Maintained Stormwater Permit Tracking Process.
10. Coordinated with NCDOT on transportation improvement projects.

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	FY2009	FY 2010	FY2011	FY2012	FY2013
Streets – Private Development (by linear feet)	10,244	2,676	1,846	4,275	1,104
Water – Private Development (by linear feet)	9,881	12,328	9,100	5,802	4,380
Sewer – Private Development (by linear feet)	11,519	13,741	8,800	6,223	2,991

ACTION PLAN:

1. Continue to familiarize staff with the Unified Development Ordinance regulations.
2. Complete the update of the water and sewer mapping and work with County to develop process for updating data and data sharing.
3. Continue annual inventory and rating of streets and sidewalks that need improvements.
4. Carry on with paving gravel streets through the CCBG program.

5. 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.
6. Respond to contractor requests for site visits or testing within 24-hours of request.
7. Continue to work with the other departments towards completion of Standard Construction Details and Specifications.
8. Revise document plan and construction checklist.
9. Continue evaluating existing street policies.
10. Continue to work with all divisions of Public Works to improve electronic mapping system.
11. Maintain a CIP programs for Water, Sewer, Stormwater and Transportation.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** **\$97,688 Increase (+27.6%)**
- **Operating Expenses:** **\$127,908 Increase (+22.6%)**
- **Capital Outlay:** **\$403,400 (See Below)**
- **Capital Improvement:** **\$0**
- **Total Budget:** **\$382,246 Increase (+32.7%)**

Increase:

- \$117,858 Contract Engineering (AWCK)
- **\$53,000 New Position – General Services Manager (Consider hosting position under Administration)**
- **\$32,000 New Position – Assistant Warehouse Manager (Consider moving to 5186 PWOC)**
- \$7,500 Contract Surveying
- \$2,600 Gas & Oil

Reductions/Decreases:

- \$4,800 Education and Training

Capital Outlay:

- Replace Dump Truck S-4 \$101,900
- Oakwood Ave Sidewalk: \$189,000
- Hwy 3 Sidewalk Payment: \$112,500

Eliminated from consideration: Engineering Tech \$46,105

Positions:

- Funded Positions: Six (6) FT; One (1) PT
- No new personnel are included.
- No other significant changes are included.

FISCAL YEAR 2014**DEPARTMENT: PUBLIC WORKS****PROGRAM: Traffic 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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	127,511	140,761	128,223	145,237	145,237
OPERATING	102,300	125,062	118,550	184,562	184,562
CAPITAL	9,750	-	-	-	-
TOTAL	239,561	265,823	246,773	329,799	329,799
POSITIONS	3	3	3	3	3

ACCOMPLISHMENTS: (Thru February, 2013)

1. The Sign Shop has maintained and repaired all signs throughout the City in a timely manner; making and installing 1,053 signs this year.
2. Cut limbs at over 54 locations.
3. Constructed all banners for the "Concerts in the Park" series, as well as other banners throughout the City.
4. The Sign Shop sprayed weed killer for 100,000 LF of sidewalks and roadways yearly, which is 8.5% of the City-maintained streets.
5. Mowed right-of-way properties of 84,000 LF every two weeks; which is 7% of the City-maintained streets every 2 weeks.
6. Constructed banners and signs for the "Jiggy with the Piggy" barbecue event in conjunction with Village Fest.
7. Serviced CK Rider's four bus stop trash receptacles within Kannapolis every other week during the past year.
8. Maintained the Research Campus lights with bulb replacements; 3-month schedule.
9. Recorded all speed limit signs on City-maintained roads and recorded data from the Retroreflectometer and replaced 150 speed limit signs that failed.
10. Started recording warning signs on City-maintained roads and recorded data from the Retroreflectometer.

PERFORMANCE INDICATORS:

ACTIVITY	FY2010	FY2011	FY2012	FY2013
Street Name Signs Installed or Repaired	154	126	203	98
Information Signs Installed or Repaired	332	268	884	1,369

ACTION PLAN:

1. As part of the federally mandated modifications to street name signs on multi-lane roads with speeds higher than 40 mph, signs must be 8-inches in letter height, upper case and 6-inches in letter height, lower case; therefore, we will proceed with replacement of all other 4-lane roads throughout the City. (Lane Street)

2. Continue an inventory system with retroreflectivity readings on required signs inside the City limits and place them on a schedule to date and replace the signs as needed.
3. Inspect and replace speed limit signs and warning signs that fail the retro reading. (estimate 200-300 per year).
4. Continue forwarding repair requests within 24-hours of receipt of request.
5. Continue enhancing the mowing program.
6. Replace 454 stop signs that are scheduled for replacement this year.
7. Ensure signs and markings are maintained in good condition with the following priorities and procedures:
 - a. Stop sign damage will be repaired immediately upon notification, day or night.
 - b. Repairs due to damage for all signage, other than stop signs, will be completed within two working days after notification.
 - c. Routine, systematic inspection and replacement of all signs will continue on a scheduled basis.
 - d. New installations for new developments will be fabricated and installed promptly.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses: \$4,476 Increase (+3.1%)**
- **Operating Expenses: \$59,500 Increase (+47.5%)**
- **Total Budget: \$63,976 Increase (+24.0%)**

Increased:

- \$30,200 Department Supplies – Decorative street signs along Lane Street / Continued replacement of 350 other street signs.
- \$27,400 Contracted Services – Supplementing NCDOT mowing on Cannon Boulevard
- \$1,000 Tools (Replace battery operated rivet gun)

Decreases:

- None

Eliminated from consideration:

- **Construction Maintenance Worker \$30,675**
- **Construction Maintenance Worker \$30,675**
- **Construction Maintenance Worker \$30,675**

Personnel:

- Positions Funded: Three (3)

FISCAL YEAR 2014**DEPARTMENT: PUBLIC WORKS****PROGRAM: Powell Bill – Streets****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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	277,405	328,048	285,131	326,447	326,447
OPERATING	498,735	896,952	884,793	922,553	922,553
CAPITAL	353,244	-	68,009	-	-
TOTAL	1,129,384	1,225,000	1,237,933	1,249,000	1,249,000
POSITIONS	9	9	9	9	9

ACCOMPLISHMENTS:

1. Completed five (5) cycles of scheduled mowing, which is 66.1 miles every cycle or 29.5% of the City’s maintained roads.
2. Completed 3 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. With over 619 potholes repaired, 133 utility cuts repaired and 87 other miscellaneous repairs.
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. Many of our crewmembers received Road Scholar certificates from the LTAP program in that has been beneficial in enhancing our street repair techniques.
7. The total amount of asphalt used was 998 tons as of March 1st.
8. We have completed repairs to the following streets: East 27th Street, Colony Street, Echo Street, Riverfarm Boulevard, Pleasant Avenue and Lombardi Avenue, to name a few. We are extremely pleased with having the ability to lay down quality asphalt patches anywhere it is needed with proper prepping.

PERFORMANCE INDICATORS:

ACTIVITY	FY2010	FY2011	FY2012	FY2013
Reconstruction Resurfacing (miles)	0.00	0.36	0	17
Utility Cuts Repaired	158	176	169	194
Pavement Repairs (includes potholes)	1,526	1,538	837	1,114
Shoulder Work (feet)	7,529	15,695	23,815	8,691
Sidewalk Repairs (feet)	5,140	2,707	10	0

ACTION PLAN:

1. Complete a minimum of four (4) 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. Continue to train personnel through the educational programs offered by ITRE.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** \$1,601 Decrease (+0.4%)
- **Operating Expenses:** \$25,601 Increase (+2.8%)
- **Total Budget:** \$24,000 Increase (+1.9%)

Increased:

- \$12,200 Maintenance & Repair Motorized Equipment
- \$8,400 Equipment Rental
- \$5,000 Professional Services Consultant

Reductions/Decreases:

- None

Eliminated from Consideration:

- \$100,000 No Sidewalk Repair funding (Two sidewalk projects under Public Works Admin & Engineering 5150)
- \$153,375 Five (5) Construction Maintenance Worker I (\$30,675 each)

Items of Interest:

- State Powell Bill funds are projected to increase \$4,100 from \$1,244,900 to \$1,249,000. The city will receive \$20.16 per citizen (FY13 \$20.26) and approximately \$1,596 per mile (FY13 \$1,668) of maintained roadway.
- At the direction of City Council, in FY 07 staff reduced the Powell Bill Fund Balance through an aggressive street improvement program. During FY 07, the budget included the projected use of the remaining Powell Fund Balance of approximately \$536,000. Powell Bill reserves have now all been invested in road improvement projects. No funds were budgeted for street paving projects in FY 08. In FY 09, \$500,000 was budgeted for Street Resurfacing. In FY 10, staff recommended delaying the appropriation of \$214,823 to resurface streets and combine those funds with future Powell Bill monies for maximize coverage. City Council opted not to delay funding and resurface city streets. In FY11 staff once again recommended the elimination of street resurfacing due to insufficient funds; however city council made a policy decision to budget \$319,934 for resurfacing Bethpage Road. In FY2012, City Council approved \$483,674 for resurfacing; the same amount is being recommended for FY14.

Personnel:

- Funded Positions: Eight (8)

FISCAL YEAR 2014**DEPARTMENT: PUBLIC WORKS****PROGRAM: 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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	-	-	-	-	-
OPERATING	531,775	502,100	439,000	533,500	533,500
CAPITAL	-	-	-	-	-
TOTAL	531,775	502,100	439,000	533,500	533,500
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

1. Identified lights that had 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.

PERFORMANCE INDICATORS:

ACTIVITY	FY2009	FY2010	FY2011	FY2012	FY2013
New Lights Installed	64	37	97	87	67
Requests for New Lighting	40	35	151	31	46
Repair Requests Received	97	532	163	433	525

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 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.
6. Continue to coordinate with developers to determine type of light design at pre-construction meeting; also, requiring installation prior to acceptance of subdivision.
7. Continue to work with homeowner's associations for input if decorative fixtures are requested in place of standard fixtures.
8. Continue to work with the developer and/or homeowner's associations and Duke Energy to determine lighting needs.

9. Continue forwarding repair requests to appropriate service provider within 24-hours of receipt of request
10. Continue the Citywide street lighting scans.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$31,400 Increase (+6.2%)
- **Total Budget:** \$31,400 Increase (+6.2%)

Increase due to new and expected Duke Energy Utility Rates.

Eliminated From Consideration:

- **\$856,000** Kannapolis Parkway decorative lighting installation from I-85 to Hwy 3 (upfront decorative charge and annual power cost approximately \$56,000 per year). This cost does not include burying existing overhead power lines between Hwy 73 and I-85.
- No other significant changes are included.

FISCAL YEAR 2014**DEPARTMENT: PUBLIC WORKS****PROGRAM: 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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	-	-	-	-	-
OPERATING	206,830	163,500	189,100	214,004	214,004
CAPITAL	-	-	-	-	-
TOTAL	206,830	163,500	189,100	214,004	214,004
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

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

ACTION PLAN:

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$50,504 Increase (+30.0%)
- **Total Budget:** \$50,504 Increase (+30.0%)

Increases:

- \$27,104 Telephone (Right-size historical trend after telephone audit)
- \$10,000 Maintenance & Repair Buildings Grounds (Painting facility, exterior washing, bird control program)
- \$5,200 Contracted Services (Generator, Petroleum, Security, Mechanical Service Contracts)
- \$4,100 Utilities – Electric
- \$1,800 Utilities – Gas
- \$500 Gas & Oil

Decreases: N/A

- No new or replacement capital.
- No other significant changes are included.

FISCAL YEAR 2014**DEPARTMENT: OTHER****PROGRAM: 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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	2,298,413	2,319,205	2,253,368	2,318,470	2,318,470
OPERATING	1,805,017	2,982,223	2,962,844	3,286,565	3,286,565
CAPITAL	-	164,383	1,228,960	-	-
TOTAL	4,103,430	5,465,811	6,445,172	5,605,035	5,605,035
POSITIONS	0	0	0	0	0

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** \$735 **Decrease** (0%)
- **Operating Expenses:** \$304,342 **Increase** (+10.2%)
- **Capital:** \$0
- **Total Budget:** \$303,607 **Increase** (+5.7%)

Increase:

- \$150,000 Transfer to Environment Fund
- \$119,244 Incentive Grant (Details Below)
- \$26,000 Workers Comp
- \$15,000 Insurance Buildings and Contents
- \$15,000 General/Auto Liability
- \$14,263 Transfer to Transit Fund
- \$12,000 Transfer to Separation Pay Reserve

Reductions/Decreases:

- \$26,000 Retiree Insurance

Capital Improvement: None**Items of Interest:**

- \$14,263 Transferred to the Transit Fund to balance the expenditure commitments to operate the Concord-Kannapolis Transit System for weekday and Saturday operations.
- \$12,000 total transfer to the Separation Pay fund. In FY06, the full amount of fund balance in the Separation Pay Fund was exhausted. In FY 07, the fund was regarded as an ongoing expenditure.

- The proposed budget includes approximately \$297,930 to continue funding a medical spending account for all currently funded full time positions and retirees. Employees continue to have a choice of two plans: a Healthcare Reimbursement Account (HRA) or a Healthcare Savings Account (HSA). Implementation of the spending accounts and consumer driven health plan has attributed favorably to controlling rising healthcare costs that enabled the City to implement a self-insured program and Wellness/Nurse Practitioner program in FY 2010.
- Our most recent Program Impact Report shows claims for managed employees, meaning those employees who are in compliance with their healthy life plans, have decreased by 19.9% while claims for the unmanaged group increased by 101.9%. The unmanaged group is comprised of 84 employees who either chose not to participate in the program or are not compliant with their healthy life plans. The improvements among the managed group are most evident when viewed by risk factor: 26.83% decrease in claims paid for blood pressure related risks; 10.12% decrease in claims paid for treatment of cardiovascular conditions; 2.12% decrease for claims related to diabetes. As of April 2012, net claims are down 12.5% and are at a rate less than that of three years ago. Total health program costs (medical, pharmacy, health clinic, medical spending accounts, and fixed costs) are down 9.1% and are also at a rate that is less than that of three years ago.
- Implementation of a Tobacco User Fee which reduces the employer's contribution to the employee's medical spending account by 25% for the upcoming FY and by 50% in FY 14.
- BMI incentive: Employees will continue to work toward reducing their body mass index over the next twelve months.
- Incentive Grants: The Show Show will receive \$48,000 in the final year of the three year incentive grant. SP Richards will receive \$50,000 in the first year of a three year incentive grant. These incentive grants are paid based upon business expansions that add to the overall property tax value.

FISCAL YEAR 2014
DEPARTMENT: OTHER

**PROGRAM: Non-Departmental Contingency/
 Capital Reserve**

MISSION STATEMENT:

The Non-departmental Contingency/Capital Reserve is a staff recommendation to begin the long-term financial planning for future capital projects and unexpected expense increases associated with unknown projections related to fuel costs, landfill tipping fees, street lighting, and NCDOT project timelines requiring city matching funds. Use of these funds will require prior City Council approval.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	-	-	-	-	-
OPERATING	-	153,205	230,405	174,443	174,443
CAPITAL	-	-	-	-	-
TOTAL	-	153,205	230,405	174,443	174,443
POSITIONS	0	0	0	0	0

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$21,238 Increase (+13.8%)
- **Total Budget:** \$21,238 Increase

(Proposed Policy says minimum of .5% which would equal \$165,000; FY14 Budget includes \$174,443)

Capital Reserve Fund \$62,100 – Streets/Sidewalks Included:

- Hwy 3 Sidewalk: \$37,500 cash match
- Hwy73 Sidewalk: \$24,600 cash match

The Non-Departmental Contingency/Capital Reserve is a staff recommendation to begin the long-term financial planning for future capital improvement projects and unexpected expense increases associated with unknown projections related to fuel costs, landfill tipping fees, street lighting, and NCDOT project timelines requiring city matching funds. Use of these funds will require prior City Council approval.

FISCAL YEAR 2014**DEPARTMENT: GENERAL DEBT SERVICE****PROGRAM: General Fund 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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	-	-	-	-	-
OPERATING	3,076,096	5,613,187	5,512,448	5,159,562	5,159,562
CAPITAL	-	-	-	-	-
TOTAL	3,076,096	5,613,187	5,512,448	5,159,562	5,159,562
POSITIONS	0	0	0	0	0

THE GENERAL FUND DEBT IS AS FOLLOWS:

	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	REMAINING TERM	INTEREST RATE
INSTALLMENT PURCHASE 2013 <i>PROPOSED</i>	1,627,000	81,055	12,500	93,555	10 YEARS	2.08%
WACHOVIA BANK <i>FOR PUBLIC WORKS FACILITY</i>	76,667	81,055	1,595	161,307	.5 YEARS	4.16%
PNC REFINANCE <i>VILLAGE PARK BUILDING</i>	418,133	52,267	8,102	60,369	9 YEARS	2.00%
PNC REFINANCE <i>FIRE ST., ROGERS LAKE, BRIDGES</i>	5,128,108	628,546	98,999	727,545	11 YEARS	1.98%
WACHOVIA BANK <i>EQUIPMENT 2009</i>	151,967	151,967	1,002	152,969	.5 YEARS	3.16%
SUNTRUST <i>EQUIPMENT 2009</i>	529,275	138,319	14,757	153,076	4 YEARS	3.17%
ROWAN COUNTY <i>BASEBALL STADIUM</i>	3,000,000	62,500	-	62,500	48 YEARS	0.00%
NCRC TIF BONDS <i>2010 SERIES A</i>	14,762,821	1,440,000	660,500	2,100,500	7 YEARS	var.
NCRC TIF BONDS <i>2010 SERIES B</i>	19,310,000	-	1,405,768	1,405,768	14 YEARS	var.
GRAND TOTAL FOR FY2011	\$ 45,666,973	\$ 2,778,481	\$ 2,226,081	5,014,562		

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.

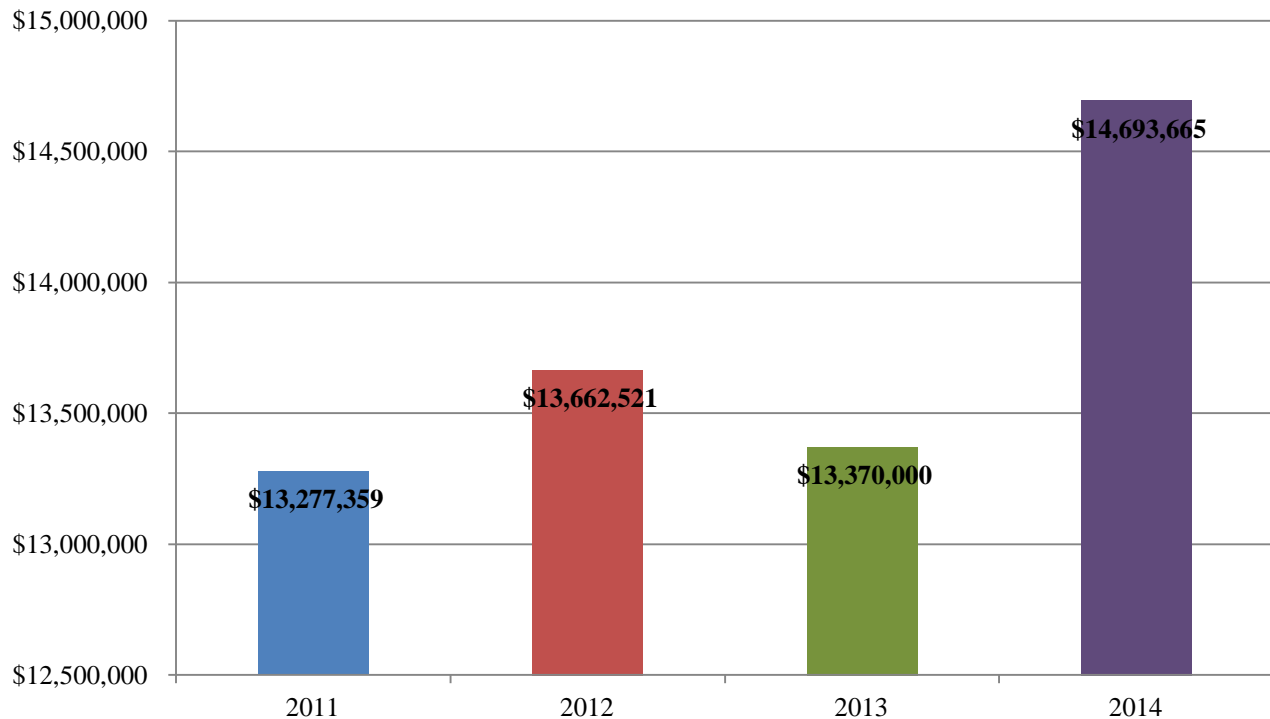
The W/S Fund section of the budget document includes detailed analysis of fund revenues and expenditures and program summaries for each of the operating services. The mission statement, departmental accomplishments and performance measures, goals and objectives, and an action plan are included in each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

WATER AND SEWER FUND REVENUES

CITY OF KANNAPOLIS REVENUE DETAIL ANALYSIS WATER AND SEWER FUND

REVENUES	ACTUAL FY2011	ACTUAL FY2012	BUDGET FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
CHARGES FOR WATER & SEWER RETAIL	12,034,232	12,116,512	12,100,000	13,496,836	13,443,665
CHARGES FOR WATER & SEWER WHOLESALE	351,172	256,812	350,000	300,000	300,000
TAP FEES	34,746	51,650	100,000	60,000	60,000
CONNECTION FEES	297,976	259,978	305,000	325,000	325,000
RECONNECTION FEES	111,645	107,740	105,000	165,000	165,000
PENALTIES	291,407	320,766	320,000	375,000	375,000
INVESTMENT INCOME	142,803	35,561	40,000	15,000	15,000
MISCELLANEOUS REVENUE	13,201	513,502	50,000	10,000	10,000
TOTAL WATER & SEWER FUND	13,277,434	13,662,521	13,370,000	14,746,836	14,693,665

Water & Sewer Revenues



As shown in the chart above, Water & Sewer revenues have remained relatively steady over the past three years. The estimated revenues for FY2014 are higher than the revenues for FY 2013 due to some normal growth in the system combined with a fixed rate increase to water rates and variable rate increases to water and sewer rates. The new rates are on the following page.

WATER AND SEWER FUND REVENUES: FY2014

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.

The water fixed rate increased by 95 cents and the variable rate increased by 35 cent per 1,000 gallons on both water and sewer rates. Outside city limit customers were subject to the same increases plus 20% to the fixed and variable water rates.

	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

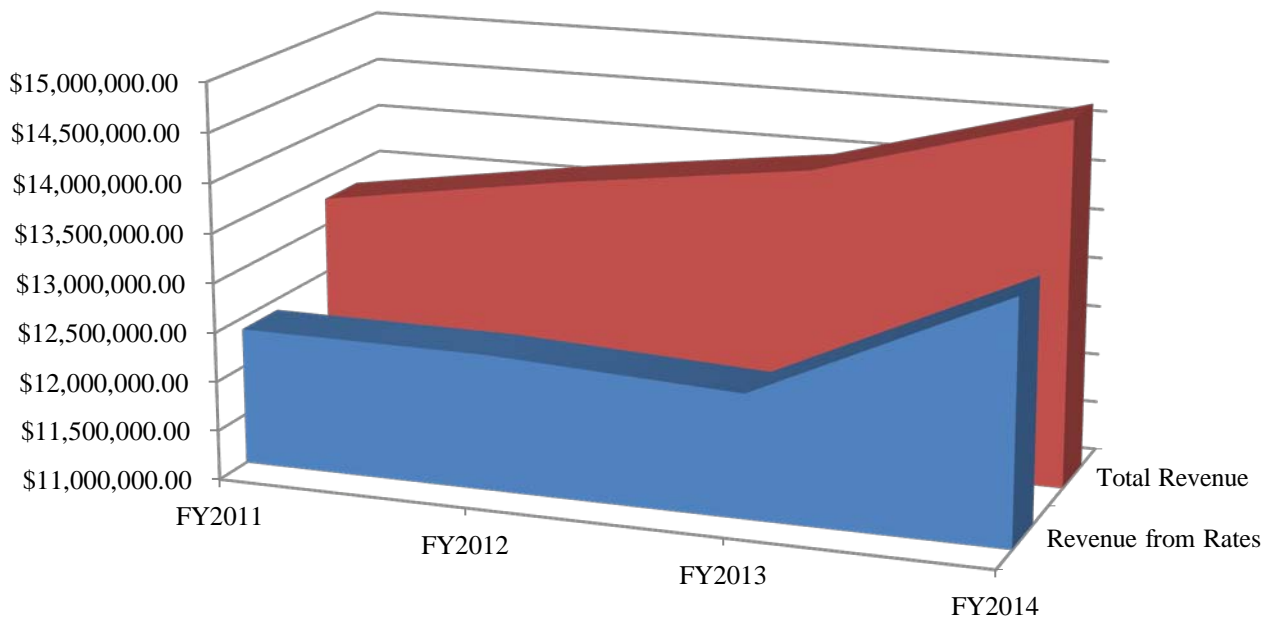
The proposed amount to be paid by a City customer at different levels of usage compared to current year is as follows (based on a customer using both water and sewer):

Usage in gallons	Current Charge	Adopted Charge	Increase/Decrease	Percentage Change
2,000	\$31.20	\$33.55	2.35	7.53%
3,000	\$41.90	\$44.95	3.05	7.28%
4,000	\$52.60	\$56.35	3.75	7.13%
5,000	\$63.30	\$67.75	4.45	7.03%
6,000	\$74.00	\$79.15	5.15	6.96%
7,000	\$84.70	\$90.55	5.85	6.91%
10,000	\$116.8	\$125.62	8.82	7.55%
20,000	\$223.80	\$242.52	18.72	8.36%

	ACTUAL FY2011	ACTUAL FY2012	PROJECTED FY2013	BUDGET FY2014
WATER & SEWER REVENUES FROM RATES	12,385,404	12,373,324	12,250,000	13,443,665
WATER & SEWER TOTAL REVENUES	13,277,434	13,370,000	13,990,000	14,693,665

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

WATER AND SEWER REVENUES AND RATES OVERLAPPING



The chart above reflects a steady climb in overall revenues, but revenues generated by rates were relatively flat over the past two fiscal years, until rate increases were implemented gave a moderate increase to total revenues. The water and sewer rate increase amount totals to \$1,323,665 more than budget FY 2013. These funds will be primarily focused on funding the Albemarle Water Line, a water meter replacement program, Irish Buffalo Creek sewer line, and Kannapolis lake intake/clearwell improvements.

WATER AND SEWER FUND EXPENDITURES FY2014

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	1,905,369	2,052,682	1,878,300	2,121,711	2,121,711
OPERATING	10,017,463	10,618,405	9,513,214	11,102,025	11,048,854
CAPITAL		721,014	2,308,987	1,523,100	1,523,100
TOTAL	12,833,807	13,392,101	13,700,501	14,746,836	14,693,665
POSITIONS	44	45	44	45	45

Overall, the Water and Sewer Fund Expenditures have increased \$1,301,564 or 9.7%. The operating budget increased \$430,449 or 4% over previous year. There are no significant changes to services or operations in the Water and Sewer fund. Personnel costs increased \$69,029 or 3.3%. This increase is much smaller than 9% last year due to a return the merit pay system in FY 2014.

	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
ADMINISTRATION	175,705	-	-	-	-
BILLING & COLLECTION	589,238	572,375	2,070,492	607,388	607,388
DISTRIBUTION	2,045,549	2,599,887	2,605,277	3,317,413	3,317,413
SEWAGE TREATMENT	2,666,683	2,716,509	2,662,131	2,712,919	2,712,919
WATER TREATMENT PLANT	2,393,067	2,070,134	1,891,367	2,334,584	2,334,584
GENERAL MANAGEMENT SERVICES	1,495,386	2,025,000	2,025,000	1,900,000	1,900,000
DEBT SERVICE	3,059,541	3,386,095	2,446,234	3,874,532	3,821,361
TOTAL EXPENDITURES	12,425,169	13,370,000	13,700,501	14,746,836	14,693,665

FISCAL YEAR 2014**DEPARTMENT: WATER AND SEWER****PROGRAM: 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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	352,716	364,936	345,019	387,038	387,038
OPERATING	236,522	207,439	206,284	220,350	220,350
CAPITAL	-	-	1,519,189	-	-
TOTAL	589,238	572,375	2,070,492	607,388	607,388
POSITIONS	6	6	6	6	6

ACCOMPLISHMENTS:

1. Maintained a high collection rate by continued enforcement of City Cut Off procedures for non-payment of past due accounts.
2. Implemented new policy for after hours cut on fee.
3. Maintained security of customer information as required by law.
4. Completed scrub of all account service contracts to determine closed or open accounts.
5. Implemented/enforced new extension/payment arrangement policy in 2012.
6. Initiated data base scrub to pick up storm water and recycle vacant properties.
7. Continued implementation of "discovery" process for Business License Department
8. Prepared folders and filed all customer service contracts alphabetically (for the past 4 years) together in file cabinets.
9. Installed Depository Safe and began implementation of processing deposits in office and pickup by courier weekly.
10. Initiated and implemented new tampering fees for customers tampering with city equipment.

PERFORMANCE INDICATORS:

ACTIVITY	FY 2010	FY 2011	FY2012
Average number of Customer Billings	216,000	216,000	216,000
Average number of new applications	3,985	3,846	3,753
Average number of walk-in payment & assistance needed customers	73,869	71,516	70,900
Average number of bank drafts	15,086	15,379	14,218
Average number of credit card customers	23,565	23,687	20,225
Water and Sewer collection percentage	97.00%	97.3%	97.6%

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

ACTION PLAN:

1. Strive to enhance customer service under the supervision of customer service director located in the City Manager's budget.
2. Maintain high collection rate by continued monitoring of past dues.
3. Continue to encourage automatic draft of customer payments.
4. Continue to find ways to cut down on customer walk in traffic.
5. Work with the City Attorney to increase collections of past due storm water accounts.
6. Work with the City Attorney to identify and collect business license fees from noncompliant business's.
7. Implement Council approved plan for billing rental property owners for storm water fees when properties are vacant.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** \$22,102 Increase (+6.0%)
- **Operating Expenses:** \$12,911 Increase (+6.2%)
- **Total Budget:** \$35,013 Increase (+6.1%)

Increased:

- \$11,500 Contracted Service – Bank Charges
 - This will cover safe vantage & courier collection: \$6,500
 - Check scanners (purchase & communicate) for tellers: \$5,000
- \$23,210 Contracted Services – Other (Debt Setoff Program – Offset with collected revenues)
- \$4,040 Telephone

Reductions/Decreases:

- \$13,000 Printing
- \$5,000 Postage/Shipping
- \$3,800 Utilities-Gas
- \$1,500 Maintenance Building Grounds

Personnel: No Budget Impact Proposal

- No new or replacement capital.
- No other significant changes are included.

FISCAL YEAR 2014**DEPARTMENT: WATER AND SEWER****PROGRAM: 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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	1,116,942	1,234,443	1,095,139	1,259,890	1,259,890
OPERATING	897,474	666,531	772,180	812,423	812,423
CAPITAL	-	721,014	737,958	1,245,100	1,245,100
TOTAL	2,014,416	2,621,988	2,605,277	3,317,413	3,317,413
POSITIONS	25	25	25	25	25

ACCOMPLISHMENTS:

1. Replaced 17 meter boxes.
2. Repaired 40 water main breaks.
3. Repaired/inspected 513 service leaks.
4. Installed 60 water services.
5. Updated 85 water meter set ups.
6. Meter Techs performed 5,427 Cut-offs for non-payment and 4,626 reconnects.
7. Meter Techs performed 3,865 scheduled meter turn-ons for new customers.
8. Meter Readers performed 14,300 meter reads each month.
9. Cross-trained one (1) Construction Maintenance Worker as a Meter Technician to perform meter service work. Cross-trained one (1) new Meter Technician to perform On-Call duties of a Construction Maintenance Worker.
10. Five employees received AWWA Water Distribution & Wastewater Collections certifications.

PERFORMANCE INDICATORS:

ACTIVITY	FY2009	FY2010	FY 2011	FY 2012	FY 2013
Water Services Installed	59	32	35	40	64
Sewer Services Installed	40	21	4	12	12
Sewer Mains Jet washed (feet)	269,754	300,264	158,439	231,608	82,213
Sewer Main Televised	46,000	61,029	30,142	34,019	66,065

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. Replace and upgrade the water system on Nottingham Road.

6. Continue to read meters each month within a 28-32 day billing window.
7. Continue to perform all meter turn-on and off requests the same day as scheduled.
8. Continue to perform in-house landscaping after completion of each job.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** \$25,447 Increase (+2.0%)
- **Operating Expenses:** \$145,892 Increase (+21.8%)
- **Capital Outlay:** \$352,000 (See Below)
- **Capital Improvement:** \$893,100 (See Below)
- **Total Budget:** \$699,282 Increase (+36.7%)

Increases:

\$100,000 New Personnel – Three (3) positions (Combination of CM Tech I Jet Vac Operator/CM Worker I)	\$37,500 Maintenance Repair Motorized Equipment (Jetvac W-20 and Backhoe repairs)
\$40,000 Outfall Clearing	\$34,000 Maintenance Repair Auto
\$22,000 Material Water Sewer Service	\$19,000 Contracted Services
\$13,000 Root Treatment	\$12,000 Utilities – Electric
\$6,137 Watertank Maintenance	\$5,000 Education/Training

Decreases:

- \$40,000 Contract Services Infiltration
- \$16,500 Landscape Mowing

Capital Outlay

- \$250,000 Moose Road Water Main Relocation (Bridge Project)
- \$102,000 Replace W-18 Dumptruck

Capital Improvement:

- \$650,000 Water Meter Replacement Debt Service 10yrs @ 3%
- \$124,800 Lady’s Funeral Home Sewer Rehab/Centergrove Watermain
- \$118,300 Irish Buffalo Creek Sewer

Eliminated from Consideration:

- Four (4) Construction Maintenance Worker I/Jet Vac Operator

Personnel:

- Funded: Twenty-Eight (28)

FISCAL YEAR 2014**DEPARTMENT: WATER AND SEWER****PROGRAM: 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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	-	-	-	-	-
OPERATING	2,666,683	2,716,509	2,662,131	2,712,919	2,712,919
CAPITAL	-	-	-	-	-
TOTAL	2,666,683	2,716,509	2,662,131	2,712,919	2,712,919
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

1. Continued implementation of the CIP projects as scheduled by eliminating one (1) sewer pump station.
2. 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.
3. Responded to and unstopped 787 sewer blockages.
4. Hydraulically cleaned 231,608 feet of sewer main.
5. Performed CCTV inspections 34,019 feet of sewer main.
6. Performed 1,093 routine inspections and 39 emergency inspections to the wastewater lift stations.
7. Repaired 21 sewer mains and laterals.
8. Cross-trained two (2) new Construction Maintenance Technicians on the CCTV system and the sewer lift stations.
9. 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 remaining sanitary sewer outfall line and mark manholes with reflective sign markers.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$3,519 Decrease (+0.1%)
- **Total Budget:** \$3,519 Decrease (+0.1%)

Increases:

- \$10,000 Sewage Treatment Interceptor Variable Rate (Right-sizing budget due to increased flow)
- \$8,000 Concord Northlite Sewer

Decreases:

- \$24,000 Sewer Treatment Fixed Rate

Items of Interest:

- **No rate increase.**
- **Sewage Treatment:** Contracted variable wastewater treatment cost to the Water and Sewer Authority of Cabarrus County. The line item cost is based on a projected flow of 1,450,000,000 gallons @ WSACC rate of \$1.068/thousand gallons including fixed and variable cost. Increase is due to increased flow from new development.
- **Sewage Treatment-Interceptor Variable Rate.** The line item cost is based on a projected flow of 1,450,000,000 gallons @ WSACC rate of \$0.164/thousand gallons.
- No other significant charges are included.

FISCAL YEAR 2014**DEPARTMENT: WATER AND SEWER****PROGRAM: Water Treatment 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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	431,211	453,303	438,142	474,783	474,783
OPERATING	1,661,856	1,616,831	1,401,385	1,581,801	1,581,801
CAPITAL	-	-	51,840	278,000	278,000
TOTAL	2,093,067	2,070,134	1,891,367	2,334,584	2,334,584
POSITIONS	9	10	10	10	10

ACCOMPLISHMENTS:

- Continued bacteriology monitoring.
- Continued cross-training for qualified employees in dual positions as Shift Operator/Maintenance.
- Continued to refine WTP process and distribution system water quality.
- Continued work to find solution to the low chlorine, THM and flow problems in developing purchase water communities along Shiloh Church Road.
- Continued to coordinate and address any water quality complaints with Water Resources staff.
- Continued to expand the system-flushing program to improve water quality.
- Continued to monitor the Kannapolis Lake watershed to ensure high quality raw water levels.
- Continued the periodic inspection and maintenance of our raw water lines.
- Added a blow-off/testing tap to enhance quality issues in the Shiloh Church Road area.
- Enhanced SCADA system by upgrading existing software system that provides for more efficient recovery of data.

PERFORMANCE INDICATORS:

ACTIVITY	FY2010		FY2011		FY2012		FY2013	
	Billion Gallons	MGD	Billion Gallons	MGD	Billion Gallons	MGD	Billion Gallons	MGD
Total Water Treated	1.27	3.48	1.21	3.31	1.39	3.80	1.48	4.04
City Water Use	1.45	3.967	1.21	3.32	1.21	3.32	1.31	3.58
Unit Cost of Treatment (\$/1,000 gal)		\$1.67		\$1.61		\$1.62		\$1.20

*MGD = million gallons per day

ACTION PLAN:

- 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:

- 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.
 - Continue State approved sampling plan by scheduling routine collection and testing of 50 samples monthly throughout the distribution system for chlorine residual and bacteria.
 - Continue annual testing of raw finished water for approximately 150 organic and inorganic chemical compounds.
 - 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. Review stormwater and other non-point discharges to Kannapolis Lake and develop strategies to eliminate these discharges.
 4. Implementation of EPA's Stage 2 Disinfection program.
 5. Implement City-wide flushing program for distribution water quality.
 6. Comply with all water quality standards with no violations.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** **\$21,480 Decrease (-4.7%)**
- **Operating Expenses:** **\$35,030 Decrease (-2.2%)**
- **Capital Outlay:** **\$65,000**
- **Capital Improvement:** **\$213,000**
- **Total Budget:** **\$264,450 Increase (+12.7%)**

Increases:

- \$20,000 Utilities – Electric
- \$10,000 Maintenance Repair Buildings and Grounds (Repair moisture seeping in front offices/mildew)
- \$5,000 Gas & Oil

Reductions/Decreases:

- \$40,000 Emergency Repair
- \$20,000 Department Supplies
- \$20,000 Professional Services – Consultants
- \$5,000 Lift Stations

Capital Outlay:

- \$65,000 Lake Damn Intake and Clear well Debt Service

Capital Improvement:

- \$213,000 Filter #2 Rehab

Eliminated from consideration:

- \$38,408 Water Treatment Plant Operator 1
- \$38,408 Water Treatment Plant Operator 1

Personnel:

- Funded: Ten (10)

FISCAL YEAR 2014

DEPARTMENT: WATER AND SEWER

PROGRAM: 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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	-	-	-	-	-
OPERATING	1,495,386	2,025,000	2,025,000	1,900,000	1,900,000
CAPITAL	-	-	-	-	-
TOTAL	1,495,386	2,025,000	2,025,000	1,900,000	1,900,000
POSITIONS	0	0	0	0	0

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** N/A
- **Total Budget:** **-\$125,000 Decrease (-6.5%)**
- **Decrease:**
 - \$125,000 (-6.5%)
- \$1,050,000 Total Transfer to General Fund. The generally accepted practice of transferring funds from Water and Sewer Fund to the General Fund was re-introduced in FY09 following a three-year period without a transfer. The intent of the transfer is to ease the pressure on the General Fund. 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.
- \$600,000 Transfer to Environmental Fund
- \$250,000 Transfer to Stormwater.
- No other significant changes are included.

FISCAL YEAR 2014**DEPARTMENT: WATER AND SEWER****PROGRAM: 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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	-	-	-	-	-
OPERATING	3,059,542	3,386,095	2,446,234	3,874,532	3,821,361
CAPITAL	-	-	-	-	-
TOTAL	3,059,542	3,386,095	2,446,234	3,874,532	3,821,361
POSITIONS	0	0	0	0	0

THE WATER AND SEWER DEBT IS AS FOLLOWS:

	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	REMAINING TERM	INTEREST RATE
STATE BOND PROGRAM FOR SEWER LINES	\$ 282,100	\$ 86,800	\$ 5,540	\$ 92,340	3 YEARS	2.20%
WACHOVIA BANK EQUIPMENT 2009	\$ 7,357	\$ 7,357	\$ 49	\$ 7,406	.5 YEARS	3.16%
WACHOVIA BANK FOR PUBLIC WORKS FACILITY	\$ 76,667	\$ 76,667	\$ 1,595	\$ 78,262	.5 YEARS	4.16%
2011 REVENUE BONDS FOR WATER SYSTEM	\$ 14,241,600	\$ 1,194,600	\$ 452,715	\$ 1,647,315	12YEARS	2.85%
2002 REVENUE BONDS FOR WATER & SEWER LINES	\$ 2,125,303	\$ 392,956	\$ 78,891	\$ 471,847	6.5 YEARS	3.89%
PNC BANK NC RESEARCH CAMPUS WATER	\$ 689,700	\$ 76,633	\$ 28,209	\$ 104,842	9 YEARS	4.09%
PNC BANK AFTON RUN SEWER	\$ 536,484	\$ 45,004	\$ 20,016	\$ 65,020	10 YEARS	3.81%
FIFTH THIRD BANK KANNAPOLIS PARKWAY WATER	\$ 658,079	\$ 79,997	\$ 12,600	\$ 92,597	10 YEARS	1.98%
STATE REVOLVING LOAN 2ND CREEK PUMP STATION	\$ 288,262	\$ 15,172	\$ 7,150	\$ 22,322	19 YEARS	2.48%
ALBEMARLE WATER LINE	\$ 10,000,000	\$ 666,667	\$ 300,000	\$ 966,667	15 YEARS	3.00%
TOTAL FOR FY2013	\$ 29,900,413	\$ 2,718,381	\$ 945,895	\$ 3,664,276		

- \$488,437 Increase (+14.4%).
 - Professional Services – Consultants \$152,085
 - Primarily arbitrage compliance reports: \$7,500
 - Cost of Issuance for proposed Revenue Bond Issuance: \$149,585
 - Debt Principal \$443,575
- \$107,223 Decrease Debt Interest
- Includes debt service for Albemarle Water Line \$667,667

ENVIRONMENTAL FUND

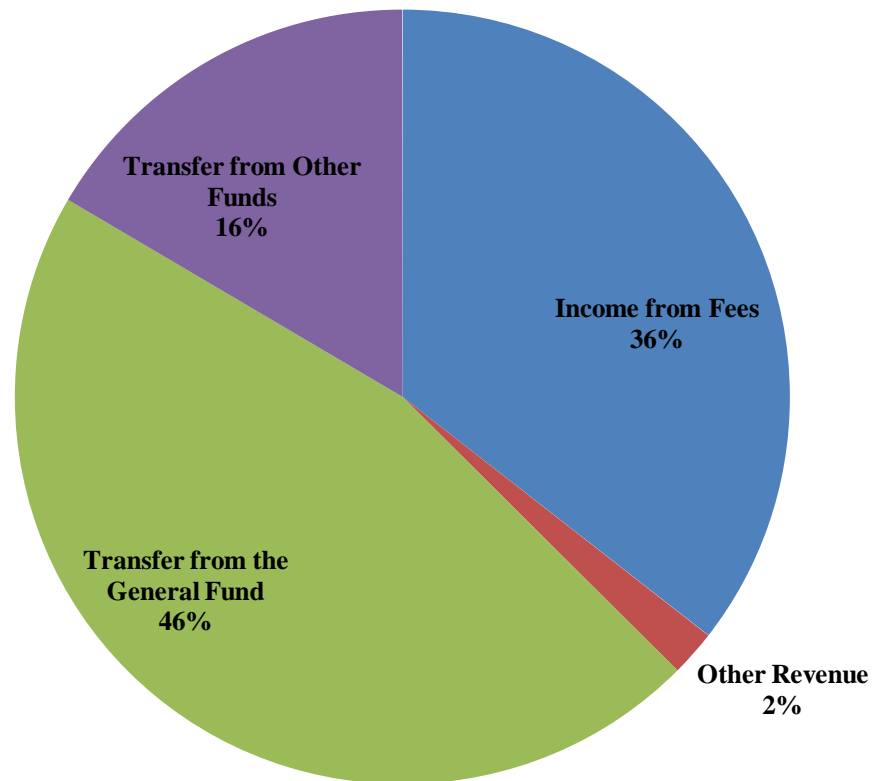
City Council approved a new recycling program in March 2011, which started on July 1, 2011. The fund consists of monies collected from the monthly user fee that all residents must pay, and revenue collected from the Sonoco Facility for material deposited at their facility. To ensure the success of the 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. The recycling fee was increased from \$3.20 per month to \$6.85 per month to help with the fee of these services. For FY2014, the user fees will remain unchanged.

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

REVENUES	ACTUAL FY2011	ACTUAL FY2012	BUDGET FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2013
INCOME FROM FEES	35,076	630,730	1,271,833	1,290,000	1,290,000
INVESTMENT INCOME	-	550	-	-	-
OTHER	830,400	67,500	70,000	70,000	70,000
TRANSFER FROM GENERAL FUND	-	-	1,400,000	1,670,000	1,670,000
TRANSFER FROM OTHER FUNDS	-	-	650,000	600,000	600,000
TOTAL ENVIRONMENTAL FUND	865,476	698,780	3,391,833	3,560,000	3,560,000

Environmental Fund Revenue



For a second year, a major portion of the anticipated budget for the Environmental Fund will be from user fees, which is a monthly \$6.85 fee (assumed from 17,000 users), which includes solid waste, yard waste, and recycling curbside pickup. The collection of solid waste and recyclables is handed by Waste Management and all recyclables collected are deposited at Sonoco Recycling, Inc’s facility located in Charlotte, NC.

**ENVIRONMENTAL FUND EXPENDITURES FY2014
BUDGET & STAFFING SUMMARY**

EXPENSE CATEGORY	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	-	-	-	-	-
OPERATING	3,400,520	3,391,833	3,396,403	3,560,000	3,560,000
CAPITAL	-	-	-	-	-
TOTAL	3,400,520	3,391,833	3,396,403	3,560,000	3,560,000
POSITIONS	0	0	0	1	1

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.

EXPENDITURES DETAIL ANALYSIS ENVIRONMENTAL FUND

	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
RECYCLING COLLECTION	597,197	636,196	659,497	713,589	713,589
SOLID WASTE COLLECTION	2,025,514	1,945,689	1,940,464	2,023,006	2,023,006
YARD WASTE COLLECTION	777,809	809,948	796,442	823,405	823,405
TOTAL EXPENDITURES	3,400,520	3,391,833	3,396,403	3,560,000	3,560,000

FISCAL YEAR 2014

DEPARTMENT: ENVIRONMENTAL FUND

PROGRAM: RECYCLING

MISSION STATEMENT:

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	-	-	43,301	50,549	50,549
OPERATING	597,197	636,196	616,196	663,040	663,040
CAPITAL	-	-	-	-	-
TOTAL	-	-	693,735	713,589	713,589
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

1. Continued single-stream recycling program for all Kannapolis residents.
2. Increased diversion of recyclables from the landfill and reduced the waste stream.
3. E-waste recycling event collected and diverted from the landfill approximately 8 tons of electronic waste and approximately 4.5 tons of shredded paper.
4. Continued electronic waste self-service drop off at Public Works Operation Center.
5. Continued participation in the recycling program by all Kannapolis City Schools.

PERFORMANCE INDICATORS:

ACTIVITY	FY2011	FY2012	FY2013
Customers served	N/A	6,801	16,801
Tons Recycled	N/A	3,044.95	2,873.24
Average Participation	N/A	73.25%	78.35%

ACTION PLAN:

1. Continue outreach and education in an effort to reduce the cost of solid waste collection.
2. Increase education and outreach in areas with low participation through Connect CTY calls, direct mailers and community events.
3. Continue to monitor the performance of the recycling contractor to ensure quality of service in accordance with the contract.
4. Implement the Coca-Cola Recycle and Win Program in conjunction with the cities of Charlotte and Concord.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$3,560,000 (+168,167. Combines Garbage, Recycling, Yard Waste, and Bulk Collection)
- **Total Budget:** \$3,560,000

Increases:

- \$45,635 Contracted Services – Recycling
 - CPI: 2.1%
 - FY13 \$1.81 FY14 \$1.85
 - \$29,000 is allotted for schools.

- \$81,242 Contract Services – Solid Waste
 - CPI: 2.1%
 - Solid Waste FY13 = 5.39 FY14 \$5.51
 - Bulk Waste FY13 = 1.53 FY14 \$1.56

- \$30,000 Landfill Tipping Fees
 - For FY 14, Landfill Tipping Fees decreased from \$37.89/ton to \$36.13/ton. Environmental Fees is \$10.00 per landfill ticket, plus a gate rate of \$48.00 per ton.

- \$18,457 Contracted Services – Yard Waste
 - CPI 2.1%
 - FY13 = 3.55 FY14 = 3.63 per house per month

Decreases:

- \$20,000 Public Education - Recycling

Items of Interest:

- Includes \$175,928 Debt Service Payment on Recycling Carts
- During the City Council budget workshop on April 23, 2012 staff was directed to begin the implementation a newly proposed Financial Plan based on a staff proposed 10-year financial forecast model. The Financial Plan planned for the elimination of fund transfers and called for the creation of an Environmental Fund and fee system that collectively accounted for all services related to solid waste, yard waste, and recycling. Following discussion, City Council approved the consolidation of services and creation of the Environmental Fund beginning with a fee monthly residential fee of \$3.65 per household.
- Our current Waste Management Contract is as follows (Equates to \$12.55 per household per month):
 - Recycling Contract \$1.85 per household
 - Garbage Collection \$5.51 per household
 - Yard Waste Collection \$3.63 per household
 - Residential Bulk Service \$1.56 per household

Eliminated From Consideration:

- N/A

Capital Outlay: N/A**Personnel:**

- One (1)

FISCAL YEAR 2014**DEPARTMENT: ENVIRONMENTAL FUND****PROGRAM: Solid Waste – Residential****MISSION STATEMENT:**

To provide collection and disposal of residential solid waste. Service is provided by contracts with Waster Management Inc. for rollout container service for single-family dwelling and bulk container service for multi-family complexes. All municipal waste is disposed of at the CMS Landfill. White goods are disposed of at the Cabarrus County Solid Waste and Recycling Facility.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	-	-	-	-	-
OPERATING	2,025,514	1,945,689	1,940,464	2,023,006	2,023,006
CAPITAL	-	-	-	-	-
TOTAL	2,025,514	1,945,689	1,940,464	2,023,006	2,023,006
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

1. Waste Management, Inc. provided prompt and efficient weekly rollout container service and bulk container service.
2. Continued replacement of old rollout containers with new City-owned rollout containers as requested by residents (which included the replacement of lids and wheels).

ACTION PLAN:

1. Continue to reduce the cost of solid waste collection by educating citizens on ways to reduce waste.
2. Continue to monitor the performance of the solid waste contractor to ensure quality of service in accordance with the contract.

FISCAL YEAR 2014

DEPARTMENT: ENVIRONMENTAL FUND

PROGRAM: Yard Waste

MISSION STATEMENT:

Waste Management has been contracted to take over yard waste/limb/leaf-collection on behalf of the City of Kannapolis as of September 1, 2005.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	-	-	-	-	-
OPERATING	777,809	809,948	796,442	823,405	823,405
CAPITAL	-	-	-	-	-
TOTAL	777,809	809,948	796,442	823,405	823,405
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

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

ACTION PLAN:

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

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.

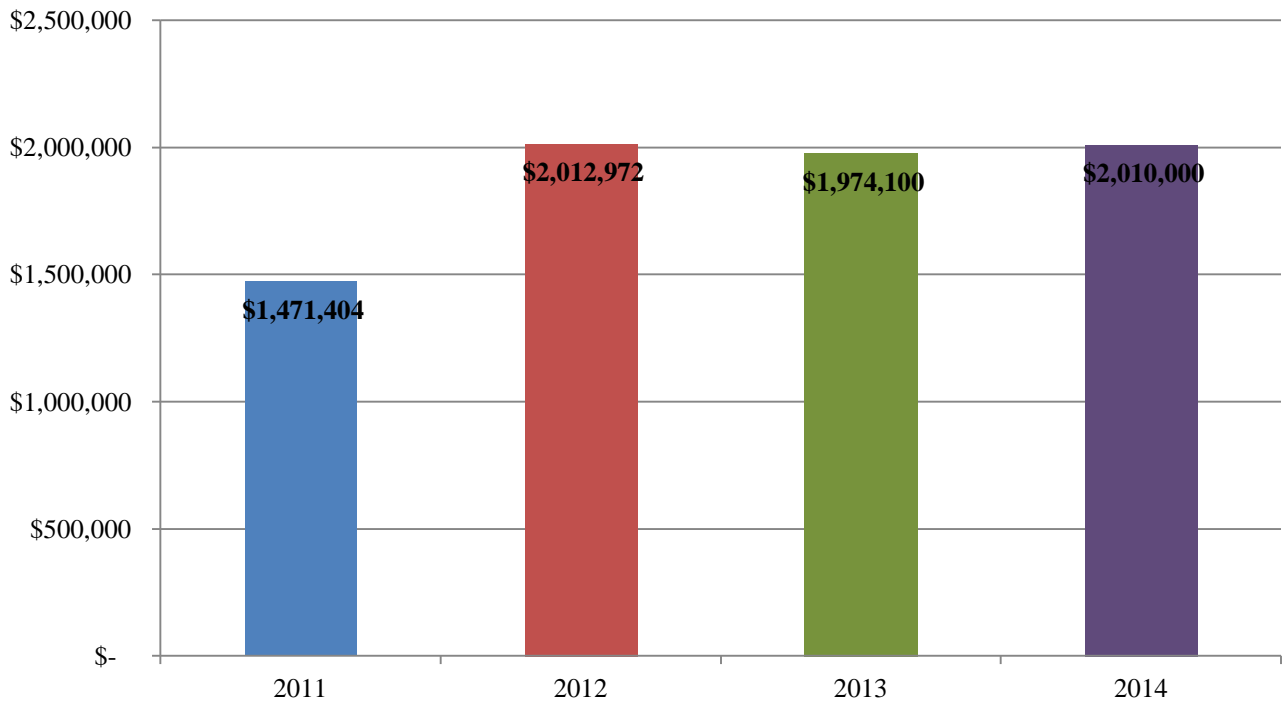
STORMWATER FUND REVENUES

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

REVENUES	ACTUAL FY2011	ACTUAL FY2012	BUDGET FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
CHARGES FOR SERVICES	1,471,604	1,503,285	1,599,000	1,760,000	1,760,000
INTEREST ON INVESTMENTS	800	64	100	-	-
TRANSFER FROM GENERAL FUND	-	-	-	-	-
TRANSFER FROM WATER AND SEWER FUND	-	509,077	375,000	250,000	250,000
FUND BALANCE APPROPRIATION	-	-	-	-	-
TOTAL STORMWATER FUND	1,471,404	2,012,972	1,974,100	2,010,000	2,010,000

The Stormwater Fund Balance at June 30, 2013, is expected to be \$678,338.

Stormwater Revenues



As shown in the chart above, Stormwater revenues have remained steady. The estimated revenues for FY2014 are higher than the revenues for FY 2013.

FISCAL YEAR 2014**DEPARTMENT: PUBLIC WORKS****PROGRAM: 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	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	581,119	546,178	495,033	563,792	563,792
OPERATING	1,435,496	1,427,922	1,435,530	1,446,208	1,446,208
CAPITAL	-	-	-	-	-
TOTAL	2,016,615	1,974,100	1,930,563	2,010,000	2,010,000
POSITIONS	12	13	12	13	13

ACCOMPLISHMENTS:

1. Completed the inspection and repair of the bridge maintenance list.
2. Maintained and inspected the critical pipe list.
3. Year-to-date we completed and closed approximately 587 work orders.
4. Replaced the James Street crossing culvert.
5. Year-to-date we repaired an estimated 9,751 foot of ditches and cut 7,681 foot of shoulder. We have completed 31% of the 446 miles of shoulder and have completed 46% of the 446 miles of ditch.
6. Dredged Second Creek and repaired and maintained the site.
7. Put in place a program to standardize any basin that we were called on for any issue or repair.

PERFORMANCE INDICATORS:

ACTIVITY	FY2009	FY2010	FY 2011	FY 2012
Miles of ditches and shoulders cleared annually	8.5	4.5	4	4.5
Linear feet of drainage culvert hydraulically cleaned	2,045 Feet	4,181Feet	1,497	1,700
Storm drainage structures constructed annually	65	28	31	45
Number of stormwater complaints resolved within 30 days	483	593	593	492

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 6 minimum measures.
3. Public education and outreach
4. Public participation/involvement
5. Illicit discharge detection and elimination

6. Construction site runoff control
7. Post-construction runoff control
8. Pollution prevention and good housekeeping
9. Increase the level of maintenance on equipment.
10. 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.
11. Update inventory, survey and mapping of culverts in the City.
12. Continue decreasing the cost of culvert maintenance by performing work in-house.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** \$17,614 Increase (+3.2%)
- **Operating Expenses:** \$18,286 Increase (+1.2%)
- **Total Budget:** \$35,900 Increase (+1.8%)

Increases:

- \$84,370 Professional Services – Consultants NPDES MS4 Permit Compliance
- \$29,972 Maintenance Repair Auto Truck
- \$16,712 Maintenance Repair Motorized
- \$6,000 Tires
- \$4,875 Gas & Oil
- \$3,750 Education and Training

Decreases:

- \$1,000 Travel
- \$1,000 Dues Subscriptions

Eliminated from Consideration:

- **Two (2) CM Technicians I \$76,816 (\$34,408 each)**
- **Four (4) Construction Maintenance Worker I \$122,700 (\$30,675 each)**

Items of Interest:

- Stormwater Fee increased \$0.40. Rate increase generates a projected increase of \$129,000
- ERU = Equivalent Residential Unit

Tier	FY2012	FY2013
1	\$3.00	\$3.40
2	\$4.00	\$4.40
3	\$5.00	\$5.40
Commercial	\$4.00/per ERU	\$4.40/per ERU

- \$125,000 decrease in revenue transfer from Water Fund
- \$197,219 Total Transferred to General Fund.

Personnel:

- Funded Positions: Thirteen (13)

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 FY2014 Transit System Fund Budget is \$449,263. This is the thirteenth 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.

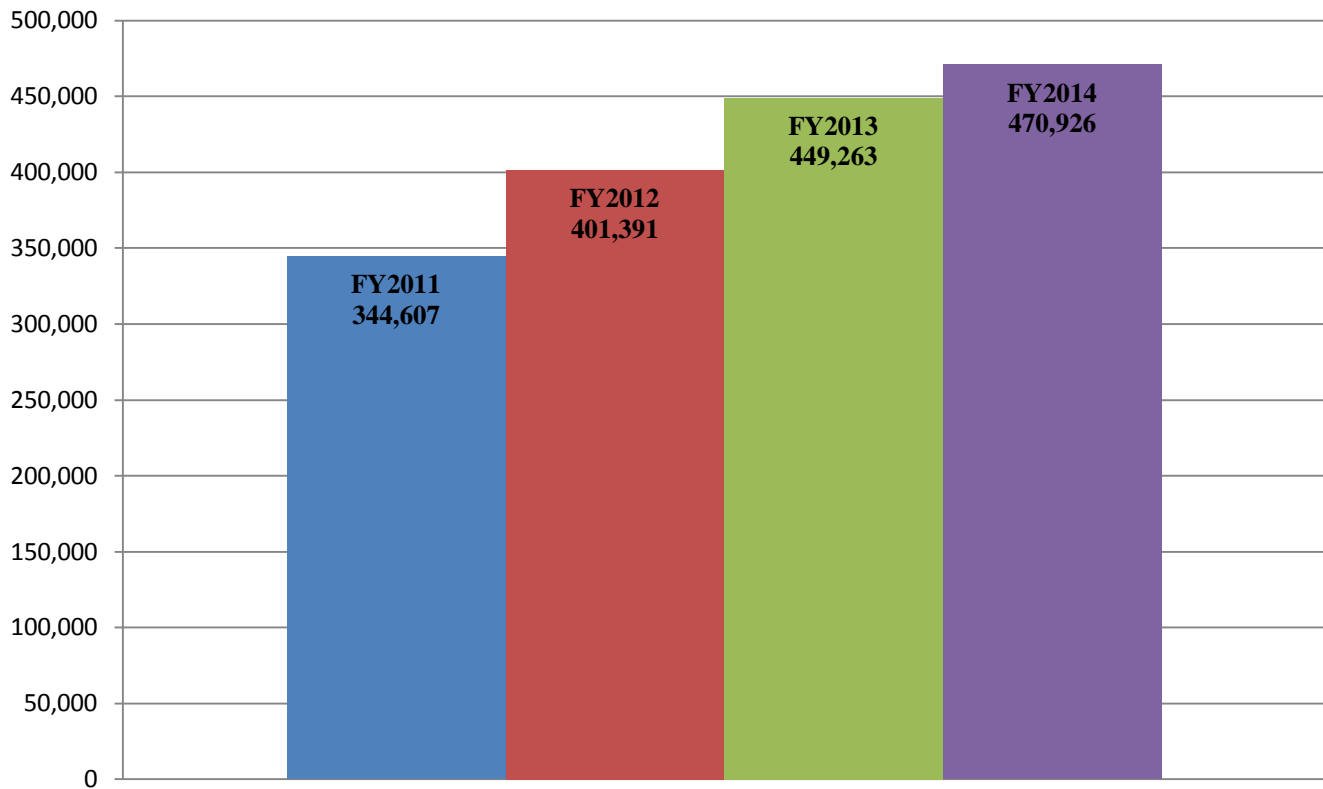
City Council has adopted a formal inter-local agreement with the City of Concord to establish a jointly supported Urban Area Transit System for our two cities. The largest part of this entire initiative would be funded by the State and Federal governments. In FY2014, the City's share of total system costs is based on an estimated total cost to operate the entire bus system of \$3,108,124.52. The FY 2014 City's share of total system costs based upon the total cost share between Concord and Kannapolis is \$470,296.

TRANSIT FUND REVENUES

CITY OF KANNAPOLIS REVENUE DETAIL ANALYSIS TRANSIT FUND

REVENUES	ACTUAL FY2011	ACTUAL FY2012	BUDGET FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
VEHICLE LICENSE TAX	162,571	160,376	164,000	167,137	167,137
INTEREST ON INVESTMENTS	74	55	0	0	0
TRANSER FROM GENERAL FUND	181,962	240,960	285,263	303,789	303,789
TOTAL TRANSIT FUND	344,607	401,391	449,263	470,926	470,926

TRANSIT FUND REVENUES



The chart above shows revenues have risen each year. This is explained by an increase in service levels. Additional routes have been added with the most significant being a route to Landis, China Grove, and Salisbury to the north of Kannapolis.

FISCAL YEAR 2014

DEPARTMENT: TRANSIT FUND

PROGRAM: Regional Transit Bus System

MANDATED SERVICE:

MISSION STATEMENT:

To provide funds for the new regional transit system.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	-	-	-	-	-
OPERATING	402,084	449,263	449,263	470,926	470,926
CAPITAL	-	-	-	-	-
TOTAL	402,084	449,263	449,263	470,926	470,926
POSITIONS	0	0	0	0	0

PROJECTED RIDER LOCAL OPERATING EXPENDITURES FY2013:

	CITY OF CONCORD	CITY OF KANNAPOLIS	
Operations, including Saturday	646,991	370,045	Generally fixed - Depends on Farebox Revenue
Administration, Marketing & Planning	65,986	65,986	Generally fixed for year
Transit Center	-	-	To be determined (could increase)
Capital	34,866	34,895	Determined by needs
Vehicle Tax (<i>less</i>)	(294,154)	(160,000)	
TOTALS	453,719	310,296	

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$21,663 Increase (4.8%)
- **Total Budget:** \$21,663 Increase (4.8%)

Points of Interest:

- \$470,926 Budgeted
- \$21,663 total fund **increase (+4.8%)**
- \$7,500 Cost share for Rowan Express is included
- The budget includes \$167,137 in revenue from a \$5.00 vehicle tax (restricted to transit).
- Includes a \$303,789 Transfer from General Fund.
- 100% of expenditures are for the Kannapolis share of operating costs of the Transit System (see spreadsheets attached). All operating funds are administered by the City of Concord as the lead agency.
- All capital costs (buses, transfer hub, etc.) will be borne by the Federal Transit Administration with the 10% local match by the City of Concord.
- The FY 14 Budget includes:
 - With the shift from Small Urban Transit System status to Large Urban Transit System (thanks to the 2010 census numbers) starting last October 1st (Federal FY 13 start), we no longer receive our Federal transit funding as a pass through from the state; we now receive it directly from FTA. Financial impact of that change is that we now have some higher Federal funding levels than before (\$1.336M in FY12-13, \$1.649M projected in FY 13-14, plus \$199K in CMAQ funds for Sunday Service.) We have a little more money budgeted for Operating match, which brought

down the local General Fund supplement for both cities proportionally (-\$71k for Concord, -\$38k for Kannapolis). There was also an increase in Capital only funds, which increased the GF supplement for each city equally (+\$55.5k each). The end result was a small net savings for Concord (-\$31k), and a small net increase for Kannapolis (+\$15k), and an overall budget reduction of GF contribution savings of \$16k.

- The proposed budget covers the cost of Sunday Service starting in October and increasing our capital reserves \$246k compared to last year, while increasing fuel projections (adding Sunday service costs plus some inflation cushion), ADA paratransit, marketing & printing (RFP for new firm, Sunday Service, fare media and transfers).
- Transit Center expenses, utilities, and maintenance.

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 four (4) retired City employees during FY2014. These retirees will continue to receive this benefit until age 62. Budgeted payments amount to \$282,000 for FY2014.

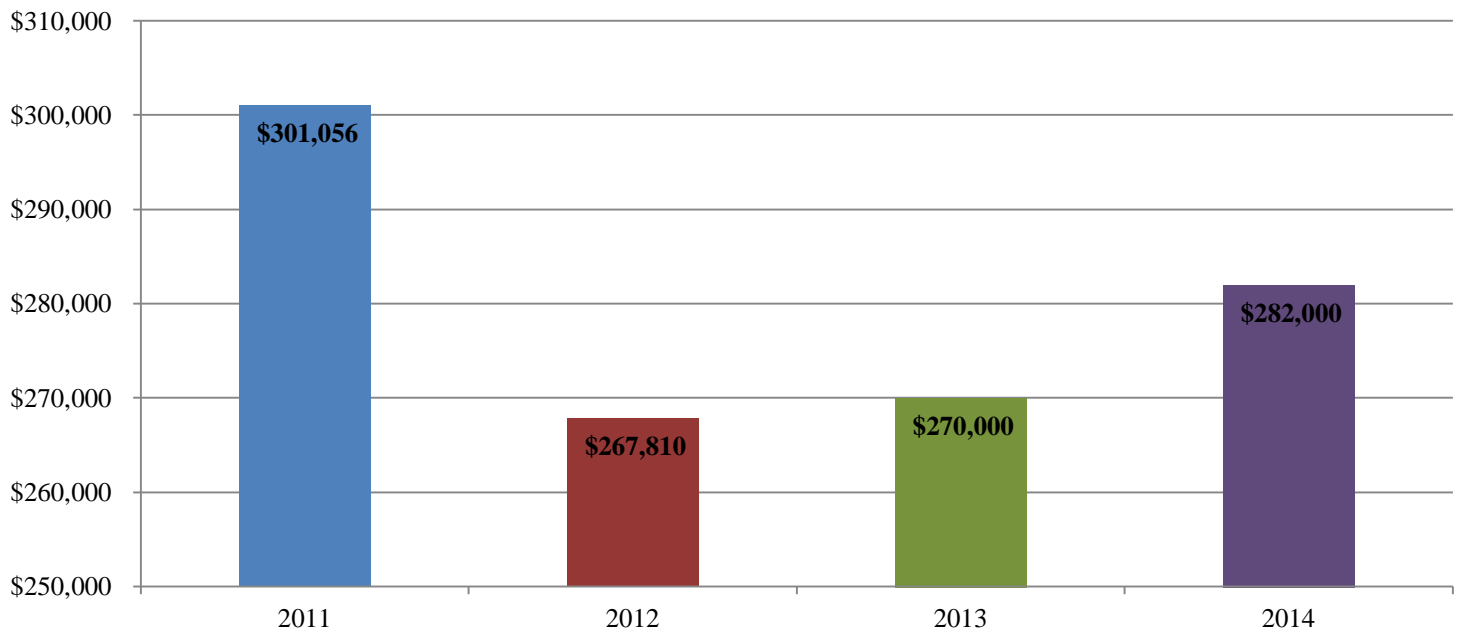
The Basis of Accounting for the Separation Allowance is the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the City has made formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan. Fund Balance is projected to be \$449,263 at June 30, 2013. None of this Fund Balance is budgeted to be used in FY2014.

SEPARATION PAY FUND REVENUES

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

REVENUES	ACTUAL FY2011	ACTUAL FY2012	BUDGET FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
TRANSFER FROM GENERAL FUND	301,000	267,800	270,000	282,000	282,000
INTEREST ON INVESTMENTS	56	10	-	-	-
FUND BALANCE APPROPRIATION	-	-	-	-	-
TOTAL SEPARATION PAY FUND	301,056	267,810	270,000	282,000	282,000

Separation Pay Revenues



FISCAL YEAR 2014

DEPARTMENT: SEPARATION PAY

PROGRAM: SEPARATION PAY

MISSION STATEMENT:

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2012	BUDGET FY2013	PROJECTED FY2013	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	267,810	270,000	270,000	282,000	282,000
OPERATING	-	-	-	-	-
CAPITAL	-	-	-	-	-
TOTAL	267,810	270,000	270,000	282,000	282,000
POSITIONS	28	23	28	23	23

ACCOMPLISHMENTS:

1. Handled benefits for 28 retirees during FY2013.
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:** \$12,000 Increase (4.4%)
- **Operating Expenses:** N/A
- **Total Budget:** \$12,000 Increase (4.4%)

Points of Interest:

- Includes a full \$282,000 transfer from the General Fund
- The budget assumes there will be a net increase of two (2) employees projected to retire at various times during the year in FY 14.

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 plans to update the CIP for FY 2014 in the fall. 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 Albemarle Water Line and the new City Hall/Police Headquarters Building starting construction in early 2014.

CAPITAL OUTLAY SUMMARY
CAPITAL PROJECTS INITATED IN FY14

Dept.	Project	Primary Funding Source	Capital Costs	Impact on Future Budgets	Amount included in FY2014 Annual Budget
Administrative	City Hall and Police Headquarters	Special Obligation Bonds	\$28,000,000	Annual Debt Service	\$1,900,000
Water and Sewer	Irish Buffalo Creek Sewer Line	Revenue Bonds	\$910,000	Annual Debt Service	\$118,300
Water and Sewer	Albemarle Water Line	Revenue Bonds	\$10,200,000	Annual Debt Service	\$660,833
Water and Sewer	Water Meters	Revenue Bonds	\$6,000,000	Annual Debt Service	\$650,000
Water and Sewer	Lake Intake and Clearwell	Revenue Bonds	\$500,000	Annual Debt Service	\$65,000

CAPITAL OUTLAY SUMMARY
ONGOING CAPITAL PROJECTS

Dept.	Project	Primary Funding Source	Capital Costs	Impact on Future Budgets	Amount included in FY2014 Annual Budget
Community Development	James Street Area Plan	CDBG Funds	\$75,000	Annual Debt Service	\$75,000
Parks & Recreation	Irish Buffalo Creek Greenway	Debt Financing	\$144,524	Annual Debt Service	\$0
Streets	Dale Earnhardt Boulevard Sidewalk	Cash / Grant	\$390,250	None	\$78,050
Streets	Rogers Lake Road Railroad Crossing Improvements	Debt Financing	\$475,000	Annual Debt Service	\$61,750
Stormwater	8 th Street Culvert Replacement	Debt Financing	\$1,150,000	Annual Debt Service	\$122,667
Water and Sewer	Shiloh Church Road Water Line	Debt Financing	\$1,042,000	Annual Debt Service	\$0
Water and Sewer	Highway 73 Water Line	Cash	\$147,000	None	\$147,000
NCRC Infrastructure	Construction of Health Alliance Building, Street and Stormwater Improvements	Special Obligation Bonds	\$35,056,627	20 Year Financing with \$2,710,518 annual debt service	\$2,710,518

**FISCAL YEAR 2014
GRANT PROJECTS**

Dept.	Project	Primary Funding Source	Project Budget	Impact on Future Budgets	Amount included in FY2014 Annual Budget
Community Development	Home Program 2011	US Dept of Housing and Urban Development (HUD)	48,000 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 2012	US Dept of Housing & Urban Development (HUD)	117,000 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)	350,000 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	19,000 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. \$37,500 will be transferred from the General Fund to aid with this project and will be appropriated as needed.
Parks	Irish Buffalo Creek Greenway	Grants from Cabarrus health Alliance, Clean Water Management Trust Fund, and Carolina Thread Trail	80,000 funds remaining	This grant is to construct a greenway on Irish Buffalo Creek.	A Grant Project Ordinance was adopted by City Council for this project. \$15,500 will be transferred from other funds.
Fire	16 Firefighter Positions for SAFER Grant	US Dept of Homeland Security (DHS)	930,000 funds remaining	The grant is to fund 16 new firefighter positions.	The \$601,152 is budgeted in the General Fund. The grant will cover 100% of the amount budgeted.

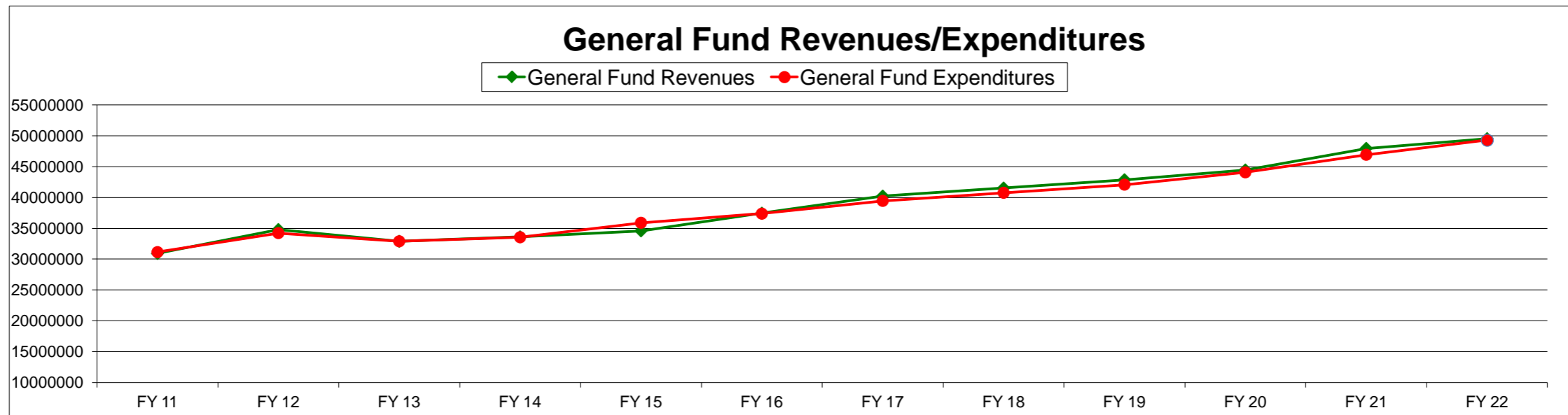
General Fund Summary History

General Fund Revenues	Actual FY 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Forecasted FY 14	Forecasted FY 15	Forecasted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
1 Real & Personal Property Tax	\$17,562,960	\$17,800,491	\$18,076,980	\$18,574,000	\$19,052,712	\$19,624,293	\$22,077,360	\$24,423,050	\$25,277,901	\$26,162,606	\$27,262,320	\$30,270,576	\$31,330,046
2 Vehicle Tax	\$328,923	\$325,848	\$324,356	\$328,250	\$333,174	\$339,837	\$348,333	\$358,783	\$371,341	\$386,194	\$403,573	\$423,752	\$444,939
3 Prior Years Collections	\$343,697	\$435,235	\$523,144	\$325,000	\$333,125	\$341,453	\$349,989	\$358,739	\$367,708	\$376,900	\$386,323	\$395,981	\$405,880
4 Local Option Sales Tax	\$5,308,859	\$5,218,704	\$5,697,969	\$5,800,000	\$6,003,000	\$6,213,105	\$6,430,564	\$6,655,633	\$6,888,581	\$7,129,681	\$7,379,220	\$7,637,492	\$7,904,805
7 Franchise Tax	\$1,724,813	\$1,766,434	\$1,738,421	\$1,886,000	\$1,800,000	\$1,845,000	\$1,891,125	\$1,938,403	\$1,986,863	\$2,036,535	\$2,087,448	\$2,139,634	\$2,193,125
8 Beer and Wine Tax	\$62,904	\$197,852	\$185,562	\$205,000	\$204,600	\$214,830	\$225,572	\$236,850	\$248,693	\$261,127	\$274,184	\$287,893	\$302,287
9 Cable Franchise Fee	\$53,287	\$63,557	\$86,807	\$64,000	\$64,640	\$65,286	\$65,939	\$66,599	\$67,265	\$67,937	\$68,617	\$69,303	\$69,996
10 Privilege Licenses	\$177,338	\$204,184	\$220,915	\$220,000	\$228,800	\$237,952	\$247,470	\$257,369	\$267,664	\$278,370	\$289,505	\$301,085	\$313,129
11 Powell Bill	\$1,203,554	\$1,223,679	\$1,210,432	\$1,225,000	\$1,231,125	\$1,237,281	\$1,243,467	\$1,249,684	\$1,255,933	\$1,262,212	\$1,268,524	\$1,274,866	\$1,281,240
13 Zoning Fees	\$97,733	\$39,739	\$20,589	\$30,000	\$31,500	\$33,075	\$34,729	\$36,465	\$38,288	\$40,203	\$42,213	\$44,324	\$46,540
14 Permits and Fees	\$75,223	\$106,727	\$83,580	\$90,500	\$95,025	\$99,776	\$104,765	\$110,003	\$115,503	\$121,279	\$127,343	\$133,710	\$140,395
15 Recreation Fees	\$188,539	\$177,814	\$187,781	\$185,000	\$189,625	\$194,366	\$199,225	\$204,205	\$209,311	\$214,543	\$219,907	\$225,405	\$231,040
17 Investment earnings	\$28,719	\$19,276	\$5,039	\$97,000	\$97,970	\$98,950	\$99,939	\$100,939	\$101,948	\$102,967	\$103,997	\$105,037	\$106,087
18 Other general revenues	\$1,404,860	\$3,339,363	\$6,083,281	\$2,674,283	\$2,701,026	\$2,728,036	\$2,755,316	\$2,782,870	\$2,810,698	\$2,838,805	\$2,867,193	\$2,895,865	\$2,924,824
19 Transfer from other funds	\$857,433	\$0	\$347,960	\$1,187,828	\$1,247,219	\$1,309,580	\$1,375,059	\$1,443,812	\$1,516,003	\$1,591,803	\$1,671,393	\$1,754,963	\$1,842,711
Total Revenues	\$29,418,842	\$30,918,903	\$34,792,816	\$32,891,861	\$33,613,541	\$34,582,821	\$37,448,853	\$40,223,405	\$41,523,698	\$42,871,164	\$44,451,759	\$47,959,885	\$49,537,045

General Fund Expenditures	Actual FY 10	Actual FY 11	Budgeted FY 12	Forecasted FY 13	Forecasted FY 14	Forecasted FY 15	Forecasted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
Personnel	\$13,485,200	\$14,402,426	\$12,341,263	\$15,086,602	\$15,690,066	\$17,092,669	\$17,776,375	\$18,487,430	\$19,226,928	\$19,996,005	\$20,795,845	\$21,627,679	\$22,492,786
Operations	\$11,400,770	\$13,398,720	\$13,941,025	\$10,505,009	\$11,056,522	\$11,688,584	\$12,302,235	\$12,948,102	\$13,627,878	\$14,343,341	\$15,096,367	\$15,888,926	\$16,723,095
Debt Service	\$3,779,520	\$3,084,278	\$4,141,102	\$5,613,187	\$4,887,377	\$5,443,973	\$5,648,461	\$6,601,996	\$6,528,189	\$6,594,154	\$6,958,107	\$8,425,597	\$8,967,387
Transfer to Other Funds	\$0	\$0	\$290,960	\$1,687,063	\$1,912,026	\$1,667,002	\$1,642,728	\$1,409,239	\$1,376,576	\$1,144,780	\$1,223,894	\$983,963	\$1,105,037
Capital	\$50,101	\$249,611	\$3,510,849	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$28,715,591	\$31,135,035	\$34,225,199	\$32,891,861	\$33,545,991	\$35,892,228	\$37,369,800	\$39,446,768	\$40,759,570	\$42,078,280	\$44,074,213	\$46,926,165	\$49,288,305

Revenue over Expenses	\$703,251	(\$216,132)	\$567,617	\$0	\$67,550	(\$1,309,407)	\$79,053	\$776,637	\$764,128	\$792,884	\$377,546	\$1,033,721	\$248,741
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Required Rate Adjustment				\$ 0.07	\$ -	\$ 0.04	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	\$ 0.02	\$ -
Ad Valorem Tax Rate				\$ 0.4900	\$ 0.5600	\$ 0.5600	\$ 0.6000	\$ 0.6000	\$ 0.5900	\$ 0.5900	\$ 0.5900	\$ 0.5800	\$ 0.5600
Rate Adjustment Revenue				\$ 2,312,226	\$ -	\$ 1,401,816	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



General Fund Capital Improvement Plan

						Rowan Revaluation	Cabarrus Revaluation			Rowan Revaluation	Cabarrus Revaluation								
						Forecasted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22							
	Interest	Loan Term	Project	Outside Funding	Kannapolis Cost	Budgeted FY 13	Forecasted FY 14	Forecasted FY 15	Forecasted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22				
FY 12-13	0.0%	Cash	Orphange Road Bridge		\$205,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
	2.5%	15 Years	Rogers Lake Road Railroad Crossing		\$475,000	\$43,542	\$42,750	\$41,958	\$41,167	\$40,375	\$39,583	\$38,792	\$38,000	\$37,208	\$36,417				
	0.0%	Cash	Portable Radios	\$454,200	\$186,640	\$186,640													
	0.0%	Cash	Veteran's Park		\$2,100,000														
	0.0%	Cash	Highway 3 Sidewalk	\$348,000	\$150,000	\$37,500	\$112,500												
	0.0%	Cash	Highway 73 Sidewalk	\$57,400	\$24,600	\$24,600													
	2.0%	10 Years	Fire Engine E-12		\$450,000	\$54,000	\$53,100	\$52,200	\$51,300	\$50,400	\$49,500	\$48,600	\$47,700	\$46,800	\$45,900				
	0.0%	Cash	Mobile Upfitting of Vehicles		\$111,000	\$111,000													
	0.0%	Cash	D.E. Blvd. Sidewalks - Phase 1	\$312,000	\$78,050	\$78,050													
	0.0%	Cash	S. Little Texas Rd. Sidewalk (Phase 1)	\$163,200	\$40,800	\$40,800													
	0.0%	Cash	Regional Radio System Grant Match	\$543,342	\$135,836	\$135,836													
	2.5%	15 Years	Central Warehouse Facility		\$1,200,000	\$110,360	\$108,336	\$106,312	\$104,288	\$102,264	\$100,240	\$98,216	\$96,192	\$94,168	\$92,144				
FY 13-14	0.0%	Cash	Dump Truck Replacement S-4		\$101,900		\$101,900												
	0.0%	Cash	Fuel Tank Storage		\$120,000		\$120,000												
	0.0%	Cash	Financial Software Replacement		\$250,000		\$0	\$0	\$0	\$0	\$0								
FY 14-15	2.75%	20 Years	Police Headquarters		\$16,054,500			\$1,244,224	\$1,222,149	\$1,200,074	\$1,177,999	\$1,155,924	\$1,133,849	\$1,111,774	\$1,089,699				
	0.0%	Cash	Roxie Street Traffic Improvements	\$540,000	\$135,000	\$70,000	\$65,000												
FY 15-16	2.75%	20 Years	Fire Station #2 (Replacement)		\$3,200,000				\$248,000	\$243,600	\$239,200	\$234,800	\$230,400	\$226,000	\$221,600				
FY 16-17	3.0%	10 Years	Bakers Creek Park Improvements		\$810,000					\$105,300	\$102,870	\$100,440	\$98,010	\$95,580	\$93,150				
	2.5%	5 Years	Oakwood Avenue Sidewalk	\$ 756,000	\$188,795				\$42,479	\$41,535	\$40,591	\$39,647	\$38,703						
	2.5%	5 Years	Fisher Street Sidewalk	\$ 1,490,400	\$372,600				\$83,835	\$81,972	\$80,109	\$78,246	\$76,383						
	3.00%	10 Years	Village Park Phase 3		\$850,000				\$110,500	\$107,950	\$105,400	\$102,850	\$100,300		\$97,750				
	3.0%	10 Years	Fire Engine E-33		\$472,500				\$61,425	\$60,008	\$58,590	\$57,173	\$55,755		\$54,338				
	3.0%	10 years	Rocky River Greenway	\$ 1,400,000	\$350,000				\$45,500	\$44,450	\$43,400	\$42,350	\$41,300		\$40,250				
	0.0%	Cash	Dump Truck Replacement (S-5)		\$101,900				\$101,900										
	0.0%	Cash	North Bakers Creek Branch Greenway	\$800,000	\$200,000				\$200,000										
	0.0%	Cash	Downtown Signal Replacement	\$384,000	\$96,000				\$96,000										
	0.0%	Cash	Water Rescue Equipment		\$35,000				\$35,000										
	0.0%	Cash	Tanker Truck (Station #2)		\$180,000				\$180,000										
	FY 17-18	2.5%	5 Years	Regional Radio System Upgrade (Ph.2)		\$1,000,000						\$225,000	\$220,000	\$215,000	\$210,000	\$205,000			
3.0%		10 years	Irish Buffalo Creek Greenway (Phase 1)	\$1,700,000	\$568,000						\$73,840	\$72,136	\$70,432	\$68,728	\$67,024				
2.5%		5 Years	Bethpage Road Sidewalk	\$1,864,000	\$466,000						\$104,850	\$102,520	\$100,190	\$97,860	\$95,530				
3.5%		15 Years	Westside Land Acquisition		\$2,500,000						\$254,167	\$248,333	\$242,500	\$236,667	\$230,833				
0.0%		Cash	D.E. Blvd. Sidewalk - Phase 2	\$180,000	\$45,000						\$45,000								
FY 18-19	2.5%	5 Years	Brantley Road Sidewalk	\$1,120,000	\$280,000							\$63,000	\$61,600	\$60,200	\$58,800				
	2.5%	5 Years	Woodrow Wilson School Sidewalk	\$1,148,800	\$287,200							\$64,620	\$63,184	\$61,748	\$60,312				
	3.0%	10 Years	Fire Engine E-32		\$495,125							\$64,336	\$62,881	\$61,396	\$59,910				
FY 19-20	3.0%	10 Years	Irish Buffalo Creek Greenway (Phase 2)		\$900,000								\$117,000	\$114,300	\$111,600				
	4.0%	20 Years	Fire Station #4 (Replacement)		\$3,800,000								\$342,000	\$334,400	\$326,800				
FY 20-21	3.0%	10 Years	Ladder Truck		\$1,000,000									\$130,000	\$127,000				
	0.0%	Cash	Mini-Pumper / Brush Truck		\$100,000									\$100,000					
	0.0%	Cash	MCT Replacement		\$120,000									\$120,000					
	0.0%	Cash	Haz-Mat Equipment		\$286,880									\$286,880					
	0.0%	Cash	Fire Alerting System	\$258,000	\$300,000									\$300,000					
	0.0%	Cash	Rescue / Air Truck		\$200,000									\$200,000					
	3.0%	10 Years	Fire Engine E-21		\$546,977									\$71,107	\$69,466				
	3.0%	10 Years	Fire Station #3 Remodel		\$900,000									\$117,000	\$114,300				
	3.0%	10 Years	Fire Station #1 Remodel		\$900,000									\$117,000	\$114,300				
	3.0%	10 Years	Fire Station # 6 (Temporary)**		\$475,000									\$61,750	\$60,325				
	3.0%	10 Years	Irish Buffalo Creek Greenway (Phase 3)		\$900,000									\$117,000	\$114,300				
	3.0%	10 Years	Fire Engine E-41		\$546,977									\$71,107	\$69,466				
2.5%	5 Years	Fire Safety House (Grant 2012)	\$81,000	\$9,000	\$9,000														
FY 21-22	4.0%	20 Years	Stadium Park		\$9,400,000										\$846,000				
	0.0%	Cash	Mobile Command / Investigative		\$150,000										\$150,000				
	0.0%	Cash	Burn Building (Training)		\$400,000										\$400,000				
	0.0%	Cash	Haz-Mat Truck		\$500,000										\$500,000				
Total Debt				\$0	\$0	\$0	\$0	\$0	\$55,751,780	\$901,328	\$603,586	\$1,444,694	\$1,666,904	\$2,698,652	\$2,748,164	\$2,839,807	\$3,239,204	\$4,861,114	\$5,552,214

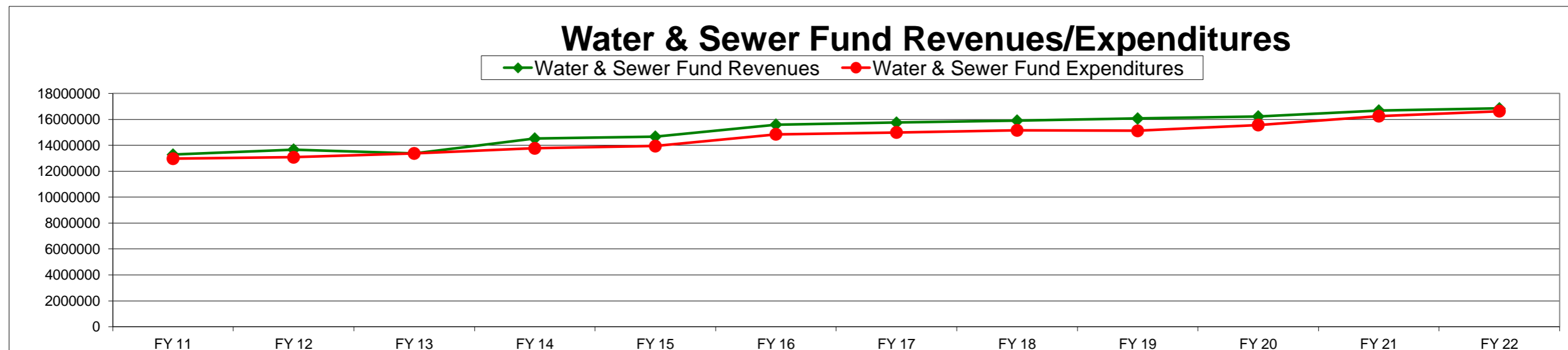
Water & Sewer Fund Summary History

Water & Sewer Fund Revenues	Actual FY 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Forecasted FY 14	Forecasted FY 15	Forecasted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
Retail Water & Sewer Charges	\$10,877,371	\$12,034,302	\$12,116,512	\$12,100,000	\$13,234,080	\$13,366,421	\$14,279,377	\$14,422,171	\$14,566,392	\$14,712,056	\$14,859,177	\$15,300,003	\$15,453,003
Wholesale Water Sales	\$304,728	\$351,102	\$256,812	\$350,000	\$353,500	\$357,035	\$360,605	\$364,211	\$367,854	\$371,532	\$375,247	\$379,000	\$382,790
Tap Fees & Connections	\$599,283	\$444,567	\$419,868	\$405,000	\$409,050	\$413,141	\$417,272	\$421,445	\$425,659	\$429,916	\$434,215	\$438,557	\$442,943
Interest on Investments	\$138,225	\$142,803	\$35,561	\$40,000	\$40,400	\$40,804	\$41,212	\$41,624	\$42,040	\$42,461	\$42,885	\$43,314	\$43,747
Other	\$364,897	\$304,660	\$833,769	\$475,000	\$479,750	\$484,548	\$489,393	\$494,287	\$499,230	\$504,222	\$509,264	\$514,357	\$519,501
Transfers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$12,284,504	\$13,277,434	\$13,662,522	\$13,370,000	\$14,516,780	\$14,661,948	\$15,587,859	\$15,743,738	\$15,901,175	\$16,060,187	\$16,220,789	\$16,675,231	\$16,841,983

Water & Sewer Fund Expenditures	Actual FY 10	Actual FY 11	Budgeted FY 12	Forecasted FY 13	Forecasted FY 14	Forecasted FY 15	Forecasted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
Personnel	\$1,934,499	\$1,938,613	\$1,912,061	\$2,030,581	\$2,091,498	\$2,154,243	\$2,218,871	\$2,285,437	\$2,354,000	\$2,424,620	\$2,497,359	\$2,572,279	\$2,649,448
Operations	\$5,331,717	\$5,088,583	\$5,250,878	\$5,207,310	\$5,363,529	\$6,033,245	\$6,214,243	\$6,400,670	\$5,968,540	\$6,147,596	\$6,332,024	\$6,521,985	\$6,717,644
Transfer to Other Funds	\$0	\$224,910	\$2,318,763	\$2,025,000	\$1,900,000	\$1,827,500	\$1,707,625	\$1,615,506	\$1,626,282	\$1,540,096	\$1,607,100	\$1,527,455	\$1,576,328
Debt Service	\$4,724,022	\$5,705,317	\$3,590,329	\$3,386,095	\$4,406,339	\$3,917,907	\$4,706,209	\$4,686,477	\$5,202,428	\$5,000,366	\$5,125,369	\$5,623,058	\$5,688,428
Capital	\$0	\$7,543	\$0	\$721,014									
Total Expenditures	\$11,990,238	\$12,964,966	\$13,072,031	\$13,370,000	\$13,761,367	\$13,932,896	\$14,846,947	\$14,988,090	\$15,151,250	\$15,112,678	\$15,561,851	\$16,244,777	\$16,631,848

Revenue over Expenses	Actual FY 10	Actual FY 11	Budgeted FY 12	Forecasted FY 13	Forecasted FY 14	Forecasted FY 15	Forecasted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
	\$294,266	\$312,468	\$590,491	\$0	\$755,413	\$729,052	\$740,912	\$755,648	\$749,925	\$947,509	\$658,937	\$430,454	\$210,135

Required Rate Adjustment	\$ -	\$ 0.52	\$ -	\$ 0.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.15	\$ -
Rate Adjustment Revenue	\$ -	\$ 1,013,080	\$ -	\$ 779,292	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 292,234	\$ -



Water & Sewer Fund Capital Improvement Plan

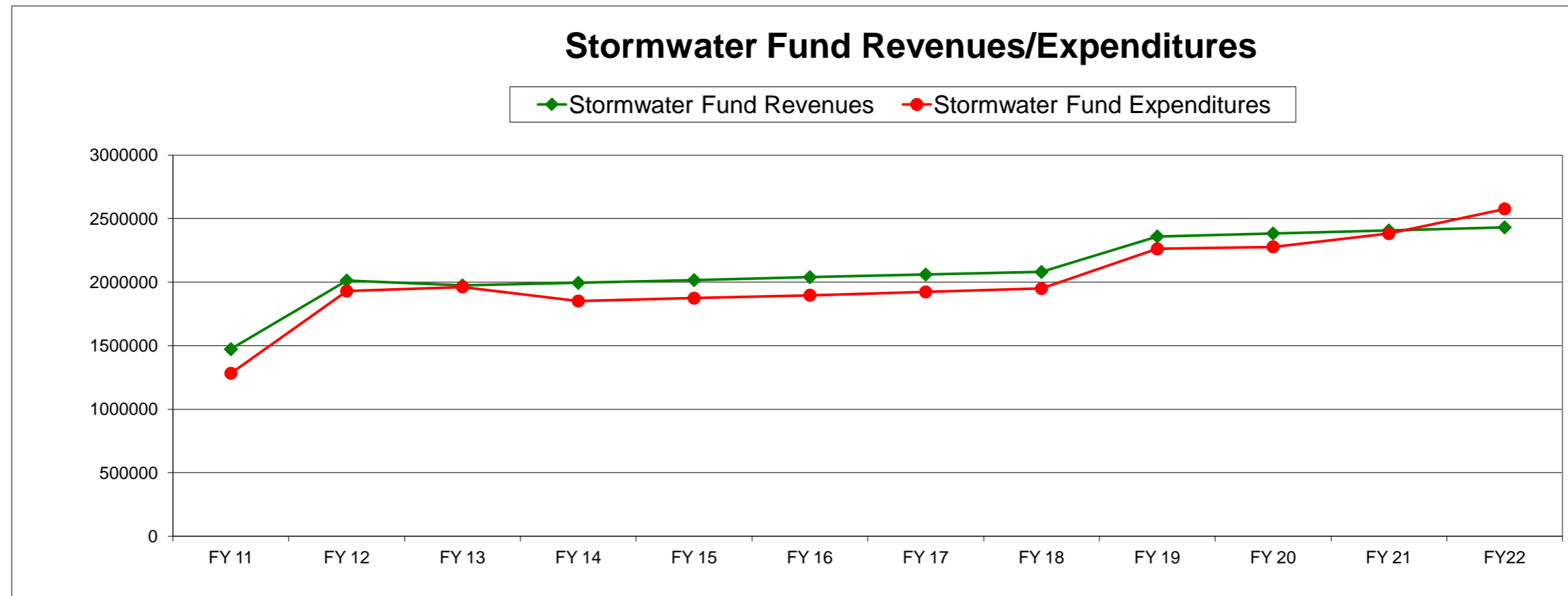
					Budgeted FY 13	Forecasted FY 14	Forecasted FY 15	Forecasted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22	
	Interest	Loan Term	Project	Outside Funding	Cost										
FY 12-13	3.50%	15 Yrs.	Albemarle Water Interconnect	\$ 10,800,000	\$ 6,500,000	\$660,833	\$645,667	\$630,500	\$615,333	\$600,167	\$585,000	\$569,833	\$554,667	\$539,500	\$524,333
	0.00%	Cash	W-3 Dump Truck Replacement		\$ 101,900	\$101,900									
	0.00%	Cash	W-4 Dump Truck Replacement		\$ 90,000	\$90,000									
	0.00%	Cash	Polo Street Lift Station		\$ 185,000	\$185,000									
	0.00%	Cash	Storage Area for Pipe & Fittings		\$ 138,000	\$138,000									
	0.00%	Cash	I-85 Utility Relocations		\$ 146,114	\$146,114									
FY 13-14	3.00%	10 Yrs.	D.E. Blvd. / Centergrove Rd. Water Main		\$ 960,000	\$124,800	\$121,920	\$119,040	\$116,160	\$113,280	\$110,400	\$107,520	\$104,640	\$101,760	
	3.00%	10 Yrs.	Irish Buffalo Creek Sewer		\$ 910,000	\$118,300	\$115,570	\$112,840	\$110,110	\$107,380	\$104,650	\$101,920	\$99,190	\$96,460	
	3.00%	10 Yrs.	Water Meter Replacement		\$ 5,000,000	\$650,000	\$635,000	\$620,000	\$605,000	\$590,000	\$575,000	\$560,000	\$545,000	\$530,000	
	3.00%	10 Yrs.	Kannapolis Lake Dam Toe Drain		\$ 500,000	\$65,000	\$63,500	\$62,000	\$60,500	\$59,000	\$57,500	\$56,000	\$54,500	\$53,000	
	0.00%	Cash	W-6 Dump Truck Replacement		\$ 102,000	\$102,000									
	0.00%	Cash	Moose Rd. Water Main		\$ 250,000	\$250,000									
FY 14-15															
FY 15-16	3.00%	10 Yrs.	1st Street Outfall Sewer		\$ 1,610,000			\$209,300	\$204,470	\$199,640	\$194,810	\$189,980	\$185,150	\$180,320	
	3.00%	10 Yrs.	Rogers Lake Branch Sewer		\$ 1,396,000			\$181,480	\$139,600	\$173,104	\$168,916	\$164,728	\$160,540	\$156,352	
	3.00%	10 Yrs.	Summit Ridge Sewer		\$ 1,270,000			\$165,100	\$161,290	\$157,480	\$153,670	\$149,860	\$146,050	\$142,240	
	3.50%	15 Yrs.	30" WTP Water Main		\$ 2,761,668			\$280,770	\$274,326	\$267,882	\$261,438	\$254,994	\$248,550	\$242,106	
FY 16-17	3.50%	15 Yrs.	Mooreville Road Watermain		\$ 1,420,000			\$144,367	\$141,053	\$137,740	\$134,427	\$131,113	\$127,800		
FY 17-18	0.00%	Cash	Brantley Rd. Water Main		\$ 183,000					\$183,000					
	3.50%	15 Yrs.	Shiloh Church Road Extension		\$ 3,825,000					\$388,875	\$379,950	\$371,025	\$362,100	\$353,175	
FY 18-19	3.50%	15 Yrs.	Eastside Elevated Water Tank & Main		\$ 2,430,000						\$247,050	\$241,380	\$235,710	\$230,040	
	4.00%	20 Yrs.	Cannon Village Phase 1		\$ 3,155,000						\$283,950	\$277,640	\$271,330	\$265,020	
FY 19-20	3.50%	15 Yrs.	Sewer Rehab (Project CW3-a)		\$ 2,178,000						\$ 221,430	\$ 216,348	\$ 211,266		
FY 20-21	4.00%	20 Yrs.	Sewer Rehab (Project CW-1)		\$ 6,750,000							\$ 607,500	\$ 594,000		
FY 21-22	3.50%	15 Yrs.	Cannon Village Phase 2		\$ 1,195,000								\$121,492		
Total Debt Service:				\$10,800,000	\$43,056,682	\$1,321,847	\$1,955,767	\$1,566,490	\$2,365,863	\$2,415,990	\$2,965,694	\$3,244,907	\$3,385,571	\$3,907,221	\$3,929,364

Stormwater Fund Summary History

Stormwater Fund Revenues	Actual FY 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Forecasted FY 14	Forecasted FY 15	Forecasted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
Stormwater Fees	\$1,397,359	\$1,471,588	\$1,503,285	\$1,599,000	\$1,744,264	\$1,890,981	\$2,039,164	\$2,059,556	\$2,080,152	\$2,359,500	\$2,383,095	\$2,406,926	\$2,430,995
Other Revenue	\$632	\$800	\$63	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fund Balance Appropriation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earned	\$249	\$16	\$546	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Transfer from other funds			\$509,077	\$375,000	\$250,000	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$1,398,240	\$1,472,404	\$2,012,971	\$1,974,100	\$1,994,364	\$2,016,081	\$2,039,264	\$2,059,656	\$2,080,252	\$2,359,600	\$2,383,195	\$2,407,026	\$2,431,095

Stormwater Fund Expenditures	Actual FY 10	Actual FY 11	Budgeted FY 12	Forecasted FY 13	Forecasted FY 14	Forecasted FY 15	Forecasted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
Personnel	\$501,678	\$499,727	\$532,027	\$546,178	\$562,563	\$579,440	\$596,823	\$614,728	\$633,170	\$652,165	\$671,730	\$691,882	\$712,638
Operations	\$747,014	\$621,722	\$448,629	\$440,292	\$453,501	\$467,106	\$481,119	\$495,553	\$510,419	\$525,732	\$541,504	\$557,749	\$574,481
Debt Service	\$161,110	\$161,110	\$835,267	\$788,302	\$638,076	\$620,091	\$602,177	\$584,183	\$566,134	\$832,097	\$800,598	\$854,654	\$997,936
Transfer to General Fund	\$0	\$0	\$113,853	\$187,828	\$197,219	\$207,080	\$217,434	\$228,306	\$239,721	\$251,707	\$264,293	\$277,508	\$291,383
Capital	\$0	\$0	\$0	\$1,150,000	\$0	\$0	\$0	\$0	\$0	\$3,115,000	\$0	\$1,310,000	\$1,920,000
Total Expenditures	\$1,409,802	\$1,282,559	\$1,929,776	\$1,962,600	\$1,851,360	\$1,873,717	\$1,897,554	\$1,922,770	\$1,949,445	\$2,261,701	\$2,278,125	\$2,381,792	\$2,576,438

Revenues over Expenditures	\$ (11,562)	\$ 189,845	\$ 83,195	\$ 11,500	\$ 143,005	\$ 142,363	\$ 141,711	\$ 136,886	\$ 130,807	\$ 97,899	\$ 105,071	\$ 25,234	\$ (145,343)
Required Rate Adjustment				\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ -	\$ -	\$ 0.80	\$ -	\$ -	\$ -
Rate Adjustment Revenue				\$ 129,274	\$ 129,274	\$ 129,274	\$ 129,274	\$ -	\$ -	\$ 258,547	\$ -	\$ -	\$ -



Stormwater Fund Capital Improvement Plan

						Budgeted FY 13	Forecasted FY 14	Forecasted FY 15	Forecasted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
	Interest Rate	Loan Term	Project	Outside Funding	Cost										
FY 12-13	3.00%	15 Years	8th St. Culvert	No	\$ 1,150,000	\$111,167	\$108,867	\$106,567	\$104,267	\$101,967	\$99,667	\$97,367	\$95,067	\$92,767	\$90,467
FY 13-14															
FY 14-15															
FY 15-16															
FY 16-17															
FY 17-18															
FY 18-19	4.00%	20 Years	Cannon Village Phase 1	No	\$ 3,155,000							\$283,950	\$277,640	\$271,330	\$265,020
FY 19-20															
FY 20-21	3.00%	10 Years	York & Rose Improvements	No	\$ 750,000									\$ 97,500	\$ 95,250
	3.00%	10 Years	Kingston Drive	No	\$ 560,000									\$ 72,800	\$ 71,120
FY 21-22	3.50%	15 Years	Cannon Village Phase 2	No	\$ 1,195,000										\$ 121,492
	3.00%	10 Years	Cloverleaf Parkway Imp.	No	\$ 725,000										\$ 94,250
Total Debt Service:					\$7,535,000	\$111,167	\$108,867	\$106,567	\$104,267	\$101,967	\$99,667	\$381,317	\$372,707	\$534,397	\$737,599

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, a revenue earned between June 1 and June 30, but for which payment was not received until July 12, is recorded as earned on June 30, rather than on July 12.

Activity - A specific service or unit of work performed.

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

Adopted Budget - Term used to describe revenues and expenditures for the upcoming year beginning July 1 as adopted by the City Council.
and procedures necessary to define accepted accounting practices.

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

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

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

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

AWWA – American Water Works Association

Balanced Budget - Occurs when planned expenditures equal anticipated revenues. In North Carolina, it is a requirement that the budget submitted to the City Council be balanced.

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

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

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

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

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

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

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

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

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

Budget Message - The opening section of the budget which provides the City Council and the public with a general summary of the most important aspects of the budget, changes from the current and previous fiscal years, and the views and recommendations of the City Manager.

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

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

C.O.P. – Community Oriented Policing

CAD - Acronym for Computer Aided Design.

CAFR – Certificate of Achievement in Excellence for Financial Reporting

CALEA – Commission on Accreditation for Law Enforcement Agencies

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

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

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

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

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

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

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

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

CD – Community Development.

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

CIP – Capital Improvement Program.

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

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

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

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

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

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

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

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

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

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

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

DWI – Driving under the influence of drugs or alcohol.

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

Encumbrance Accounting - The system under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

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

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

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

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

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

Fixed Assets - Assets of long-term character which are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

FPS – Finkbeiner, Pettis & Strout, Inc., Consulting Engineers.

FTO – Field Training Officer.

Function - A group of related programs crossing organizational (department) boundaries and aimed at accomplishing a broad goal or accomplishing a major service.

Fund - An accounting entity that has a set of self balancing accounts and that records all financial transactions for specific activities or government functions.

Fund Balance - Amounts shown as fund balance represent monies which remain unspent after all budgeted expenditures have been made. North Carolina statute declares that a portion of fund balance is not available for appropriation.

FY – Fiscal Year.

GASB - Acronym for Government Accounting Standards Board.

Generally Accepted Accounting Principles (GAAP) - Uniform minimum standards of and guidelines for financial accounting and reporting. GAAP encompasses the conventions, rules, and procedures that organizations use to compile their financial statements. GAAP are a combination of authoritative standards set by policy boards and simply the most common ways of recording and reporting accounting information.

General Fund - The largest fund within the City, the General Fund accounts for most of the financial resources of the government. General Fund revenue include property taxes, licenses and permits, local taxes and other

types of revenue. This fund usually includes most of the basic operating services, such as fire and police protection, finance, data processing, public works, and general administration.

General Ledger - A file that contains a listing of the various accounts necessary to reflect the financial position of the government.

General Obligation Bonds - Bonds that finance a variety of public projects such as streets, buildings and improvements; the repayment of these bonds is usually made from the General Fund and these bonds are backed by the full faith and credit of the issuing government.

Geographic Information System - A project which will link the City to a county-wide database, including hardware, software, and added personnel. This system is to be utilized as a planning tool by the City departments.

GF – General Fund.

GFOA - Acronym for Government Finance Officers Association.

GHSP – Governors Highway Safety Program.

GIS – Geographic Information System.

Goal - A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless; that is, it is not concerned with a specific achievement in a given time period.

Grant - A contribution by a government or other organizations to support a particular function. Grants may be classified as either categorical or block depending upon the amount of discretion allowed by the grantee.

HACV (HVAC) – heating, Air Conditioning, Ventilation

Interfund Transfers - Amounts transferred from one fund to another.

Intergovernmental Revenue - Revenue received from another government for a specified purpose.

Internal Service Fund - Funds used to account for the financing of goods or services provided by one department to another department on a cost reimbursement basis.

Inventory - A detailed listing of property currently held by the government.

Investment Revenue - Revenue earned on investments with a third party. The City uses a pooled cash system. We pool all funds' cash and invest it in total. The interest earned is then allocated back to individual funds by average cash balance in that fund.

K9 – Police canine program.

KPD – Kannapolis Police Department.

Lease-Purchase Agreement - An agreement that conveys the right to property or equipment for a stated period of item that allows the City to spread the cost of the acquisition over several budget years.

Levy - To impose taxes, special assessments, or service charges for the support of City activities.

LGC – Local Government Commission in the State Treasurer’s office. Oversees local government Finance and Debt issuance.

LLEBG – Local Law Enforcement Block Grant.

Line Item Budget - A budget that lists each expenditure category (salaries, material, telephone, travel, etc.) separately, along with the dollar amount budgeted for each specified category.

Local Government Budget and Fiscal Control Act - This act governs all financial activities of local Governments within the State of North Carolina.

Long Term Debt - Debt with a maturity of more than one year after the date of issuance.

Maturities - The dates on which the principal or stated values of investments or debt obligations mature and may be reclaimed.

Merit Program - An established system to recognize and financially reward employee performance that exceeds the City's standards for a classification.

Modified Accrual Accounting - The accounting approach under which revenues are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period, and expenditures are recognized in the accounting period in which a fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recognized when due.

MPO – Metropolitan Planning Organization

NC ALE – North Carolina Alcohol Law Enforcement

NC SAFIS – North Carolina State Automated Fingerprint Identification System

NCDOT - Acronym for North Carolina Department of Transportation.

NCGS – North Carolina General Statute

NCSBI – North Carolina State Bureau of Investigations

NFPA – National Fire Protection Association

North Carolina Research Campus – A 157 acre biotechnology research center including laboratories, offices, housing, parking decks, retail shopping, and other amenities, being built in Kannapolis on the former Fieldcrest Cannon textile industrial plant site.

Object Code - An expenditure category, such as salaries, supplies or vehicles.

Objectives - A simply stated, readily measurable statement of aim or expected accomplishment within the fiscal year. A good statement of objective should imply a specific standard of performance for a given program.

Operating Budget - The City's financial plan which outlines proposed expenditures for the coming fiscal year and estimates the revenues which will be used to finance them.

Operating Funds - Resources derived from recurring revenue sources used to finance ongoing operating expenditures and pay-as-you-go capital projects.

Operating Transfers - Routine and/or recurring transfers of assets between funds.

Operations - The portion of the budget that pertains to daily operations that provide basic governmental services. The operating budget contains appropriations for such expenditures as supplies, utilities, materials and travel. Generally, all expenses that do not meet the personal services and capital outlay criteria.

OSHA – Occupational Safety and Health Administration

PARTF – Parks and Recreation Trust Fund. A Trust Fund with the State of North Carolina.

Performance Measures - Descriptions of a programs 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, 2009

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 *****	18,500,078	0.0%

*	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 it's 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.