


KANNAPOLIS

Annual Budget for Fiscal Year 2015-2016
City of Kannapolis, North Carolina

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CITY OF KANNAPOLIS, NORTH CAROLINA

MAYOR AND CITY OFFICIALS

Milton D. Hinnant
Mayor

Ryan G. Dayvault
Mayor Pro-Tem

Dianne Berry
Council Member

Darrell Jackson
Council Member

Doug Wilson
Council Member

Roger Haas
Council Member

Tom Kincaid
Council Member

City Officials

Michael B. Legg
City Manager

Bridgette L. Bell
City Clerk

Eric Davis
Finance Director

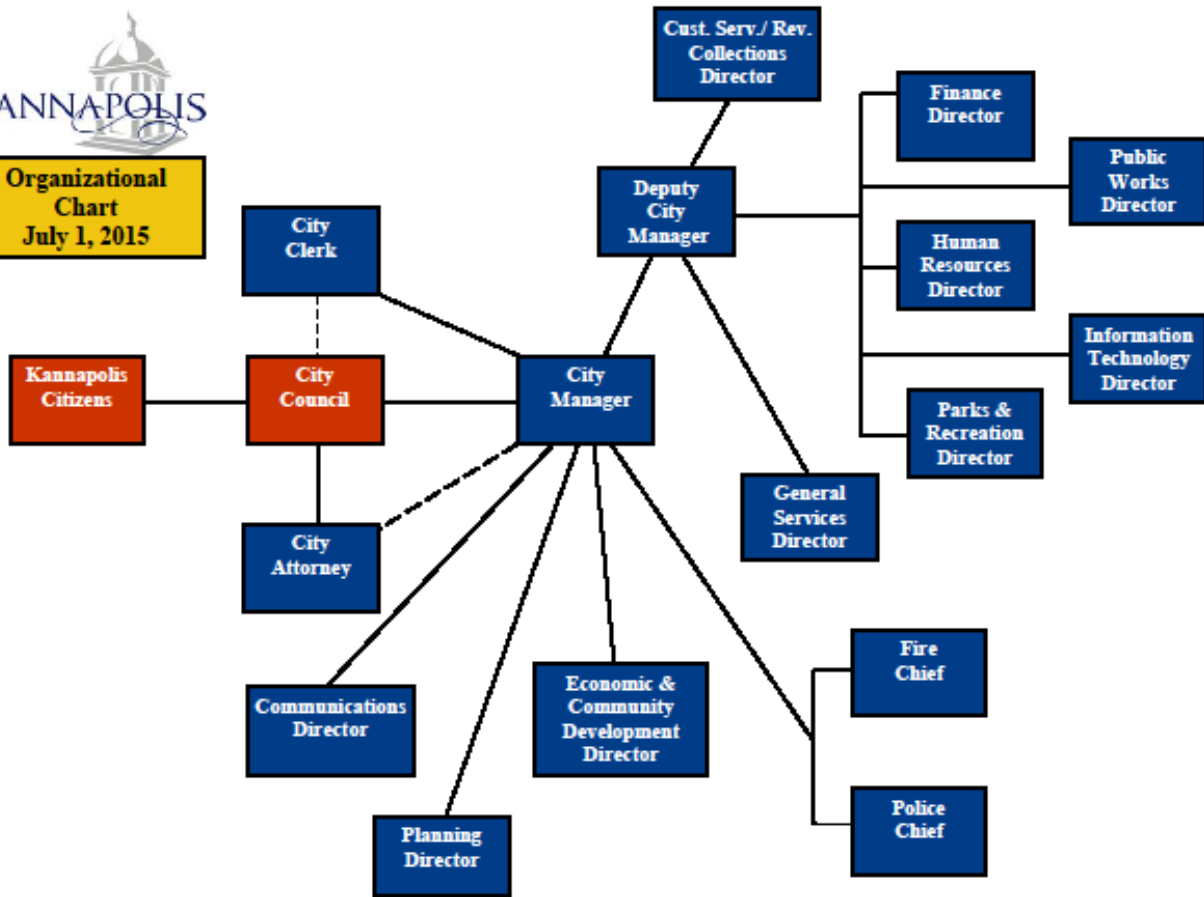
R. Edward Smith
Deputy City Manager

Tina H. Cline
Human Resources Director

Walter M. Safrit, II
City Attorney



Organizational Chart
July 1, 2015





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

City of Kannapolis

North Carolina

For the Fiscal Year Beginning

July 1, 2014

A handwritten signature in cursive script, reading "Jeffrey R. Egan".

Executive Director

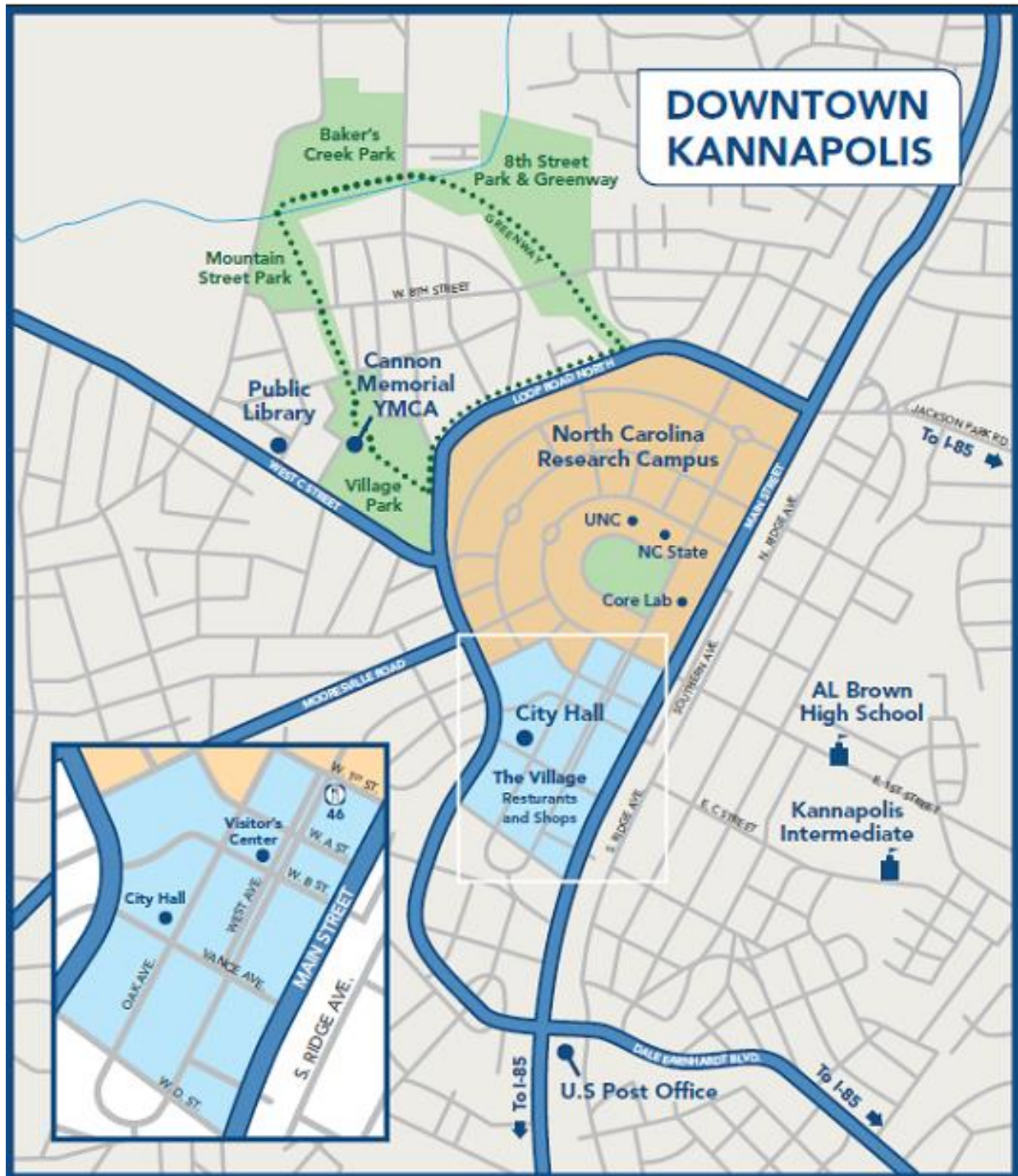
The Governmental Finance Officers Association of the United States and Canada (GFOA) presented an award for *Distinguished Budget Presentation* to the City of Kannapolis, North Carolina for its annual budget for the fiscal year beginning July 1, 2014. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

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

Kannapolis, North Carolina Location Map



Downtown Kannapolis





FACTS AND INFORMATION ABOUT THE CITY

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

LOCATION

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

HISTORY

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

In 1982, David H. Murdock purchased Cannon Mills Company, which included the manufacturing properties as well as the Mill Village. The entire central business district of the city, with its commercial buildings and certain surrounding mill houses, is included in the Mill Village. Murdock began to refurbish the Mill Village by constructing new colonial facades, additional buildings, tree-lined streets, brick walks and a 65,000 square foot arcade-style mall. In addition, residents, the business community, and industry joined hands to build a new \$4 million YMCA, a new Senior Center and a new public library. On December 11, 1984, the City was incorporated with a population of approximately 32,000 and an assessed value of taxable property of approximately \$708,000,000. Currently the City’s population is estimated to be 43,782 with an assessed value of approximately \$3,546,893,759. (See Appendix A)

City of Kannapolis Population

FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY 2013	FY2014	FY 2015
39,187	40,141	41,243	42,806	44,104	42,625	43,000	43,312	43,782	44,359

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

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

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

This research campus will focus primarily on biotechnology research related to nutrition. The 350 acre Research Campus is a joint venture between Dole Foods, the University of North Carolina system, and Duke University. Murdock has invested over \$1.3 billion to build the research facilities, office space, town homes and a retail center. The UNC and Duke institutions will fund and operate their programs. As of January 1, 2013 Castle & Cooke, Inc. had constructed buildings on the Research Campus at a cost of approximately \$270 million making up the TIF District. The TIF District's incremental increase in value since being formed equates to \$2,324,480 of the approximate \$23,404,948 tax levy for all of Kannapolis.

EDUCATION

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

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

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

TRANSPORTATION

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

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

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

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

MEDICAL FACILITIES

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

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

The top taxpayers for the City of Kannapolis:

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

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

As illustrated in the table below, the City's economy remains strong despite the October 2008 crash of the stock market and the great recession which followed. Commercial and Industrial building continues to perform at a similar pace in FY 2016 as the past year, possibly better. Looking forward, the overall economy should benefit from NCRC and other commercial entities strong growth, especially with the announcement of new enterprises such as a new data center.

Local Trends

City of Kannapolis Building Permit Activity

	2007	2008	2009	2010	2011	2012	2013	2014	2015*
Single-Family Residential Permits (Value in millions)	407 \$55.8	356 \$42.8	405 \$38.7	368 \$27.5	92 \$7.8	183 \$15.8	65 \$7.8	130 \$16.0	434 \$43.9
Commercial/ Industrial Building Permit (Value in millions)	57 \$93.2	60 \$72.8	34 \$17.8	31 \$22.5	9 \$5.6	119 \$17.8	102 \$9.2	102 \$2.1	71 \$73.7
Total Building Permit (Value in millions)	464 \$149.6	416 \$115.6	439 \$56.5	399 \$50	101 \$13.4	302 \$33.6	167 \$17.0	232 \$18.1	505 \$117.6

*Data through May 2015

Per Capita Personal Income in Cabarrus and Rowan County

County	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Cabarrus	35,703	35,935	34,083	34,587	34,444	34,452	38,079	31,576
Rowan	30,376	30,795	30,444	30,761	29,750	37,700	31,365	28,155

Unemployment Rate in Cabarrus and Rowan County

County	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Cabarrus	5.7%	11.4%	11.3%	10.1%	9.3%	7.9%	6.8%	4.7%
Rowan	6.3%	13.6%	12.8%	11.3%	10.3%	8.8%	8.0%	5.3%

*Data through April 2015

COMMERCE AND INDUSTRY

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

In February of 2011, Kannapolis City council approved an industrial incentive grant for the S.P. Richards Company. In March 2012, S.P. Richards Company completed the construction of their distribution center in Afton Ridge. Currently, there are projects valued at over \$1.5 billion in different stages of planning and construction, including the North Carolina Research Campus. Estimates show that between 5,000 and 7,000 jobs will be created by new business investment over the next five to ten years. Residential announcements have also been numerous and include mid-range homes with price points starting at \$150,000, to larger lot subdivisions featuring multi-million dollar mansions. These include Auburn Woods, Azalea Estates, Castlebrooke Manor, The Falls, Newman Manor, Pelham Pointe, Pine Creek, Jacob's Ridge, and The Farm at Riverpointe, Trinity Crest, and The Village at Kellswater Bridge, Waterford on the Rocky River, Wellington Chase, Wildwood Ridge and Windsor (Phases II & III). The City continues to meet the challenges of progressive change.

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

LOCAL ECONOMY

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

PUBLIC SERVICE ENTERPRISES

On July 1, 1987, the Kannapolis Sanitary District and the Royal Oaks Sanitary District merged with the City. The City purchased Cabarrus County water lines within and just outside the City during 1995. The City is now responsible for all water and sanitary sewer service in the City. The City owns and operates a water distribution and wastewater collection system currently serving approximately 18,000 residential, commercial and industrial customers with 2 million gallons of elevated water storage capacity. FY 16 will see the commencement of the Albemarle Water Line. The city will begin purchasing 8 MGD through this new source; the City will no longer purchase water from the City of Salisbury after FY 17. The City also owns a water filtration plant designed for 15MGD capacity and currently produces approximately 3MGD. Wastewater treatment is provided by the Rocky River Regional Wastewater Treatment Plant, which is owned and operated by the Water and Sewer Authority of Cabarrus County.

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

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

OTHER SERVICES

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

City of Kannapolis Strategic Visioning Process Goals

I. Vision Statement.

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

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

II. Mission Statement.

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

III. Core Values.

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

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

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

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

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

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

We practice good **Stewardship**.

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

City of Kannapolis - Policy Agenda FY 2016

Community Outreach, Education and Service

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

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

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

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

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

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

The annual budget includes \$19,250 for this purpose.

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

The annual budget includes \$6,500 for this purpose.

5. Take bold steps to improve customer service.

- Involve employees in training program.

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

Economic Growth and Development

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

- Strive for creating 5,000 new jobs in the City by end of FY 16.

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

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

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

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

The annual budget includes \$3,600,268 for debt service for the TIF Bonds.

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

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

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

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

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

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

Quality of Life

13. Improve the visual image of the City.

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

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

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

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

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

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

16. Develop an environmentally sensitive culture in the community.

- Promote “green” building objectives and/or standards.
- Consider improved recycling programs.
- Continue Phase II stormwater and water conservation education programs.
- Improve air quality education programs.
- Support the activities of the Environmental Stewardship Commission.

Growth Management and Sustainability

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

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

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

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

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

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

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

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

The annual budget includes \$1,237,362 in debt service for the Albemarle Water Line within the Water & Sewer Fund.

General City Management

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

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

22. Support the City's workforce.

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

23. Maintain a reasonable and economically competitive tax rate.

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

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

The annual budget includes \$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
- Provide recycling services
- Provide sanitation services



May 20, 2015

Subject: Recommended FY 2015-16 Budget

Dear Mayor Hinnant and Members of the Kannapolis City Council:

I am pleased to present to you the recommended Fiscal Year 2015-16 (FY 2016) Budget for the City of Kannapolis, North Carolina, which begins July 1, 2015 and ends June 30, 2016. This budget has been prepared in accordance with the North Carolina Local Budget and Fiscal Control Act and the requirements of the N.C. General Statutes. This balanced budget identifies the revenue projections and expenditure estimates for FY 2016.

The total proposed FY 2016 Budget for the City of Kannapolis is **\$59,539,383**, a 12.2% increase (\$6,492,987 actual) from the revised FY 2015 Budget. The total budget of \$62.5 million is *net* of the various fund transfers so the \$59.5 million figure represents the true total revenue picture for FY 2016 and does not double count any revenues.

RECENT BUDGET HISTORY						
FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Proposed
\$45,211,436	\$45,381,754	\$45,027,535	\$49,821,781	\$51,589,343	\$50,998,219	\$59,539,383

There are a number of factors contributing to the increase in the FY 2016 Budget. These reasons are explained in more detail in the City Manager's Budget Summary document.

The following are the key highlights of the FY 2016 Budget:

1. The continued economic growth in the property tax (\$653,285 unrelated to property tax rate change), sales tax (\$470,000) and water and sewer revenues (\$765,679).
2. Second year (principle and interest) debt service on the City Hall and Police Headquarters (\$1,679,056).
3. Implementation of the planned \$0.03 tax increase mostly to fund the downtown property purchase. This equates to \$45.00 per year (or \$3.75 per month) for the owner of a \$150,000 home.
4. Per the City's 10-year Financial Plan, there are no Water and Sewer Rate increases and no Environmental Fee increases proposed.
5. Also, per the City's 10-year Financial Plan, an increase in the Stormwater Fee (\$0.80 per month for most homes which will be the last planned increase to make the Stormwater Fund completely self-sustaining (no subsidies from other funds).
6. Establishment of a new Downtown Fund to facilitate the acquisition and revitalization of the 49 acre historic downtown Kannapolis.
7. Establishment of a new General Services Department.
8. Complete transition to an in-house Planning and Community Development Department.
9. Continued significant investment in economic development; nearly \$1 million of direct, personnel and operating investments to advance economic growth and job creation city-wide and nearly \$1.9 million for the downtown initiative.
10. No Water or Sewer Rate increases per the 10-year Financial Plan.
11. The implementation of the Pay and Classification Study which will allow the City to remain competitive in the marketplace for all of its nearly 400 dedicated full and part time employees. The implementation of these study recommendations will be merged with the carry-over merit pay to lessen the burden on the FY 2016 Budget.
12. **No increase in medical insurance premiums this year (fourth consecutive year). This can, in part, be attributed to the City's successful wellness program, implementation of the self-insured program and an overall trend in fewer claim numbers and lower claim amounts. 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 16	0.0%
FY 15	0.0%
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%

The FY 2016 Budget continues to be developed on the solid foundation of multi-year planning efforts which City Council spent much of the past three years developing. Emerging from those long range planning exercises were several substantial conclusions upon which the annual budgeting process continues to be constructed. Based on these FY 2015-16 Planning efforts, the following **Core Values and Overarching Goals** have been established.

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

From these planning exercises several clear objectives emerged which serve as a foundation for the past three fiscal year budgets. The three primary objectives:

1. **Construct a City Hall and Police Headquarters.** This objective is nearing completion and looks to be on time and on budget. Substantial completion is slated by the end of November. The first City Council meeting will be held in the new building in December 2015. The move of City operations into the facility will occur in January/February 2016.

2. **Aggressively facilitate economic growth development.** In response to this objective, City Council adopted a multi-year Economic Development Plan of which the following broad goals have been identified as priorities. These goals are the foundation for the economic development strategies included in the Plan. They continue to be guiding principles for the development of our long range Capital Improvement Plan and each annual budget in recent years.
 - Grow the City's tax base.
 - Create new job opportunities.
 - Retain existing jobs.
 - Redefine the City's image.
 - Increase property values.
 - Retain and create wealth.
 - Reduce poverty.
 - Strive for long-term economic stability of the community.
 - Promote economic self-sufficiency.

However, it is important to note that the 2012 Economic Development Plan is rapidly becoming dated. The planned investment in Downtown Kannapolis has changed the very foundation upon which that Plan was developed. We have also had a change in City Council since that time and the collective philosophy of the new City Council needs to be re-defined in the early part of FY 2016.

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 2016 Budget is the third year of

implementation of this Financial Plan. This Plan includes a clear path that will accomplish the following if it is faithfully implemented over the next decade:

Budget Development.

- a. Enterprise funds will set rates so that inter-fund transfers are not required and that all funds become self-supporting. *This change will take a number of years to achieve and began with the FY 2013 budget and this continues in FY 2016.*
- b. Elimination of one-time revenues (or other special revenues) to be used to finance continuing city operations. *As the economic downturn eased over the past few years, this approach was injected into the budget process. It must continue. There are no one-time revenues used for reoccurring operating expenditures in the FY 2016 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 2016 Budget. The FY 2017 Budget will include an Environmental Fee increase.*

Capital Improvement.

- a. City Council will adopt a Capital Improvement Plan. This has been completed and revised. *It will be continually updated in response to financial influences and City Council objectives.*
- b. Grants will only be sought for approved CIP projects. *This policy is being implemented by staff.*

Debt Management.

- a. City will seek a balanced approach to capital funding: Debt vs. Pay-Go vs. Capital Reserve. *There is a solid balance of both approaches in the FY 2016 Budget. In fact, with the exception of the downtown purchase no debt is planned to be issued in the FY 2016.*
- b. City's Net Debt (tax supported) would be 2% of assessed value or less. *When one half of the NCRC Bond obligation is removed (Cabarrus County's commitment), the City's net, tax supported debt is currently 1.37% of the assessed value. It is likely that this number will remain steady and decrease over time as more debt comes off line. State law permits up to 8%.*
- c. Debt service expenditures will not exceed 15% of total fund expenditures. *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 2016 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 23.97% in the FY 2016 Budget (up from 14.9% in FY 2012). The City is very close to achieving this goal.*
- 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. Due to the extensive long range planning efforts by City Council in FY 2012 and FY 2013, there are virtually no surprises in the FY 2016 Budget.

Looking Back – FY 2013 through FY 2015

It is always productive to reflect on past achievements. The last few budgets were aggressive in that they accomplished several key City Council objectives. Like the FY 2016 Budget, these previous budgets all used the new Capital Improvement Plan and 10-year Financial Plan as a foundation for their preparation.

The following is just a sampling of the results of a rather substantial budget implementation over this past three years:

- The return of growth in property tax, sales tax and water and sewer revenues.
- The addition of nine (9) new positions: six (6) in the General Fund and three (3) in the Water & Sewer Fund.

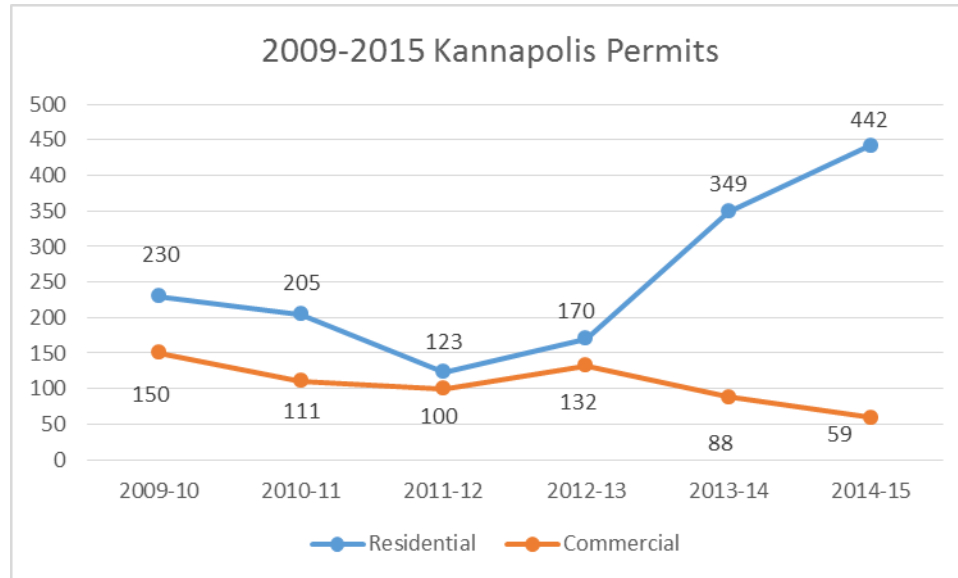
- A starting point for the creation of a centralized General Services Division to better manage all city properties, including the new City Hall/Police HQ building. The General Service Manager will be hired in FY 2015.
- Continued significant investment in economic development (more than \$700,000).
- Implementation of the 10-year Financial Plan.
- A Comprehensive Water Meter replacement project (\$5 million with an anticipated payback in as few as four years).
- A return to merit-based pay (pay for performance).
- No increase in medical insurance premiums.
- 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 (project is now completed).
- Railroad Crossing at Rogers Lake Road (project is now completed).
- Albemarle Water line (project is nearing completion).
- New Regional Radio System maintenance agreement with the City of Charlotte (agreement is in place).
- Cash reserve funding for future Highway 3 Sidewalk project (slated for construction in FY 2016), Highway 73 Sidewalk project (completed), Public Safety portable radios and system (completed), Roxie Street Traffic Improvements (to be part of the I-85 widening project).
- 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.
- Construction of City Hall and Police Headquarters (November/December 2015)

Looking Ahead – FY 2016 and Beyond

As noted previously in this budget message, during FY 2016, City Council will be asked by staff to provide continued policy guidance regarding the implementation of the adopted 2012 Economic Development Plan. This, coupled with the completion of the New City Building and Police Headquarters and the beginning of the downtown revitalization effort, will be the primary objectives for this budget year. Staff and City Council will need to continue to balance economic development efforts with the ongoing basic operational needs of the City to keep our services to our community at the highest level possible.

Providing high quality, effective City services is certainly a key component of our economic development strategy. There are many components of the FY 2016 Budget that will dramatically improve City services (construction of the New City Hall and PD HQ; establishment of the General Services and Planning departments; investment in employees through the Salary and Staffing studies). 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 for City Council in FY 2016. This path has already been cleared with the decision to purchase the downtown properties.

The vast majority of our City's revenue streams are tied to a growing economy (ad valorem taxes and sales taxes represent 78% of all of our City's General Fund revenues). As a result, commercial and residential development is critical to our future prosperity. This growth is also one indicator of our future revenues. The City's positive growth trends are continuing as depicted in the following graph. There is also strong evidence that this development trend will continue in FY 2016 and well beyond.



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

FY 2016/FY 2017 CIP Projects (some subject to change)

- PWOC Fuel Tank Storage upgrade
- Replace S-43 Knuckle boom
- Highway 3 Sidewalk
- Mooresville Road Water Main
- Summit Ridge Sewer
- Sewer Rehab (Project CW3-a)
- Shiloh Church Road / CMU Extension
- Oak Street & “D” Street improvements
- Filter Backwash Turbidimeters
- Replace WTP-1 Truck

- Pump Station Crew Truck
- Bakers Creek Park Improvements
- I-3802B Sidewalk
- Fire Station #2 Replacement
- Village Park Phase 3 Improvements (including carousel)
- Replace S-26 Dump Truck
- Rocky River Greenway
- Replace S-5 Dump Truck
- Mini-pumper / Brush Truck
- North Bakers Creek Branch Greenway
- I-3802B Utility Relocation
- Jet-Vac Truck

Closing Thoughts

This proposed FY 2016 Budget is balanced in accordance with State statutes and it directly addresses the goals and priorities that the City Council has established over the past 3 years of long range planning and strategy development. I am confident that this budget is continues to provide City Council and City staff with a significant series of tools that will be used to provide the highest level of service possible within the confines of our budget constraints and will help our community rapidly grow and prosper.

This year's budget has been quite complex for a variety of reasons, most notably the establishment of two new departments, the implementation of pay and staffing studies, the purchase of downtown and the completion of the new City Hall/PDHQ. This is enough for a decade worth of effort in some communities.

The talented team in our Finance Department guided us through the budget process with great success. This new software will be a tremendously valuable tool for not only budget preparation but, more importantly, budget management throughout each budget year.

The preparation of the budget is always a group effort with a number of staff participating in its development. I am fortunate to work with a very talented, hard-working, dedicated group of employees. Many of them 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 Deputy City Manager Eddie Smith and all of the Department Heads and their management teams should be applauded. For the FY 2016 Budget, our Finance Director Eric Davis was the lead budget manager for the first year. His efforts are much appreciated. Budget Analyst Jason May also played a key role this year in the preparation of the documents and the numbers behind them.

I am also very appreciative of City Council's continued support of the implementation of the Capital Improvement Plan, Economic Development Plan and the 10-year Financial Plan. These plans certainly do not represent the easy course to take; implementation can be a bit tasking due to the difficult decisions that must occur. Nevertheless, I am completely convinced that these plans represent the right course of action for the future of our City. 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 these plans continue to be refined and implemented. I am confident that it will.

I am also proud of the complex decision City Council made in the purchase of the downtown properties. Very few communities have the vision to take such a bold step to secure its future prosperity.

Without reservation, I respectfully recommend this proposed FY 2016 Budget to the City Council for its thoughtful consideration.

Sincerely,

Mike Legg
City Manager

**AN ORDINANCE ADOPTING A BUDGET FOR THE
CITY OF KANNAPOLIS, NORTH CAROLINA FOR THE
FISCAL YEAR BEGINNING JULY 1, 2015 AND ENDING JUNE 30, 2016**

BE IT ORDAINED by the City Council of the City of Kannapolis, North Carolina, meeting in open session this 29th day of June, 2015, 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, 2015 and ending June 30, 2016:

Ad Valorem taxes	\$ 22,702,800
Sales taxes	6,900,000
Intergovernmental	5,598,823
Miscellaneous	2,943,390
Appropriated Fund Balance	<u>250,000</u>
TOTAL	<u>\$38,395,013</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, 2015 and ending June 30, 2016:

Charges for Services	\$14,265,000
Other Revenues	1,410,500
TOTAL	<u>\$15,675,500</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, 2015 and ending June 30, 2016:

Storm Water Fees	\$ 2,025,000
Miscellaneous	<u>0</u>
TOTAL	<u>\$ 2,025,000</u>

SECTION IV – ENVIRONMENTAL FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2015 and ending June 30, 2016:

User Fees	\$ 1,778,370
Transfer from Other Funds	1,934,825
Solid Waste Disposal Tax	<u>28,500</u>
TOTAL	<u>\$ 3,741,695</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, 2015 and ending June 30, 2016:

Motor Vehicle Privilege Tax	\$ 163,000
Transfer from General Fund	<u>315,200</u>
TOTAL	<u>\$ 478,200</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, 2015 and ending June 30, 2016:

Transfer from General Fund	\$ 365,000
TOTAL	<u>\$ 365,000</u>

SECTION VII – DOWNTOWN FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2015 and ending June 30, 2016:

Property Leases	\$ 805,000
Transfer from General Fund	\$1,023,825
Miscellaneous	\$ 44,000
TOTAL	<u>\$1,872,825</u>

SECTION VIII - GENERAL FUND: A total of \$38,395,013 is hereby authorized to be expended from the departmental accounts of the General Fund as follows:

General Government	\$ 4,328,136
Community Development	749,487

Police	8,277,080
Fire	6,659,705
Parks and Recreation	1,550,340
Public Works, incl. Powell Bill	4,059,393
Other	5,424,772
Contingency	190,000
Debt Service	<u>7,156,100</u>
TOTAL	<u>\$38,395,013</u>

SECTION IX - WATER AND SEWER FUND: A total of \$15,675,500 is hereby authorized to be expended from the Water and Sewer Fund as follows:

General Management Services Fee	\$1,466,110
Billing and Collections – Water and Sewer	745,644
Distribution - Water and Sewer	2,810,590
WSACC – Sewage Treatment	2,824,500
Water Treatment Plant	2,927,066
Transfer to Other Funds	625,000
Debt Service	<u>4,276,590</u>
TOTAL	<u>\$15,675,500</u>

SECTION X – STORM WATER FUND: A total of \$2,025,000 is hereby authorized to be expended from the Storm Water Fund as follows:

Personnel	\$ 629,560
Operations	489,840
Debt Service	692,600
General Management Services Fee	<u>213,000</u>
TOTAL	<u>\$ 2,025,000</u>

SECTION XI – ENVIRONMENTAL FUND: A total of \$3,741,695 is hereby authorized to be expended from the Environmental Fund as follows:

Recycling Collection	\$ 597,167
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Household Solid Waste Collection	2,073,000
Yard Waste Collection	895,600
Debt Service	<u>175,928</u>
TOTAL	<u>\$ 3,741,695</u>

SECTION XII – PUBLIC TRANSIT SYSTEM FUND: A total of \$478,200 is hereby authorized to be expended from the Public Transit System Fund as follows:

Contracted Services	\$ <u>478,200</u>
TOTAL	<u>\$ 478,200</u>

SECTION XIII - SEPARATION PAY FUND: A total of \$365,000 is hereby authorized to be expended from the Separation Pay Fund as follows:

Salaries-Separation Pay	\$ <u>365,000</u>
TOTAL	<u>\$ 365,000</u>

SECTION XIV - DOWNTOWN FUND: A total of \$1,872,825 is hereby authorized to be expended from the Downtown Fund as follows:

Operations	\$ 962,825
Debt Service	\$ 910,000
TOTAL	<u>\$1,872,825</u>

SECTION XV - TAX RATE ESTABLISHED: An Ad Valorem Tax Rate of \$0.63 per \$100 property valuation is hereby established as the official tax rate for the City of Kannapolis for the fiscal year 2015-2016. This rate is based on an estimated valuation of \$3,653,710,000 and an estimated 97 percent collection rate, which was at least the collection rate experienced during the 2012-2013 fiscal year. Allocation of the 2015-2016 tax rate will be as follows:

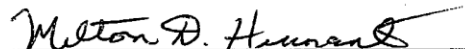
GENERAL FUND **\$.63**
TOTAL TAX RATE **\$.63**

SECTION XVI - SPECIAL AUTHORIZATION - CITY MANAGER:

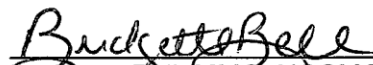
a The City Manager is hereby authorized to transfer funds from one line item to another line item within each Fund of said budget with the exception of the general contingency account. Utilization of any contingency appropriation shall be accomplished with City Council approval only.

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

This Ordinance is approved and adopted this 29th day of June, 2015.


Milton D. Hinnant, Mayor

ATTEST:


Bridgette Bell, MMC, NCCMC
City Clerk

City Manager's
FY 2016 Budget Summary

May 20, 2015

1 | General Fund

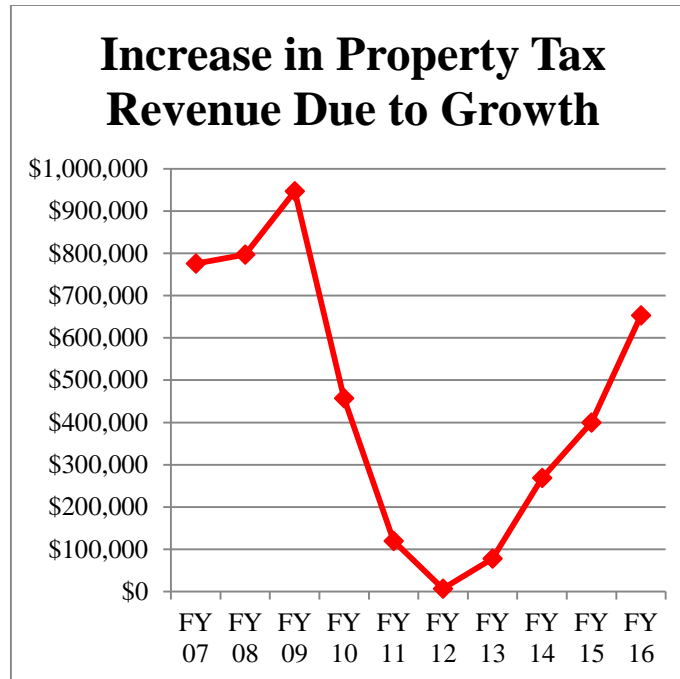
The recommended FY 2016 General Fund Budget includes an **Ad Valorem (Property Tax) Rate of 63 cents** per \$100 of assessed property valuation. This represents an increase of \$0.03 (5%) from the FY 2015 budget. Public Safety (Police and Fire) expenditures account for 38% of all General Fund expenditures.

General Fund Revenues

Property taxes and sales taxes continue to be the predominant revenue streams in the FY 2016 General Fund Budget (60% and 18%, respectively – slightly lower percentages than the past two years). Property tax revenue continues to be a very stable revenue source and is likely to increase over the next several years as the economy improves and land development activities accelerate. After the FY 2016 budget year, no additional property tax rate increases are planned through at least FY 2019.

The proposed FY 2016 General Fund Budget is **\$38,395,013**, which represents a 7.33% increase from the revised FY 2015 Budget (\$2,622,366 actual). The primary drivers of this year's revenue projections are: The total ad valorem tax revenue projected for FY 2016 is \$22,327,800 based upon an estimated tax base of \$3,653,710,000 including an additional tax base of \$106,816,241 due to new growth.

1. \$1,063,230 million increase is directly attributed to the *recommended \$0.03 ad valorem tax rate increase*. Each penny on the tax rate is equal to approximately \$354,410.
2. Approximately \$653,285 is the projected increase in *ad valorem tax revenue due to natural growth* in the tax base (as opposed to the impacts from the rate increase). This represents a 4% increase from FY 2015. This is the largest projected amount since 2009 (approximately \$946,000). The historical increases in property tax revenues are shown on the graph below. The City and the region are rebounding strongly from the economic downturn. There are no indications that this growth is slowing in any way.



3. A decrease of \$84,000 to respond to the *elimination of enabling legislation by the General Assembly regarding the administration of Business Privilege Licenses*. Currently there are no substitute revenue sources that have been authorized by the General Assembly. A decrease of \$136,000 was included in the FY 2015 revenue projections in anticipation of this change.
4. \$470,000 projected increase in *local option sales tax revenue* due to growth. This represents a 7.31% increase from FY 2015. This is a significantly larger increase than the FY 2015 change from FY 2013 (5.4%). This projection does not take into account potential General Assembly action to adjust the distribution of sales tax state-wide.
5. \$150,000 decrease from a total annual grant amount of \$661,882 due to the *expiration of a federal SAFER grant in the Fire Department*. Since the federal fiscal year runs October to September, three months of the grant money was included in the FY 15 Budget but this amount expires in the FY 2016 budget. This will be the first year that the City will be responsible for the entirety of the funding for these firefighters.
6. A small Fund Balance appropriation of \$250,000 (a \$155,000 increase from FY 2015) to cover the cost for the *Childress Klein incentive grant* for the spec building at Afton Ridge.

General Fund Expenditures – Personnel

The General Fund includes several recommended new full time personnel, generally in-line with the recommendations from the Springsted Staffing Study. The largest drivers of personnel additions are the staffing of two new departments: General Services Department and the Planning & Zoning Department.

The proposed FY 2016 budget includes sixteen (16) new full-time positions:

New Positions

Total Budget Impact (salaries and benefits): \$284,714.

- Four (4) Custodians (General Services) - these positions are scheduled to start 1/1/16
- One (1) Risk Manager (Human Resources)
- Three (3) Patrol Officers (Police)

New Positions to facilitate the Transition of the Planning Department from a contracted service.

*Total Budget Impact (salaries and benefits): \$565,987**

**Note: Adequate funds are carried over from FY 2015 in contracted services.*

- Two (2) Senior Planners
- G.I.S. Specialist
- Planner
- Planner Technician
- 2 Code Enforcement Officers

In addition to new personnel listed above, three (3) full-time and five (5) part-time personnel are being moved from Parks & Recreation to General Services at new cost to the FY 2016 Budget. Funding for the General Services Director was included in the FY 2015 Budget.

The General Fund also includes the implementation from “Option 4” of the Springsted Pay and Classification Study. However, to minimize the budget impacts it is recommended that the adjustments be carried out by merging the typical merit pay increase funding (maximum 3% increases) with the financial impacts of the Study. In the case of the General Fund this means the total impact of the salary study will be an increase of \$261,721 as the merit pay funding is a carry-over from the FY 2015 Budget. According to the Study, it appears that of the 386 full- and part-time employees, 234 are slated to receive a salary adjustment of at least 3%. That leaves 152 that are slated to receive less than 3%. This approach would ensure that all employees receive a minimum 3% salary increases. This plan will be implemented on July 1 essentially as a Cost of Living/Pay Plan Implementation. Normal performance reviews would occur during the year but with no specific merit pay attached to them. In FY 2017 the normal pay for performance plan would be restored.

The City Manager and Police Chief continue to explore the establishment of a Police Officer Volunteer and/or Reserve program in future budgets. While there would be a cost to this kind of program it may be a more economical way to add capacity to the overburdened police department.

General Fund Expenditures – Operating

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

<p>(\$9,858)</p>	<p><i>Establishing In-House Planning Department.</i> This new department is increasing the payroll of the city by 7 employees (see General Fund personnel section of this summary). The addition of new employees, especially employees who are in the field as often as these, will require new vehicle purchases. Two vehicles will be purchased for the new department; one will be for the sole use of the Code Enforcement Officers and one will be a pooled vehicle for the remaining staff, including the Planning Director.</p> <p>Other operating line item amounts were generated using comparable established departments for guidance.</p> <p>The Planning Department will develop a new Comprehensive Plan this year (\$40,000) through contracted services.</p> <p>Technology start-up costs (phones, plotters, software, computers, etc.) are mostly included in the current FY 2015 Budget.</p> <p>The total proposed department budget is \$749,487.</p>	<p>Decrease</p>
<p>\$10,000</p>	<p><i>Contingency Funds.</i> The 10-year Financial Plan recommends that 0.5% of the General Fund Budget be placed in contingency. This can be used with City Council approval throughout the year or can be used to continue to build up the City’s fund balance. For FY 2016, the total amount of contingency is \$190,000.</p>	<p>Increase</p>
<p>\$397,674</p>	<p><i>Establishing General Services Department.</i> The new General Services Department will grow significantly in FY 2016 (over 100%). However a majority of the “new costs” are actually being transferred from Parks and Recreation (which will see a corresponding decrease). As highlighted in the General Fund personnel section of this summary, four (4) custodian positions are included. Additionally, three (3) full and five (5) part-time staff will be brought over to General Services from Parks and Recreation during the new fiscal year. These new staff members will provide repair and maintenance for the new City Hall-Police Department building as well as grounds maintenance around the common areas. Within the department’s budget, a \$145,000 reduction in Real Property Rental will be seen with the result of the City’s purchase of downtown and the move to the new building.</p>	<p>Increase</p>

	<p>Two vehicles will be purchased for the General Services Department. An extended cab truck and a utility van or truck will be purchased with cash during FY 2016.</p> <p>Some additional increases are included to provide the new department with operating funds to perform its required job duties.</p> <p>Note: because the new building will not see full occupancy until after the midway point of FY 2016, no new significant funding has been allocated for the operational expenses in the new building. Staff believes there will be enough pooled funds from all departments to cover most of the new building expenses. The FY 2017 budget will include a more comprehensive operating budget for the new facility.</p> <p>The total proposed department budget is \$759,974.</p>	
\$27,000	<p><i>Non-Medical Insurance.</i> The City's General Liability Insurance is budgeted for \$230,000 in FY 16. This is a 12.2% over FY 2015 budget. The City's Building & Contents Insurance is budgeted for \$62,000 in FY 16. This is an 8.8% increase from actual FY 2015 budget amount. Some of this cost is anticipated coverage requirements for the new City Hall-Police HQ Building.</p>	Increase
\$3,887	<p><i>Increase in City Council and Board Member Compensation.</i> The Mayor and City Council and appointed Boards have not received a pay adjustment in more than 10 years. An examination of comparable elected official pay reveals that Kannapolis near the average. However with the acquisition of the Downtown properties, the complexities and time commitment of the job in our community is virtually unparalleled for a City our size. The City Manager believes this pay adjustment is warranted</p>	Increase
\$76,900	<p><i>Relocation of City Dues and Subscription to City Council budget.</i> All membership dues, which are city-wide and not directly related to downtown, have been moved under the new dues and subscription line item for the City Council Budget. The old stand-alone account "Dues and Subscriptions" has been eliminated. There is only a slight <i>actual</i> increase from FY 2015.</p> <ul style="list-style-type: none"> • \$30,600 NC League of Municipalities • \$3,900 National League of Cities • \$7,853 Metropolitan Mayor's Coalition • \$8,000 Cabarrus/South Rowan MPO 	Increase/Maintain

	<ul style="list-style-type: none"> • \$5,200 NC School of Government • \$21,300 Cabarrus Arts Council 	
\$40,000	<i>Municipal Election Expenses.</i>	Increase
\$18,000	<i>Key Parks and Recreation Operating Expenditures</i> <ul style="list-style-type: none"> • Gator Replacement • Ex-Mark Mower Replacement 	Increase
(\$149,000)	<i>Parks and Recreation Department decrease for contracted building and grounds.</i> This is not an overall budget reduction as these funds have been reallocated to the General Services Department. These are non-park grounds maintenance costs.	Decrease
\$300,000	<i>Special Expenses – Non Departmental.</i> This is the budget location for the Railroad Quiet Zone funding and the implementation of the Pay and Classification Study.	Increase
(\$1,972,540)	<i>Medical Plan Expense.</i> This is not an actual decrease. This expense was allocated to the appropriate departments to better isolate department expenditures	Maintain
\$150,460	<i>Police Patrol Vehicle Purchases (13).</i> All vehicles to be purchased in FY 2016 will be paid with cash. No financing or debt is incurred as a result of these purchases. The total for 13 vehicles is \$422,500 including three new vehicles corresponding to the three new patrol positions proposed. In FY 2015 nine (9) were purchased.	Increase
\$247,000	<i>Economic Development Incentive Grants.</i> The Childress Klein Incentive Grant for Spec. Building #1 at Afton Ridge is budgeted for \$250,000. SP Richards Incentive Grant is budgeted for \$53,000 (a carry-over from FY 2015). This is the third and final payment on the SP Richards Grant incentive grant.	Increase
(\$45,000)	<i>Elimination of Funding for Washington DC Lobbyist.</i> The dramatic changes in Washington in recent years have lessened the value of lobbying efforts designed to secure federal funding for local projects. There is potentially some value to maintaining a limited relationship with our lobbying firm, Dunaway and Cross - a topic which may reappear later but not as part of this budget discussion.	Decrease
(\$148,881)	<i>Economic Recruitment Initiatives.</i> This line item will fund continued programs for Façade Improvement Grants and Corridor Improvements. It will also fund new (to be defined) Strategic Initiatives/Programs related the Healthy Living brand. The total funding for this line is \$170,000 which represents a decrease of nearly \$150,000. If other programs and initiatives are identified later that need additional funding, contingency or fund balance appropriations can be possibilities. This line item	Decrease

	<p>represents a more conservative approach to funding these programs and initiatives.</p> <p>Staff is recommending a post-budget City Council retreat to revisit overall City goals and priorities including implementation of certain strategies in the 2012 Economic Development Plan.</p>	
\$25,950	<p><i>Increase in Dues and Subscriptions. Last year's funding included:</i></p> <ul style="list-style-type: none"> • Intimidators July 4th sponsorship • 600 Festival • Irish Creek Collegiate Golf Tournament • Cabarrus Crime Stoppers • YMCA Strong Kids Campaign • Charlotte Biotech Conference • Five Ventures Entrepreneur Competition. <p>Changes in the amounts for each of these organizations are not anticipated. However, the City Manager is recommending that a short-term committee be established to review these and any other non-CDBG eligible non-profit organizations wishing to pursue City funding in FY 2016.</p>	Maintain
\$176,000	<p><i>Marketing and Branding.</i> These efforts include the design of the I-85 Gateway project, general economic development marketing, the proposed way finding project, the Run Kannapolis initiative and other Healthy Living Initiatives. Additionally, marketing and advertising efforts for the New City Hall events and space will come from this line item. Six events are planned as a part of the opening of the New City Hall. These events will include a New Year's Eve Gala, a father-daughter dance, and a Valentine Day Dance. These events are budgeted for \$15,000 as several of the events will be ticketed or have sponsors (actual cost could be \$75,000).</p> <p>The Marketing and Branding funding amount is largely off-set by a \$153,908 decrease in Strategic Initiatives in the Economic Development Budget. This is generally a reallocation and not a significant overall budget increase.</p>	Increase
\$412,566	<p><i>Key Information Technology's Expenditures.</i> Some of this increase is the direct result of new software, maintenance cost, and hardware replacement. Other costs are directly related to the growing size of city services and the personnel requirements to maintain IT needs. However, nearly half of the increase is due to the reallocation of</p>	Increase/Maintain

	<p>certain IT items previously spread to other departments. The FY 2016 Budget attempts to isolate all IT costs City-wide in one budget account.</p> <ul style="list-style-type: none"> • The city will increase the contract for the Chief Information Officer to a full-time position as opposed to the current .75 FTE, costing an additional \$24,769 in FY 16. • The city is attempting to prepare a reserve capability within the IT department, budgeting and purchasing computers and other hardware in advance, allowing the city to diminish the amount of downtime experienced as a result of IT issues. This move is seen in the budget by replacing 20 Computers (\$20,599) throughout the City and replacing 10 MDTs for Police (\$18,599). • Annual maintenance for the city will increase to \$396,117 in FY 2016, when maintenance costs of Police and Fire Department are added. • Parks and Recreation reservation system requires updating and activex.net will be purchased for \$13,000. • Purchasing Hyper V Hosts, Dell Power Vaults, Server RAM updates and Altaro VM Backups will cost \$65,378 <p>The total IT Budget for FY 2016 is \$929,038.</p>	
\$20,875	<p><i>Police Live Scan Fingerprinting Equipment.</i> The current system is over seven years old and has required extensive and expensive repairs during our current fiscal year. The new equipment will have a projected life expectancy of between 5 to 7 years.</p>	Increase
(\$158,432)	<p><i>Key Police Operating Expenditure Reductions.</i></p> <ul style="list-style-type: none"> • Decrease in the Real Property Rental line item will be realized in the proposed FY 16 budget as a direct result of the City's move to purchase downtown properties and ultimately the move to the new City Hall/Police HQ. (reduction of \$90,500) • Reduction in Public Safety Supplies, resulting from the increase in the line item in FY 2015 for a large number of non-capital supplies (i.e., ballistic helmets and vests). • Reduction in motor oil is a direct result of current gas prices and the projection of prices remaining lower over the course of FY 2016. • The city's 20% contribution to the Cabarrus County Radio system maintenance is budgeted for \$125,600. 	Decrease
\$107,000	<p><i>Fire Department Facility Repair and Maintenance.</i></p> <ul style="list-style-type: none"> • Repair the floor at Station #3. 	Increase

	<ul style="list-style-type: none"> • Replace the countertops, garage door, and generator at Station #5. • Replace appliances at Station #3 & Station #4. • Replace a 17 year old HVAC unit. • Replacing the roof at Station #3. • Replace the ice stops at Station #5. • Correcting the water quality issues at Station #4. • Plymovent Retrofit for apparatus exhaust system. 	
\$58,000	<p><i>Key Fire Department Operating Expenditures.</i></p> <ul style="list-style-type: none"> • Rope Rescue equipment replacement. • Replace a 2003 Crown Victoria with over 80,000 miles. • Replace Engine 31's motor. The intent is that by replacing the motor, replacing the truck will not be needed for several years. 	Increase
\$50,500	<p><i>NCRC light repair and maintenance and tree trimming.</i></p> <p>The total of these line items is \$65,000.</p>	Increase
\$70,000	<p><i>Public Works – Signs and Markings Key Expenditures.</i></p> <ul style="list-style-type: none"> • New Plotter/printer. The current plotter is 10 years old and was repaired on several occasions this past year. This plotter prints all signs for the public works department including street blades. • Increase in sign supplies-DOT has mandated all stop signs be upgraded to 36" from 30" for all replacements, street sign lettering must be adjusted as well. • Increase to Contracted Services will be used to update decorative crosswalks because of wear. 	Increase
\$62,500	<p><i>Public Works Fuel Tank Storage Upgrade.</i> This is half the cost; the other half is expended from the Water and Sewer Fund;</p>	Increase
\$125,000	<p><i>Replacement of S-43 Knuckle boom Truck for Streets Department.</i> This will replace the current S-43 Knuckle boom. This purchase is included in previously adopted CIP for FY 16.</p>	Increase
\$62,000	<p><i>Key Powell Bill Expenditures.</i></p> <ul style="list-style-type: none"> • Replacement of salt inventory from snow and ice storms of February and March 2015 and to cover the increase cost of asphalt, stone and salt. • The approved traffic signal maintenance agreement with NCDOT. • Federal Bridge Inspections in FY 2016. 	Increase
\$500,000	<p><i>Street Resurfacing.</i> The FY 2015 Budget was \$15,000 lower. The City maintains over 900 streets with more than 225 miles of paved roads.</p>	Maintain
\$1,080,586	<p><i>Transfer to the other Funds.</i> This budget account is increased from \$1,933,264 in FY 2015 to \$3,013,850 as</p>	Increase

	<p>proposed in FY 2016. The vast majority of this transfer is funding to the new Downtown Fund to cover the new debt service for the acquisition costs. Included are slight adjustments in the transfer of funds to the Transit Fund, the Separation Pay Fund and the Environmental Fund.</p>	
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General Fund Debt Service

The FY 2016 Budget includes an increase of \$1,054,619 in General Fund debt service, largely to cover the second year debt service on Limited Obligation Bonds for the New City Hall and Police Headquarters. The FY 2015 payment of \$923,000 was an interest-only payment. This obligation increases to \$1,679,056 in FY 2016 when most of the principal becomes part of the obligation. The payment will again increase slightly in FY 2017 to \$2,410,456. From that point forward the debt will decrease for the remainder of the term. The debt term is 20-years at 3.10% interest. The last payment on April 1, 2034 will be \$1,414,481.

This debt service increase also includes an increase of approximately \$150,000 for a previously purchased Fire Engine and Asphalt Patch Truck.

Also, the debt service increase includes an additional \$100,000 for the taxable portion of the 2010 Limited Obligation Bond for NCRC. The structure of this deal dictates that the principal amount increases for first 10 years of the debt. The obligation ends in 2020. The non-taxable obligation ends in 2027. Cabarrus County pays half of this annual debt service.

An increase of \$363,610 in the General Management Service Fee to the Water and Sewer Fund will help pay for a portion of the debt service for the New City Hall building. This amount will again increase in FY 2017 to help support the final increase in the debt service amount. This is very justifiable due to the amount of water and sewer related activities which will occur in the new building (Customer Service, Public Works Administration, Finance, City Manager’s Office, Planning, Engineering, and Economic Development). A detailed analysis of the General Management Services Fee has been prepared by the City’s Finance Department and is available upon request.

General Fund - Fund Balance

The General Fund available fund balance at June 30, 2015 is estimated to be approximately \$8,500,000 or 23.97% of the estimated FY 2015 General Fund expenditures. This is up from 10.11% at the end of FY 2014; 20.01% at the end of FY 2013 and 14.90% at the end of FY 2012. (Note: The FY 2015 fund balance was impacted by the short term purchase of the Pine Street nursing facility of which the City was ultimately reimbursed from FEMA. This caused the temporary decrease. Without that impact, the FY 2015 amount would have been similar to the FY 2014 and 2016 amounts). The FY 2016 amount is also the highest fund balance percentage in more than a decade. The 10-year financial plan sets a target of at least 25% fund balance but the Plan recognizes that this goal could take several years to achieve – but in reality, this target is very close to being met in FY 2016.

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

2 | Water and Sewer Fund

Water and Sewer Fund Revenues

The proposed FY 2016 Water and Sewer Budget is \$15,675,500, which represents a healthy 5.14% increase from the current year budget (\$765,679 actual increase). By comparison, the FY 2015 increase from FY 2014 was 1.11% (\$162,985).

In keeping with the 10-year Financial Plan, for the second consecutive year, no water or sewer rate increases are recommended in the FY 2016 Budget. The projected FY 2016 revenue increase in the Water and Sewer Fund is attributable to growth in the system (largely new home construction) and more accurate water meter readings with the installation of the new water meters city-wide.

In FY 2016 the full completion of the water meter replacement program occurs. At this early stage of the project, we are seeing an increase in accuracy and efficiency. A true determination to the degree of success will not be known until the end of FY 2016.

Although a small amount, of particular note the FY 2016 proposed budget also includes a reduction in the Reconnection Fees and Penalties line item of \$15,000 and \$10,000 respectively. This reduction is correlated to the continued improvement of the economy and citizens' ability to promptly pay their water and sewer bill.

The wholesale sewer treatment and sewer collection rates from the Water and Sewer Authority of Cabarrus County (WSACC) are increasing by 5% in FY 16. The new rate will be \$1.294/ 1,000 gallons vs the current rate \$1.232/ 1,000 gallons. This is the first rate increase in over ten years and is due to many factors. This increase is being absorbed in the FY 2016 Budget (not passed along to the City's customers).

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

Charge	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	Proposed FY 16
Variable Water Rate	\$5.40	\$5.40	\$5.40	\$5.40	\$5.40	\$5.75	\$5.75	\$5.75
Variable Sewer Rate	\$5.30	\$5.30	\$5.30	\$5.30	\$5.30	\$5.65	\$5.65	\$5.65
Fixed Water Charge	\$3.30	\$3.30	\$4.65	\$6.00	\$6.00	\$6.95	\$6.95	\$6.95
Fixed Sewer Charge	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80

Variable Rates are charged per 1,000 gallons usage 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 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	Proposed FY 16	FY 14 to FY 15 % Change	FY 14 to FY 15 Actual \$ Change
2000 gallons	\$28.50	\$28.50	29.85	\$31.20	\$31.20	\$33.50	\$33.50	\$33.50	+ 0%	+ \$0
4000 gallons	\$49.90	\$49.90	51.25	\$52.60	\$52.60	\$55.50	\$55.50	\$55.50	+ 0%	+ \$0
5000 gallons	\$60.60	\$60.60	61.95	\$63.30	\$63.30	\$66.50	\$66.50	\$66.50	+ 0%	+ \$0

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

Water and Sewer Fund Expenditures – Personnel

With the completion of the meter replacement project, three meter reader position salaries and benefits (\$102,637) have been eliminated/converted into two (2) Construction Maintenance Workers Salaries (\$74,700) as part of the FY 2016 Budget. This need is well documented in the Springsted Staffing Study. The balance of the funding will fund other operational needs described in this summary.

The Water and Sewer Fund also includes the implementation from “Option 4” of the Springsted Pay and Classification Study. However, to minimize the budget impacts it is recommended that the adjustments be carried out by merging the typical merit pay increase funding (maximum 3% increases) with the financial impacts of the Study. In the case of the Water and Sewer Fund this means the total impact of the salary study will be an increase of \$42,347 as the merit pay funding is a carry-over from the FY 2015 Budget. For more information regarding the implementation of the Pay and Classification Study please see page 3 of this summary.

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 2016.

\$68,500	<i>Repair and Maintenance of the City’s lift stations.</i> Included are funds for the Annual SCADA maintenance fee, annual Telemetric maintenance fee, as well as misc. electrical and mechanical repair parts for 14 lift stations. Contract work for trouble shooting electrical and control functions are included, as well as annual maintenance of emergency generators for all lift stations. SCADA and Telemetric are used for remote monitoring of the pump stations and for sending out warning alarms. The City is switching from Telemetric to SCADA a few stations at a time each year. 6 new SCADA units are budgeted for purchase in FY 16. This purchase will complete the switch to SCADA from Telemetric, improving our monitoring and alarm hard and software. Maintenance of high voltage	Increase
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	emergency generators and electrical transfer switches are handled by a contractor as the city does not maintain a licensed electrician. Two pump station driveways will also be repaired and repaved as a part of the FY 2016 budget.	
\$87,000	<p><i>Water and Sewer Line Maintenance.</i></p> <ul style="list-style-type: none"> • Annual root treatment of our sewer lines. Root control helps kill off roots in the sewer system for up to 6 years. • Waste Management’s removal of grease and debris cleaned from our sewer lines. The City must dispose of the grease and debris which is cleaned out of the sewer lines. • NC 811 utility locate program. NC 811 program is utilized by all utilities to help protect them from damage during construction. • Annual leak detection of our water lines. Annual leak detection is mandated by the IBT agreement. • Annual subscription for water meter hosting site. 	Increase
\$45,000	<p><i>Asset/Facility Repairs and Maintenance.</i></p> <ul style="list-style-type: none"> • Roof replacement for the sodium hypochlorite building, sodium permanganate, and pump house buildings. • Replace the logos on 2 elevated tanks. • Replace 2 entry gate drives. 	Increase
\$60,000	Inflow & Infiltration study to continue to reduce the City’s infiltration of external water throughout the sewer system.	Increase
\$96,000	<i>Additional electricity cost of the Albemarle Water Line Pump.</i>	Increase
\$363,610	<i>General Management Services.</i> As stipulated in the 10-year Financial Plan the Water & Sewer Fund will transfer \$1,466,110 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 significantly from the FY 2015 Budget. The primary reason is the increased debt service in the General Fund for the new City Hall building. Water and Sewer is (and should) pay for part of that building. An additional amount will be transferred in FY 2017 due to the final increase in debt service for the building (debt service decreases annually after FY 2017). A detailed analysis of the General Management Services Fee has been prepared by the City’s Finance Department and is available upon request.	Increase
(\$123,177)	<i>Transfer to Other Funds.</i> As stipulated in the 10-year Financial Plan the Water & Sewer Fund will transfer \$625,000 to the Environmental Fund (about the same as FY 2015). The transfers to the Stormwater Fund end in FY 2016 as part of this recommended Budget. This total transfer is 16.5% lower than the transfer in FY 2015. The	(Decrease)

	decrease is directly related to the recommended increase in the Stormwater Fee.	
\$529,490	<i>Bulk Water Purchase from the City of Albemarle.</i> The Albemarle Interconnect waterline is expected to come on-line in early FY 2016. This is the required minimum purchase of 0.8 MGDs at \$2.17 per 1000 cubic feet per the Concord-Kannapolis-Albemarle agreements. This purchase will be a long term purchase and may increase over time as demand warrants.	Increase
\$666,176	<i>Bulk Water Purchases from the City of Salisbury.</i> This is the required minimum purchase per the Kannapolis-Rowan- Salisbury-China Gove-Landis agreements for the construction of the South Rowan Waterline. The City has two more years remaining on the contract (ends June 30, 2017). Upon completion of contract, the City of Kannapolis no longer plans to purchase water from the City of Salisbury.	Maintain

Water and Sewer Fund Expenditures - Capital

Several smaller capital projects are included in the recommended FY 2016 Budget. Generally, these are not included in the Capital Improvement Plan. They are as listed below. It is expected that they will be funded entirely with cash (no debt service).

\$62,500	<i>PWOC Fuel Tank Storage Upgrade.</i> This is half the cost; the other half is expended from the General Fund. The addition of an 8,000 gallon diesel storage tank and combining the present 2,500 gallon diesel tank with the existing 7,500 gallon gasoline tank would provide the city with a 10,000 gallon gasoline capacity to meet current and future demands. The cost savings for freight would be approximately \$4,500 per year and fuel savings would be approximately \$5,500 per year. Currently, the City's fuel tanks are filled every two weeks because of current demand from all city departments.	Capacity Improvement
\$30,000	<i>Filter Backwash Turbidimeters.</i> These meters will be installed in the wash water flumes of each filter at the Water Treatment Plant. This price includes purchase and installation. Installation should save the city approximately 3.6 million gallons of water and treatment costs, equating to a monetary savings of approximately \$5,000 annually.	Service Improvement
\$27,500	<i>WTP-1 Truck.</i> Replace a 1999 Crown Victoria repurposed police cruiser. This vehicle has 130,000 miles and has suspension and transmission issues. A small pick-up will work much better than a sedan as this is a vehicle used by a water quality technician.	Replacement

\$95,000	<i>Pump Station Crew Truck.</i> Replace a 2003 Chevrolet truck with a 2016 Ford F-550 Utility Bed truck with a 25,000 pound capacity crane. Current truck is undersized for the work at the pump stations. It currently does not have a crane and the city has to pay a contractor to pull pumps at the 7 larger pump stations.	Replacement
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Water and Sewer Fund Debt Service

No new debt is included in the recommended FY 2016 Budget. The total Water and Sewer Debt will be approximately \$4,277,000; up from \$3,988,128 in FY 2015. Most of this debt has a remaining term of 10 years or more. Debt Service is 27.9% of the total fund for Water & Sewer; Debt Service

3 | Stormwater Fund

Stormwater Fund Revenues

The proposed FY 2016 Stormwater Fund Budget is \$2,025,000, which represents a 1.68% increase from the current year budget (33,464 actual). By comparison, the FY 2015 budget decrease from FY 2014 was 0.92% (less \$18,464 actual).

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

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

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

This is the final of four annual rate increases stipulated by the 10-year financial model. This rate increase, coupled with system growth is expected to generate \$258,000 in new revenue. This fund has a \$0.80 average rate increase). The 10 Year Financial Plan called for an average rate increase of \$0.40 in FY 2016. However, with the elimination of consideration of landlord Stormwater billing (projected \$125,000 revenue), a \$0.80 rate makes up this revenue and allows the Stormwater Fund to become completely self-sufficient in FY 2016.

Any rate increases beyond FY 2016 will be related to new projects or services.

Stormwater Fund Expenditures – Personnel

No new positions are recommended for FY 2015 in the Stormwater Fund.

Stormwater Fund Expenditures – Operating

\$115,000	<i>Professional Services to assist the City in compliance with on-going Federal Phase 2 Stormwater Regulations. This program has been slowly expanded over the past several years to keep pace with the requirements of the City’s Federal Phase II permit including the stormwater monitoring program.</i>	Maintain
\$213,000	<i>Planned transfer to the General Fund (General Management Services Fee). The transfer in FY 14 and FY 15 were similar amounts. The 10-year Financial Plan called for 5% increases each year. The General Management Service Fee covers the administrative expense incurred by the General Fund in providing</i>	Maintain

	leadership and financial directives for the Stormwater Fund.	
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Stormwater Fund Expenditures - Capital

There are no new stormwater capital improvement projects or capital outlay planned for FY 2016. With the exception of the downtown stormwater system replacement planned for FY 2017, the next major capital improvement project is not slated until FY 2019.

The Stormwater Fund also includes the implementation from “Option 4” of the Springsted Pay and Classification Study. However, to minimize the budget impacts it is recommended that the adjustments be carried out by merging the typical merit pay increase funding (maximum 3% increases) with the financial impacts of the Study. In the case of the Stormwater Fund this means the total impact of the salary study will be an increase of \$10,413 as the merit pay funding is a carry-over from the FY 2015 Budget. For more information regarding the implementation of the Pay and Classification Study please see page 3 of this summary.

Stormwater Fund Debt Service

Total debt service in the Stormwater Fund is projected to be \$692,600 a slight increase of \$26,117 from FY 2014. There are no new stormwater capital projects planned for the upcoming year. As a result, there is no new debt service in this Fund.

Debt service for the 8th street culvert will be \$692,600; nine years remain at a rate of 2.08% annually.

Nearly one third of the Stormwater fund is debt service.

4 | Environmental Fund

Environmental Fund Revenues

The proposed FY 2016 Environmental Fund Budget is \$3,741,695, which represents a 4.95% increase from the current FY 2015 year budget (\$176,518 actual).

No Rate increase is included in FY 2016 proposed budget. However, according to the 10-Year Financial Plan, a rate increase is planned for FY 2017.

\$1,778,370 in revenue is generated from user fees. \$1,309,825 will come in the form of a transfer from the General Fund, and \$625,000 will come via transfer from the Water & Sewer Fund. All transfers follow the guidelines found in the 10 Year Financial Plan. These are essentially the same transfers included in FY 2015.

It is important to note that in FY 2017, FY 2019 and FY 2021 the 10-year Financial Plan calls for Environmental Services fee increases (\$2.50/home/month for each year) as a means to create a sustainable, self-supporting, user-fee based fund. Each year that this is accomplished, a minimum of \$350,000 will be freed up in the General Fund for new City Council investments, initiatives or reductions in the property tax. A fully self-sustaining fund will ultimately require a \$17.70 fee per month. This figure would include enough revenue to cover the landfill (tipping fee) costs.

Environmental Fund Expenditures – Personnel

This fund is primarily service contract oriented. Only one position (Environmental Educator) is budgeted in this fund.

No additional Environmental Fund positions have been requested by the Public Works Department.

The Environmental Fund also includes the implementation from “Option 4” of the Springsted Pay and Classification Study. However, to minimize the budget impacts it is recommended that the adjustments be carried out by merging the typical merit pay increase funding (maximum 3% increases) with the financial impacts of the Study. For more information regarding the implementation of the Pay and Classification Study please see page 3 of this summary.

Environmental Fund Expenditures – Operating

The recently extended contract with Waste Management, Inc. provides for a 1.36% Consumer Price Index increase for all three services (solid waste, recycling, and yard waste). The new contract cost per

household is \$13.22 (increased from \$13.04 in FY 2015). This fee is broken out as follows: solid waste \$5.66; bulk solid waste \$1.60; recycling \$1.60 and yard waste \$4.05).

All commercial waste and recycling collection services under the City's new program will be pass-through dollars. As the program evolves the Environmental Fund will be amended to account for both the revenue (fees collected from businesses) and expense (fees paid to Waste Management, Inc.) sides of the service.

Environmental Fund Expenditures – Capital

The Environmental Fund is primarily a service contract oriented fund. As such, there is no funding included for capital items other than container purchases. Container purchases continue to be a large expenditure for this fund. In FY 2016, \$108,287 is budgeted for container purchases. Two loads of containers (588 per load) are slated to be purchased in FY 2016. Additionally, 100 new commercial garbage container lids and 100 commercial recycle container lids will be purchased in FY 2016 at \$1,718 and \$1,743 respectively.

Environmental Fund Debt Service

There is no new Environmental Fund debt service added to the recommended FY 2016 Budget. The only debt currently included in this fund is the 2011 recycling cart purchases (\$175,929 annual payment). This debt expires after FY 2016.

5 | Public Transit Fund

Public Transit Fund Revenues

The proposed FY 2016 Public Transit Fund Budget is \$478,200, which represents a 1.54% increase from the current year budget (\$7,274 actual increase). By comparison, the FY 2014 budget increase from FY 2013 was 4.82% (\$21,663 actual) and the FY 2015 Budget was the same as FY 2014. Revenues in this Fund come from two sources: \$163,000 from the \$5 vehicle tax and a \$315,200 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, mostly through the City of Concord as the Transit System's lead agency. There are no major new operating expenses.

The cost of the City's share (\$10,800) of the Rowan Express service is also included. This is the City's 50% portion for the grant matched program.

The small increase to the Transit Fund is related to two actions.

- New ADA para-transit vehicles are needed for the changeover of the ADA service to the service provider contract next year.
- Repair and maintenance costs for the transit system, especially those costs regarding Building and Grounds, have increase dramatically over the past several years.

No time frame is available in reference to a proposed shuttle service from exit 49. This project appears to be on an indefinite hold.

Public Transit Fund Expenditures - Capital

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

Public Transit Fund Debt Service

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

6 | Separation Pay Fund

Separation Pay Fund Revenues

The proposed FY 2016 Separation Pay Fund Budget is \$365000, which represents a 20.54% increase from the current year budget (\$20,800 actual). The largest driver of this increase is the budgeting for FICA in FY 16. FICA was paid in the past, but was not included in the Separation Pay Fund. This increase is largely due to a reallocation of funds previously paid for in the General Fund. By comparison, the FY 2015 budget increase from FY 2014 was 7.4% (\$20,800 actual). All revenues in this fund are provided by a transfer from the City's General Fund.

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

Separation Pay Fund Expenditures – Personnel

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

Separation Pay Fund Expenditures – Operating

The full amount of the Separation Pay Fund is projected to be spent on separation pay obligations for retired City employees. Part of the increase is the anticipation of a *net* increase of six (6) employees projected that will retire during FY 2016 (four former employees will be coming off separation pay rolls in FY 2016 and ten current employees are eligible to receive separation pay in FY 2016).

Twenty two (22) former employees currently receive separation pay benefits.

Separation Pay Fund Expenditures - Capital

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

Separation Pay Fund Debt Service

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

7 | Downtown Fund

Downtown Fund Revenues

The proposed FY 2016 Downtown Fund Budget is \$1,987,825. As this is a newly created Fund, there is no historical data to reference.

\$1,138,825 of the proposed revenues comes from a transfer from the General Fund, largely to support the debt service needed to purchase the downtown properties.

\$849,000 in revenues is projected from built-in downtown leases (commercial rent, residential rent, common area maintenance fees).

At this time there are no other revenues but this will likely change over time as the business model matures and the long range redevelopment plan is established.

Downtown Fund Expenditures – Personnel

This fund is primarily service contract oriented with personnel expenditures in the form of contracts with the Development Finance Initiative (DFI), a to-be-determined property management company and Downtown Kannapolis, Inc. As such there is no funding for personnel. This likely will change over time as the business model matures.

Downtown Fund Expenditures – Operating

The operating budget has been developed with multiple resources at hand (staff, DFI, and Castle and Cooke's previous budget experience). Even though staff believes this budget is as accurate as it can be, we will know more a year from now as the FY 2016 budget year comes to a close. There are a number of complexities to this budget. Flexibility in the administration of this budget will be important as this next year progresses.

Significant funding is allocated for property maintenance and utilities.

Two non-profit support items have been moved to the Downtown Fund from the General Fund. NC Music Hall of Fame will again receive \$25,000 in operational support from the City in FY 2016 and Downtown Kannapolis Inc. (DKI) will again receive operational support of \$15,000 for FY 2016. The long term role of DKI in the downtown effort will evolve during FY 2016.

The City of Kannapolis will work with DFI for both Property Management and Asset Management in FY 2016. The Asset Management fee covers the oversight of the downtown district and is estimated at \$85,000. A typical property management fee is 4% of market rent and covers the day to day operations and tenant services for the downtown district; assuming a market rent of \$9 per square foot per year, the

fee for FY 2016 will be \$220,000. This is only an estimate. The actual negotiated property management fee will be determined about the time the FY 2016 Budget is effective on July 1.

The Pre-Development Service Agreement with DFI will be paid for out of the current FY 2015 budget. This was a one-time fee for the work in the first-year related mostly to the creation of the redevelopment plan.

The City's support for the spring festival (Jiggy with the Piggy) which includes music, craft, vendors, and the BBQ contest will total \$100,000 for FY 16 (offset by \$29,000 in sponsorship revenues).

Downtown Fund Expenditures - Capital

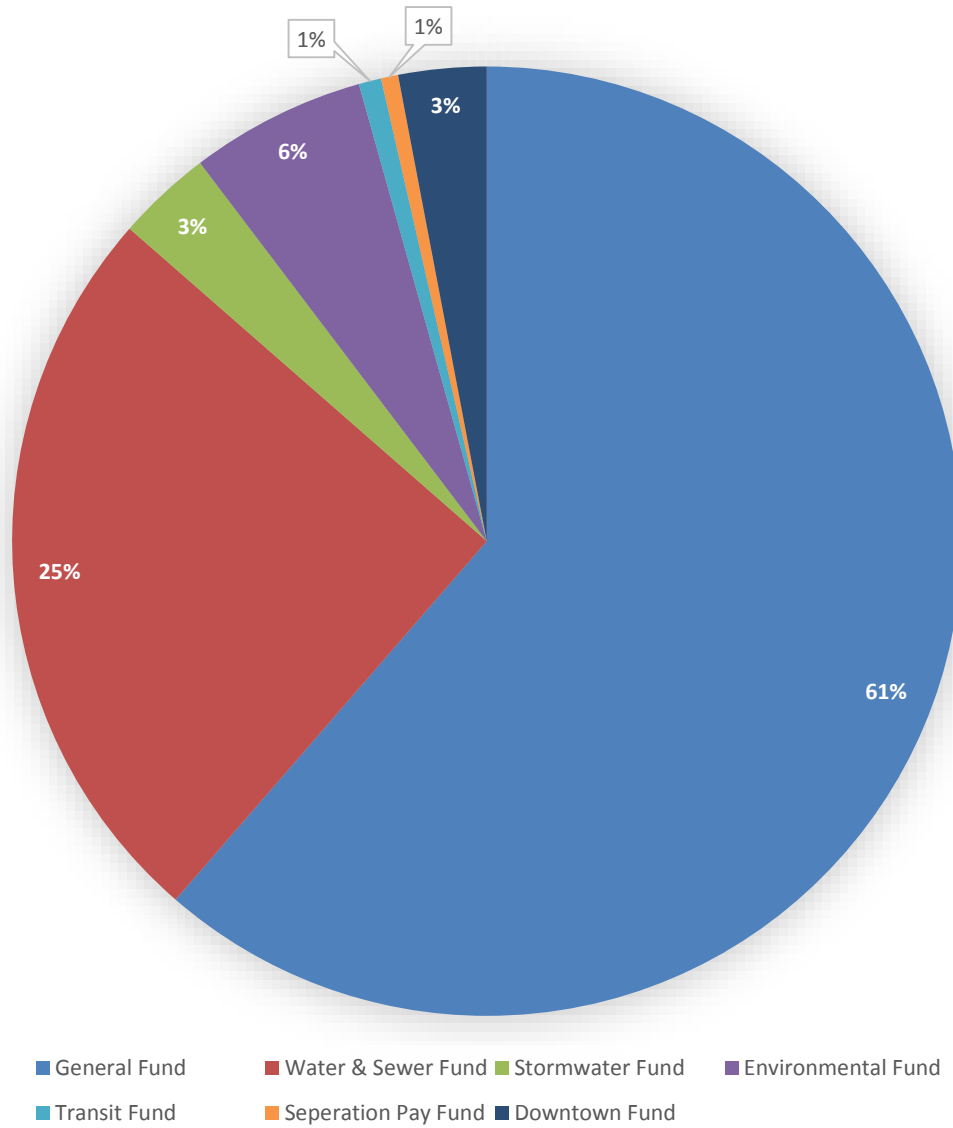
At this time no capital expenditures are budgeted for downtown. Until the long-rang redevelopment plan is completed, any significant investment may be premature.

Downtown Fund Debt Service

New debt service is required to purchase the downtown properties for approximately \$6.75 million (three different sellers). It is anticipated that closing on the properties will occur sometime between July and September 2015. The debt financing comes from the selling of 15-year Special Obligation Bonds. The proposed \$0.03 Ad Valorem tax rate increase in the General Fund covers the debt service for this bond issuance (\$910,000) but does not cover the total transfer for the new fund. The \$0.03 tax increase generates \$1,063,230, \$75,595 less than the transfer from General Fund to the Downtown Fund.

The City will make its first debt service payment in FY 2016. The total debt service for FY 2016 will be \$544,000 for Bond Principal and \$366,000 in Bond Interest. Depending upon the structuring of the debt, the city may only be required to pay a percentage of the debt service the first year. This reduction in debt service expenditure may allow the city to fund small pilot projects related to the renovation of downtown properties or other projects.

City of Kannapolis FY 16 Fund Comparison





CITY OF KANNAPOLIS FINANCIAL POLICIES

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

Operating Budget Policies

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

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

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

Investment Policy

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

Reserve Policy

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

Debt Policy

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

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

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

Capital Improvement Policy

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

BUDGET PROCESS

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

The City operates under an annual budget ordinance adopted in accordance with the provisions of the *Local Government and Fiscal Control Act*. The budget ordinance is the legal basis of the budgetary accounting system and the standard by which proposed expenditures are measured. The balanced budget ordinance must be adopted prior to the beginning of the fiscal year. The ordinance is subjected to public inspection and a public hearing prior to adoption. The budget is considered balanced when estimated net revenue equals 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 citizen's opinion surveys, public hearings and feedback through the City Council. A comprehensive review of service needs compared to departmental goals and objectives will be evaluated by the City Manager and Finance Director.

BALANCE PROPOSED BUDGET

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

LEGISLATIVE REVIEW

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

BUDGET ADOPTION

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

<p>CITY OF KANNAPOLIS BUDGET PREPARATION CALENDAR FISCAL YEAR 2015-2016</p>
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No New Personnel or reclassification requests pending results of staffing/salary study

No Capital Project requests pending City Council decision on Downtown Implementation Plan

- 1-5-15** (Mon.) Department Heads receive operations budget request forms. (*Munis level 1 open*)
- 1-12-15** (Mon.) Budget dateline is given to the City Council in open session.
- 1-30-15** (Fri.) 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.
- 2-2-15** (Mon.) Deputy City Manager receives operations budget requests from Department Heads. Debt Service requirements are due to Deputy City Manager from Finance Director.
- 2-2 - 2-27** Finance Reviews Departmental Operations requests (*Munis level 2 open*)
- 3-5 – 3-6** City Council holds budget retreat:
- 3-1 – 3-31** Preliminary Budget is prepared by staff. (*Munis level 3 open*)
- 5-20-15** (Mon.) Preliminary Budget is submitted to City Council in open session. (Budget Notebooks completed internally by 5-1.)
- 5-20-15** (Tue) **Preliminary Budget is made available for public review.** (*Munis level 4 open*)
- 5-20 – 5-30** City staff makes final revisions to the budget
- 5-25-15** City Council meeting cancelled – Memorial Day
- 6-8-15** City Council holds Public Hearing on the proposed budget.
- 6-9 – 6-30** Final Budget Document completed by City Staff
- 6-9-15** City Council holds the second Public Hearing on the proposed budget.
- 6-29-15** **City Council adopts the 2015 - 2016 fiscal year budget ordinance, and fee schedule for the City of Kannapolis.**
- 6-29 – 6-30** Final Budget Document completed by City Staff

BASIS OF BUDGETING

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

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

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

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

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

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

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

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

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

The budget for the General Fund funds is adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP), specifically the modified accrual basis. Budgets for the Water and Sewer Fund and the Stormwater Fund are adopted on a basis consistent with GAAP, specifically the accrual basis, except that bond

proceeds and contributed capital are not included in the annual budget, bond principal payments and additions to fixed assets are treated as expenditures, depreciation expense is not budgeted, and no accruals are made for interest expense and vacation pay. The Separation Pay Fund and the Transit Fund are budgeted on a modified accrual basis. The City's Annual Financial Statements present data for all funds on the accrual basis in the Government wide statements. Budget to Actual presentations in the Annual Financial Statements are presented as stated above for adopted budgets.

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

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

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

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

The major expenditures by function are shown as follows:

- *General Government:* Expenditures for the Governing Body; City Manager; Human Resource Director; Legal Services; Finance Administration; Information Technology; Economic Development; City Memberships; and General Services.
- *Community Development:* Expenditures for Planning; Zoning and Code Enforcement.
- *Public Safety:* Expenditures for the Police Department (administration, support services, and field operations); and Fire Department (administration, medical response, prevention, and suppression, and general services).
- Parks and Recreation
- *Public Works:* Expenditures for Public Works (engineering, streets – Powell Bill, street lighting, traffic signs and markings, solid waste – yard waste solid waste-residential garbage, and operations center).

- *Debt Service:* Expenditures related to General Fund Debt service.
- *Non-departmental:* Expenditures for General Fund not otherwise classified by department.
- *Contingency:* Provision for unexpected expenditures.
- *Water and Sewer Fund:* Expenditures for administration, billing and collection, distribution, sewage treatment, water treatment plant, and debt service.
- *Stormwater Fund:* Expenditures for maintenance of the stormwater drainage system and federally mandated stormwater runoff education program.
- *Environmental Fund:* Expenditures for contracted services related to recycling, and solid waste collections.
- *Transit Fund:* Expenditures related specifically to the regional transit system established by the cities of Kannapolis and Concord.
- *Downtown Fund:* Expenditures related specifically to the recently purchased 46 acres of downtown properties.

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 2015-2016 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 \$3,653,710,000 assessed valuations are based on preliminary tax information received from the respective County tax assessors. The tax rate per \$100 of value was set at 63.0 cents by City Council. The estimated collection percentage is 97%. 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 - \$22,327,800; prior year tax - \$375,000.**

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 - \$1,950,000.**

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 \$200,000.**

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 \$1,629.43 and 43,000 population times \$20.39 equals the **Estimate – Powell Bill revenues \$1,251,500.**

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 7.3% increase from the FY2015 budget amount based on State estimates provided by the North Carolina League of Municipalities (NCLM). **Estimate –General Fund \$6,900,000**

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. **Estimate General Fund \$120,000; Water & Sewer Fund \$3,500.**

Planning and Zoning Fees

Projections are based on comparisons of past operating data and consideration for a slow recovering housing activity. **Estimate – General Fund \$80,000.**

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 \$35,000**

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 \$315,000; Transit Fund \$163,000.**

REVENUES

FORECAST RATIONALE

Street Lighting Fees and Charges

Projections are based on estimates provided by Duke Energy and prior year data. **Estimate – General Fund \$55,000.**

City Code Violation Revenues

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

Real Property Rental

The City collects rental revenue from certain properties owned by the city and used by others. These properties include a cellular tower, and some vacant land used by farmers. Projections are based on comparisons of past operating data. **Estimate – General Fund – Tower Rental \$85,000; 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 \$18,000. (Fire - Technical Services charges and fees)**

Police Officer Court Cost Reimbursements

Projections are based on comparisons of past operating data. **Estimate – General Fund \$21,500.**

Enterprise Fund Management Fees

Charges for services by the General Fund to the Water and Sewer Fund and the Stormwater Fund within the City. Funding is projected by estimating cost of services provided on historical trend information. **Estimate – General Fund \$1,679,140**

Water and Sewer Charges

Proceeds are from the sale of treated water both retail and wholesale and retail charges for wastewater disposal service through their respective distribution and disposal systems. Revenue estimates are based on historical user trends of consumption times the rates charged to customers. **Estimate – Water and Sewer Fund – Retail \$14,265,000; Wholesale \$350,000.**

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 \$520,000.**

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

The NC General Assembly revoked local municipalities' ability to charge a Business Privilege License Tax. The City of Kannapolis is estimating no revenue from this source. **Estimate – General Fund \$0.**

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 \$28,500**

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 \$1,960,803.**

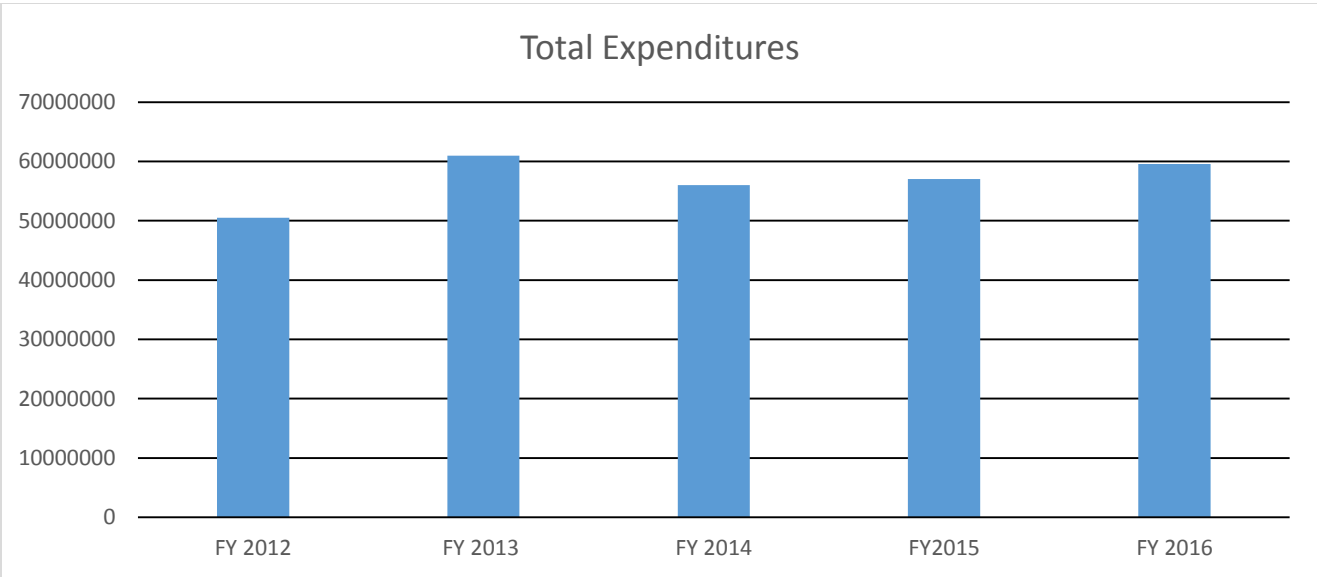
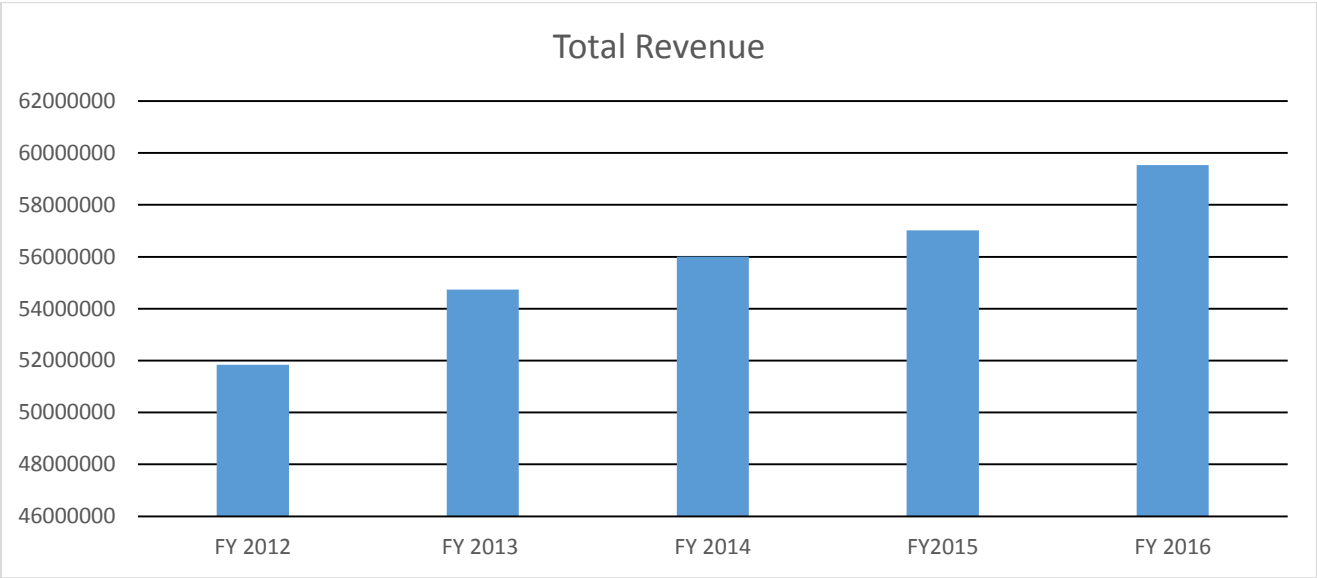
Community Development Block Grant Reimbursement

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

**CITY OF KANNAPOLIS
FY 16 CONSOLIDATED BUDGET
SUMMARIES**

REVENUES	ACTUAL FY2013	ACTUAL FY2014	BUDGET FY2015	MANAGER PROPOSED FY2016	ADOPTED FY 2016
GENERAL FUND	\$34,541,146	\$34,937,472	\$35,772,647	\$38,395,013	\$38,395,013
WATER & SEWER FUND	\$14,223,876	\$14,746,836	\$14,909,821	\$15,675,500	\$15,675,500
STORMWATER FUND	\$1,940,544	\$2,010,000	\$1,991,536	\$2,025,000	\$2,025,000
ENVIRONMENTAL FUND	\$3,314,732	\$3,560,000	\$3,565,177	\$3,741,695	\$3,741,695
TRANSIT FUND	\$444,634	\$470,926	\$470,926	\$478,200	\$478,200
SEPARATION PAY FUND	\$270,000	\$282,000	\$302,800	\$365,000	\$365,000
DOWNTOWN FUND	\$0	\$0	\$0	\$1,872,825	\$1,872,825
TOTAL REVENUES	\$54,734,932	\$56,007,234	\$57,012,907	\$62,553,233	\$62,553,233
LESS INTER-FUND TRANSFERS	\$3,366,699	\$4,167,891	\$3,966,511	\$3,013,850	\$3,013,850
GRAND TOTAL REVENUES	\$51,368,233	\$51,839,343	\$53,046,396	\$59,539,383	\$59,539,383

EXPENDITURES	ACTUAL FY2013	ACTUAL FY2014	BUDGET FY2015	MANAGER PROPOSED FY2016	ADOPTED FY 2016
GENERAL FUND	\$41,600,726	\$34,937,472	\$35,772,647	\$38,395,013	\$38,395,013
WATER & SEWER FUND	\$12,724,632	\$14,746,836	\$14,909,821	\$15,675,500	\$15,675,500
STORMWATER FUND	\$1,949,112	\$2,010,000	\$1,991,536	\$2,025,000	\$2,025,000
ENVIRONMENTAL FUND	\$3,968,032	\$3,560,000	\$3,565,177	\$3,741,695	\$3,741,695
TRANSIT FUND	\$419,776	\$470,926	\$470,926	\$478,200	\$478,200
SEPARATION PAY FUND	\$280,429	\$282,000	\$302,800	\$365,000	\$365,000
DOWNTOWN FUND	\$0	\$0	\$0	\$1,872,825	\$1,872,825
GRAND TOTAL EXPENDITURES	\$60,942,707	\$56,007,234	\$57,012,907	\$62,553,233	\$62,553,233

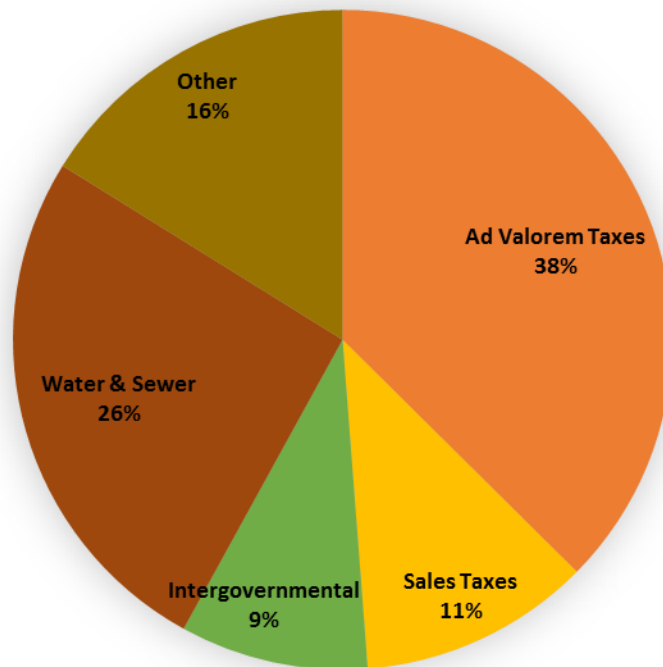


**CITY OF
KANNAPOLIS
FY2016 EXPANDED BUDGET SUMMARIES**

	FY2016 GENERAL FUND BUDGET	FY2016 WATER & SEWER FUND BUDGET	FY2016 STORMWATER FUND BUDGET	FY 2016 ENVIRONMENTAL FUND BUDGET	FY 2016 DOWNTOWN FUND BUDGET	FY2016 TRANSIT FUND BUDGET	FY2016 SEPARATION PAY BUDGET	FY2016 TOTAL ALL FUNDS
SOURCES OF FUNDS								
AD VALOREM TAXES	22,702,800	-	-	-	-	-	-	22,702,800
SALES TAXES	6,900,000	-	-	-	-	-	-	6,900,000
INTERGOVERNMENTAL	5,598,823	-	-	-	-	-	-	5,598,823
INVESTMENT INCOME	120,000	3,500	-	-	-	-	-	123,500
OTHER	2,508,390	387,000	-	1,963,325	1,067,825	-	365,000	6,291,540
CHARGES FOR SERVICES	-	14,615,000	2,025,000	1,778,370	805,000	315,200	-	19,538,570
TAP FEES & CONNECTION FEES	-	670,000	-	-	-	-	-	670,000
VEHICLE LICENSE TAX	315,000	-	-	-	-	-	-	315,000
FUND BALANCE APPROPRIATION	250,000	-	-	-	-	163,000	-	413,000
TOTAL SOURCES	38,395,013	15,675,500	2,025,000	3,741,695	1,872,825	478,200	365,000	62,553,233
USES OF FUNDS								
GENERAL GOVERNMENT	4,328,136	-	-	-	-	-	-	4,328,136
COUMMUNITY DEVELOPMENT	749,487	-	-	-	-	-	-	749,487
PUBLIC SAFETY	14,936,785	-	-	-	-	-	-	14,936,785
PARKS AND RECREATION	1,550,340	-	-	-	-	-	-	1,550,340
PUBLIC WORKS	4,059,393	-	-	-	-	-	-	4,059,393
OTHER	2,600,922	-	1,812,000	3,565,767	962,825	478,200	365,000	9,784,714
DEBT SERVICE	7,156,100	4,276,590	-	175,928	910,000	-	-	12,518,618
BILLING AND COLLECTION	-	745,644	-	-	-	-	-	745,644
DISTRIBUTION	-	2,810,590	-	-	-	-	-	2,810,590
SEWAGE TREATMENT	-	2,824,500	-	-	-	-	-	2,824,500
FILTER PLANT	-	2,927,066	-	-	-	-	-	2,927,066
TRANSFER TO OTHER FUNDS	3,013,850	2,091,110	213,000	-	-	-	-	5,317,960
TOTAL USES	38,395,013	15,675,500	2,025,000	3,741,695	1,872,825	478,200	365,000	62,553,233

**CITY OF KANNAPOLIS
REVENUE SUMMARY**

REVENUES	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
AD VALOREM TAXES	19,177,768	20,986,315	20,986,315	22,702,800	22,702,800
SALES TAXES	6,153,000	6,490,000	6,490,000	6,900,000	6,900,000
INTERGOVERNMENTAL	6,055,432	5,613,386	5,613,386	5,598,823	5,598,823
OTHER	2,691,911	2,647,946	2,647,946	2,943,390	2,943,390
APPROPRIATED FUND BALANCE	859,361	35,000	35,000	250,000	250,000
TOTAL GENERAL FUND	34,937,472	35,772,647	35,772,647	38,395,013	38,395,013
TOTAL WATER & SEWER FUND	14,746,836	14,909,821	14,909,821	15,675,500	15,675,500
TOTAL STORM WATER FUND	2,010,000	1,991,536	1,991,536	2,025,000	2,025,000
TOTAL ENVIRONMENTAL FUND	3,560,000	3,565,177	3,565,177	3,741,695	3,741,695
TOTAL TRANSIT FUND	470,926	470,926	470,926	478,200	478,200
TOTAL SEPARATION PAY FUND	282,000	302,800	302,800	365,000	365,000
TOTAL DOWNTOWN FUND	-	-	-	1,872,825	1,872,825
<i>LESS INTER-FUND TRANSFERS</i>	<i>4,167,891</i>	<i>3,966,511</i>	<i>3,966,511</i>	<i>3,013,850</i>	<i>3,013,850</i>
GRAND TOTAL ALL FUNDS	51,839,343	53,046,396	53,046,396	59,539,383	59,539,383



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 2014 ACTUALS	FY 2015 BUDGET	FY 2015 PROJECTED BUDGET	FY 2016 MANAGER PROPOSED	FY 2016 ADOPTED
Ad Valorem Taxes- Current Year	18,842,768	20,642,940	20,642,940	22,327,800	22,327,800
Ad Valorem Taxes- Prior Year	335,000	343,375	343,375	375,000	375,000
TOTAL AD VALOREM TAXES	19,177,768	20,986,315	20,986,315	22,702,800	22,702,800
1% Sales Tax (Local)	2,500,000	2,860,000	2,860,000	3,100,000	3,100,000
1/2% Sales Tax (State)	3,553,000	3,630,000	3,630,000	3,800,000	3,800,000
TOTAL SALES TAXES	6,153,000	6,490,000	6,490,000	6,900,000	6,900,000
Fire District Sales Tax	70,000	70,000	70,000	72,500	72,500
Solid Waste Disposal Tax	24,981	-	-	-	-
Food Stamp Sales Tax	15,000	10,000	10,000	-	-
Beer And Wine Tax	195,000	185,000	185,000	200,000	200,000
Powell Bill Fund	1,249,000	1,265,000	1,265,000	1,251,500	1,251,500
Utility Taxes	1,800,000	1,850,000	1,850,000	1,950,000	1,950,000
ABC Funds	52,000	70,000	70,000	90,000	90,000
CDBG Administration Revenues	70,000	70,000	70,000	70,000	70,000
Cabarrus County Bond Payments	1,465,804	1,509,503	1,509,503	1,512,803	1,512,803
Build America Bond Subsidy Payments	447,746	433,883	433,883	448,000	448,000
Federal Fire Dept. Grant	661,882	150,000	150,000	-	-
TOTAL INTERGOVERNMENTAL	6,055,432	5,613,386	5,613,386	5,598,823	5,598,823
Vehicle License Tax	300,000	306,000	306,000	315,000	315,000
Rental Vehicle Sales Tax	4,500	4,500	4,500	4,750	4,750
Business Privilege License	220,000	84,000	84,000	-	-
Investment Income	105,000	105,000	105,000	120,000	120,000
Fines and Forfeitures	-	-	-	-	-
Officer Court Cost Reimbursement	24,000	21,500	21,500	21,500	21,500
Planning and Zoning Fees	75,000	125,000	125,000	125,000	125,000
Recreation Fees and Charges	220,000	235,000	235,000	235,000	235,000
Recreation Sponsorship Donations	60,000	60,000	60,000	50,000	50,000
Street Lighting Fees and Charges	25,000	20,000	20,000	55,000	55,000
Fire Fees and Charges	35,000	21,000	21,000	18,000	18,000
Police Charges and Fees	60,338	60,338	60,338	60,000	60,000
City Code Violation Revenue	17,000	25,000	25,000	30,000	30,000
Tower Rental	90,000	95,000	95,000	85,000	85,000
Building Rental	3,000	3,000	3,000	3,000	3,000
Reimbursements from Enterprise funds	1,247,219	1,307,608	1,307,608	1,679,140	1,679,140
Proceeds from Debt Financing	-	-	-	-	-
Miscellaneous Revenue	205,854	175,000	175,000	175,000	175,000
TOTAL OTHER	2,691,911	2,647,946	2,647,946	2,943,390	2,943,390
FUND BALANCE APPROPRIATION	859,361	35,000	35,000	250,000	250,000
TOTAL GENERAL FUND	34,937,472	35,772,647	35,772,647	38,395,013	38,395,013

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

REVENUES	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
CHARGES FOR WATER & SEWER RETAIL	13,496,836	13,585,321	13,585,321	14,265,000	14,265,000
CHARGES FOR WATER & SEWER WHOLESALE	300,000	325,000	325,000	350,000	350,000
TAP FEES	60,000	60,000	60,000	70,000	70,000
CONNECTION FEES	325,000	375,000	375,000	450,000	450,000
RECONNECTION FEES	165,000	165,000	165,000	150,000	150,000
PENALTIES	375,000	385,000	385,000	375,000	375,000
INVESTMENT INCOME	15,000	3,500	3,500	3,500	3,500
OTHER	-	-	-	-	-
MISCELLANEOUS REVENUE	10,000	11,000	11,000	12,000	12,000
TOTAL WATER & SEWER FUND	14,746,836	14,909,821	14,909,821	15,675,500	15,675,500

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

REVENUES	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
CHARGES FOR SERVICES	1,760,000	1,866,536	1,866,536	2,025,000	2,025,000
INTEREST ON INVESTMENTS	-	-	-	-	-
MISCELLANEOUS REVENUE	-	-	-	-	-
TRANSFER FROM GENERAL FUND	-	-	-	-	-
TRANSFER FROM WATER AND SEWER FUND	250,000	125,000	125,000	-	-
FUND BALANCE APPROPRIATION	-	-	-	-	-
TOTAL STORMWATER FUND	2,010,000	1,991,536	1,991,536	2,025,000	2,025,000

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

REVENUES	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
INCOME FROM FEES	1,290,000	1,616,000	1,616,000	1,778,370	1,778,370
SOLID WASTE DISPOSAL TAX	-	26,000	26,000	28,500	28,500
INVESTMENT INCOME	-	-	-	-	-
PROCEEDS FROM DEBT FINANCING	-	-	-	-	-
APPROPRIATED FUND BALANCE	-	-	-	-	-
TRANSFER FROM GENERAL FUND	1,670,000	1,300,000	1,300,000	1,309,825	1,309,825
TRANSFER FROM WATER & SEWER FUND	600,000	623,177	623,177	625,000	625,000
MISCELLANEOUS REVENUE	-	-	-	-	-
TOTAL ENVIRONMENTAL FUND	3,560,000	3,565,177	3,565,177	3,741,695	3,741,695

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

REVENUES	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
VEHICLE LICENSE TAX	167,137	163,000	163,000	163,000	163,000
INTEREST ON INVESTMENTS	-	-	-	-	-
TRANSFER FROM GENERAL FUND	303,789	307,926	307,926	315,200	315,200
TOTAL TRANSIT FUND	470,926	470,926	470,926	478,200	478,200

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

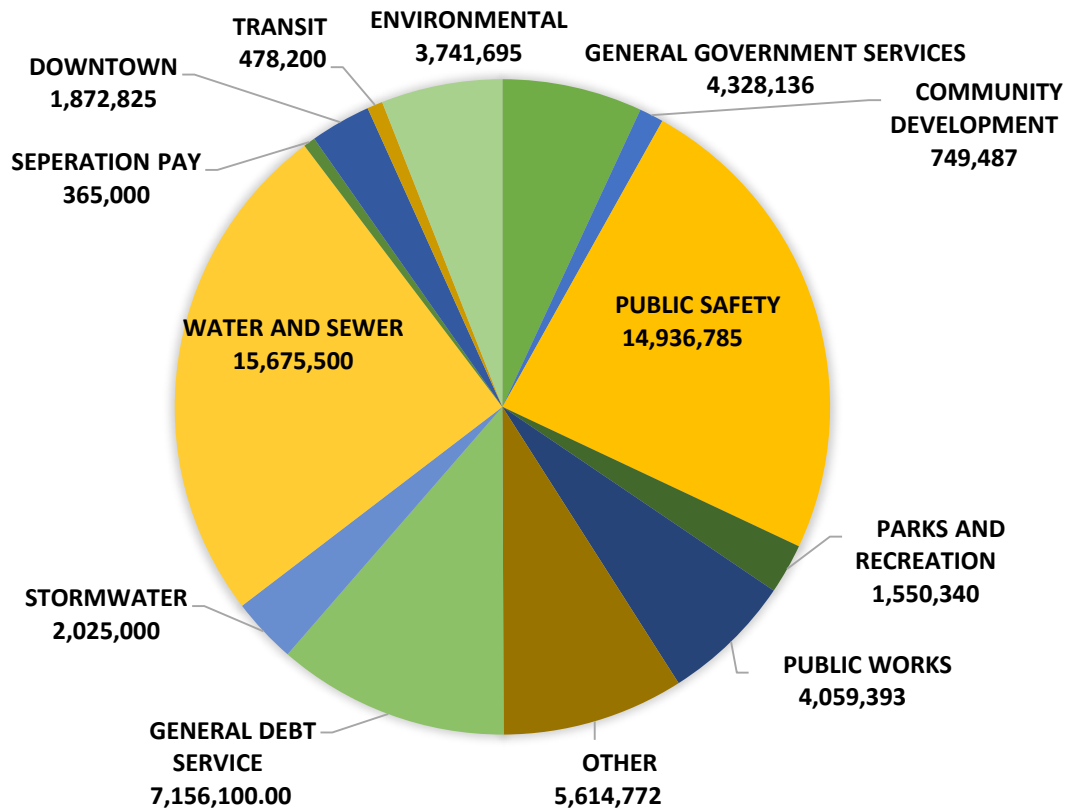
REVENUES	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
TRANSFER FROM GENERAL FUND	282,000	302,800	302,800	365,000	365,000
INTEREST ON INVESTMENTS	-	-	-	-	-
FUND BALANCE APPROPRIATION	-	-	-	-	-
TOTAL SEPARATION FUND	282,000	302,800	302,800	365,000	365,000

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

REVENUES	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
TRANSFER FROM GENERAL FUND	-	-	-	1,023,825	1,023,825
COMMON AREA MAINTENANCE FEE	-	-	-	15,000	15,000
COMMERCIAL RENT/LEASE	-	-	-	740,000	740,000
RESIDENTIAL RENT/LEASE	-	-	-	65,000	65,000
MISCELLANEOUS REVENUE	-	-	-	29,000	29,000
TOTAL SEPARATION FUND	-	-	-	1,872,825	1,872,825

**CITY OF KANNAPOLIS
EXPENDITURE SUMMARY**

EXPENDITURES	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
GENERAL GOVERNMENT SERVICES	3,449,421	3,929,216	3,929,216	4,328,136	4,328,136
COMMUNITY DEVELOPMENT	769,345	759,345	759,345	749,487	749,487
PUBLIC SAFETY	13,451,589	13,985,134	13,985,134	14,936,785	14,936,785
PARKS AND RECREATION	1,809,504	1,731,669	1,731,669	1,550,340	1,550,340
PUBLIC WORKS	3,874,304	3,871,462	3,871,462	4,059,393	4,059,393
OTHER	6,443,747	5,436,259	5,436,259	5,614,772	5,614,772
GENERAL DEBT SERVICE	5,139,562	6,059,562	6,059,562	7,156,100	7,156,100
TOTAL GENERAL FUND	34,937,472	35,772,647	35,772,647	38,395,013	38,395,013
WATER & SEWER FUND	14,746,836	14,909,821	14,909,821	15,675,500	15,675,500
STORMWATER FUND	2,010,000	1,991,536	1,991,536	2,025,000	2,025,000
ENVIRONMENTAL FUND	3,560,000	3,565,177	3,565,177	3,741,695	3,741,695
TRANSIT FUND	470,926	470,926	470,926	478,200	478,200
SEPARATION PAY FUND	282,000	302,800	302,800	365,000	365,000
DOWNTOWN FUN	-	-	-	1,872,825	1,872,825
GRAND TOTAL ALL FUNDS	56,007,234	57,012,907	57,012,907	62,553,233	62,553,233



**CITY OF KANNAPOLIS
EXPENDITURE DETAIL ANALYSIS**

EXPENDITURES	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
GENERAL FUND					
GOVERNING BODY	158,223	127,140	127,140	243,751	243,751
CITY MANAGER	685,280	779,898	779,898	792,698	792,698
ECONOMIC DEVELOPMENT	535,638	579,589	579,589	563,900	563,900
COMMUNITY RELATIONS AND NON-PROFIT	186,670	199,510	199,510	245,750	245,750
HUMAN RESOURCES	317,666	330,626	330,626	433,208	433,208
LEGAL SERVICES	280,273	296,355	296,355	319,941	319,941
INFORMATION TECHNOLOGY	414,297	512,060	512,060	929,038	929,038
FINANCE	871,374	741,738	741,738	799,850	799,850
GENERAL SERVICES	473,800	362,300	362,300	759,974	759,974
TOTAL GENERAL GOVERNMENT	3,923,221	3,929,216	3,929,216	5,088,110	5,088,110
COMMUNITY DEVELOPMENT					
PLANNING AND ZONING	571,370	571,370	571,370	709,487	709,487
CODE ENFORCEMENT	197,975	187,975	187,975	40,000	40,000
TOTAL COMMUNITY DEVELOPMENT	769,345	759,345	759,345	749,487	749,487
PUBLIC SAFETY					
POLICE	7,515,228	7,795,157	7,795,157	8,277,080	8,277,080
FIRE	5,936,361	6,189,977	6,189,977	6,659,705	6,659,705
TOTAL PUBLIC SAFETY	13,451,589	13,985,134	13,985,134	14,936,785	14,936,785
TOTAL PARKS AND RECREATION	1,809,504	1,731,669	1,731,669	1,550,340	1,550,340
PUBLIC WORKS					
ADMINISTRATION AND ENGINEERING	1,548,001	1,197,142	1,197,142	1,162,155	1,162,155
POWELL BILL – STREETS	1,249,000	1,526,185	1,526,185	1,573,968	1,573,968
STREET LIGHTING	533,500	559,000	559,000	614,600	614,600
TRAFFIC SIGNS AND MARKINGS	329,799	339,547	339,547	416,450	416,450
OPERATIONS CENTER	214,004	249,588	249,588	292,220	292,220
TOTAL PUBLIC WORKS	3,874,304	3,871,462	3,871,462	4,059,393	4,059,393
TOTAL NON-DEPARTMENTAL	3,714,158	3,502,995	3,502,995	1,840,948	1,840,948
TRANSFERS TO OTHER FUNDS	2,255,789	1,933,264	1,933,264	3,013,850	3,013,850
TOTAL DEBT SERVICE	5,139,562	6,059,562	6,059,562	7,156,100	7,156,100
TOTAL GENERAL FUND	34,937,472	35,772,647	35,772,647	38,395,013	38,395,013

CITY OF KANNAPOLIS
EXPENDITURE DETAIL ANALYSIS - *continued*

EXPENDITURES	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
WATER & SEWER FUND					
ADMINISTRATION	-	-	-	-	-
BILILING AND COLLECTION	607,388	709,509	709,509	745,644	745,644
DISTRIBUTION	3,317,413	2,612,381	2,612,381	2,810,590	2,810,590
SEWER TREATMENT	2,712,919	2,727,984	2,727,984	2,824,500	2,824,500
WATER TREATMENT PLANT	2,334,584	3,021,142	3,021,142	2,927,066	2,927,066
GENERAL MANAGEMENT SERVICES	1,050,000	-	-	1,466,110	1,466,110
TRANSFER TO GENERAL FUND	-	1,102,500	1,102,500	-	-
TRANSFER TO OTHER FUNDS	850,000	748,177	748,177	625,000	625,000
DEBT SERVICES	3,874,532	3,988,128	3,988,128	4,276,590	4,276,590
TOTAL WATER & SEWER	14,746,836	14,909,821	14,909,821	15,675,500	15,675,500
TOTAL STORMWATER FUND	2,010,000	1,991,536	1,991,536	2,025,000	2,025,000
TOTAL ENVIRONMENTAL FUND	3,560,000	3,565,177	3,565,177	3,741,695	3,741,695
TOTAL TRANSIT FUND	470,926	470,926	470,926	478,200	478,200
TOTAL SEPARATION PAY FUND	282,000	302,800	302,800	365,000	365,000
TOTAL DOWNTOWN FUND	-	-	-	1,872,825	1,872,825
TOTAL ALL FUNDS	56,007,234	57,012,907	57,012,907	62,553,233	62,553,233

FY2016 BUDGET - COMPARISON OF EXPENDITURES BY FUND BY MAJOR CATEGORY

EXPENDITURES	GENERAL FUND	WATER & SEWER FUND	STORMWATER FUND	ENVIRONMENTAL FUND	TRANSIT FUND	SEPARATION PAY FUND	DOWNTOWN FUND	TOTAL
PERSONNEL	17,892,585	2,675,524	629,560	59,483	-	-	-	21,257,152
OPERATING	19,554,720	12,782,476	1,395,440	3,682,212	478,200	365,000	1,872,825	40,130,873
CAPITAL	947,708	217,500	-	-	-	-	-	1,165,208
TOTAL	38,395,013	15,675,500	2,025,000	3,565,767	478,200	365,000	1,872,825	62,553,233
POSITIONS	262	45	13	1	-	-	-	321

FY2015 BUDGET - COMPARISON OF EXPENDITURES BY FUND BY MAJOR CATEGORY

EXPENDITURES	GENERAL FUND	WATER & SEWER FUND	STORMWATER FUND	ENVIRONMENTAL FUND	TRANSIT FUND	SEPARATION PAY FUND	DOWNTOWN FUND	TOTAL
PERSONNEL	14,597,319	5,093,690	566,246	51,848	-	302,800	-	20,611,903
OPERATING	20,453,768	5,828,003	1,368,590	3,513,329	470,926	-	-	31,634,616
CAPITAL	721,560	3,988,128	56,700	-	-	-	-	4,766,388
TOTAL	35,772,647	14,909,821	1,991,536	3,565,177	470,926	302,800	-	57,012,907
POSITIONS	245	45	13	1	-	-	-	304

FY2014 BUDGET - COMPARISON OF EXPENDITURES BY FUND BY MAJOR CATEGORY

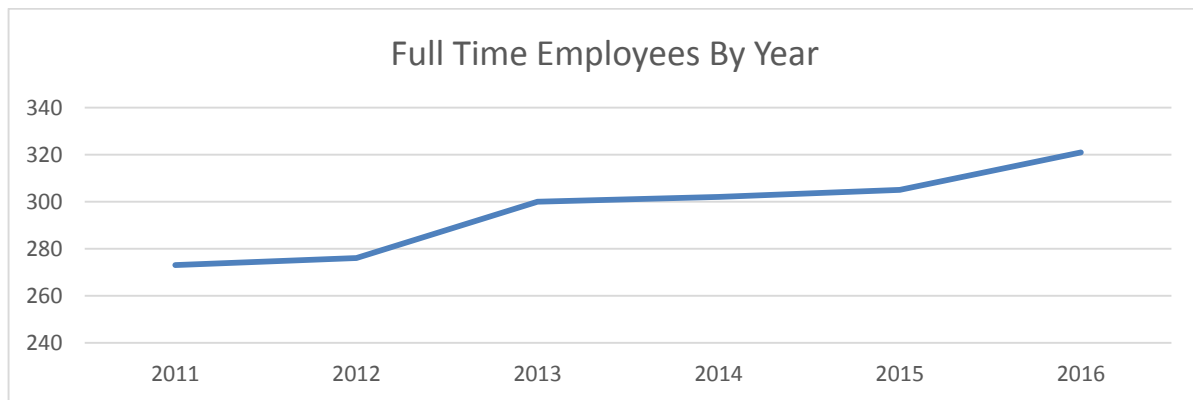
EXPENDITURES	GENERAL FUND	WATER & SEWER FUND	STORMWATER FUND	ENVIRONMENTAL FUND	TRANSIT FUND	SEPARATION PAY FUND	DOWNTOWN FUND	TOTAL
PERSONNEL	16,127,690	2,121,711	563,792	50,549	-	-	-	18,863,742
OPERATING	18,035,182	11,102,025	764,750	3,509,451	470,926	282,000	-	34,164,334
CAPITAL	774,600	1,523,100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

FY2013 BUDGET - COMPARISON OF EXPENDITURES BY FUND BY MAJOR CATEGORY

EXPENDITURES	GENERAL FUND	WATER & SEWER FUND	STORMWATER FUND	ENVIRONMENTAL FUND	TRANSIT FUND	SEPARATION PAY FUND	DOWNTOWN FUND	TOTAL
PERSONNEL	12,933,657	1,896,527	475,829	-	-	-	-	15,306,013
OPERATING	25,310,080	10,235,664	1,473,283	3,968,032	419,776	280,429	-	41,687,264
CAPITAL	3,356,989	592,441	-	-	-	-	-	3,949,430
TOTAL	41,600,726	12,724,632	1,949,112	3,968,032	419,776	280,429	-	60,942,707
POSITIONS	243	44	13	-	-	-	-	300

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

DEPARTMENT	ACTUAL FY2011	ACTUAL FY2012	ACTUAL FY2013	ACTUAL FY2014	ACTUAL FY2015	CHANGE/ ADDITIONS	BUDGET FY2016
GOVERNING BODY	7	7	7	7	7	-	7
CITY MANAGER	8	8	8	8	8	-1	7
HUMAN RESOURCES	4	4	4	4	4	+1	5
LEGAL SERVICES	0	2	2	2	2	-	2
GENERAL SERVICES	-	-	-	-	-	+8	8
PLANNING & ZONING	-	-	-	-	-	+8	8
FINANCE	7	7	7	7	8	-	8
TOTAL GENERAL GOVERNMENT	26	28	28	26	29	-	45
PUBLIC SAFETY							
POLICE	108	108	102	103	103	+3	106
FIRE	70	70	85	86	86	-	86
TOTAL PUBLIC SAFETY	178	178	187	189	189	+3	192
TOTAL PARKS AND RECREATION	11	11	11	11	11	-3	8
TOTAL PUBLIC WORKS	17	17	17	17	17	-	17
<i>Including POWELL BILL</i>							
TOTAL GENERAL FUND	220	222	243	243	246	+16	262
WATER & SEWER FUND							
BILLING AND COLLECTIONS	5	6	7	7	7	+1	8
WATER TREATMENT PLANT	10	10	10	10	10	-	10
DISTRIBUTION	28	28	27	28	28	-1	27
TOTAL WATER & SEWER	43	44	44	45	45	-	45
TOTAL STORMWATER FUND	13	13	13	13	13	-	13
TOTAL ENVIRONMENTAL	-	-	-	1	1	-	1
TOTAL TRANSIT	-	-	-	-	-	-	-
TOTAL SEPERATION PAY	-	-	-	-	-	-	-
TOTAL DOWNTWON	-	-	-	-	-	-	-
TOTAL ALL FUNDS	273	276	300	302	305	+16	321



**CITY OF KANNAPOLIS
CITY DEBT, LEGAL DEBT LIMIT, AND LEGAL DEBT MARGIN FY2016**

GENERAL FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
EXISTING DEBT AT JUNE 30, 2015	65,132,848	3,503,073	3,143,293	6,646,366
NEW PROPOSED DEBT FOR FY2016	8,100,000	544,000	366,000	910,000
TOTAL GENERAL FUND DEBT	73,232,848	4,047,073	3,509,293	7,556,366

The \$73,232,848 in General Fund Debt is 2% of assessed value of property. The legal limit is 8.00%; City policy established a debt limit of 2%.

WATER & SEWER FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
EXISTING DEBT AT JUNE 30, 2015	34,009,792	2,718,381	1,235,560	3,953,941
NEW PROPOSED DEBT FOR FY2016	-	-	-	-
TOTAL WATER & SEWER FUND DEBT	34,009,792	2,718,381	1,235,560	3,953,941

STORMWATER FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
EXISTING DEBT AT JUNE 30, 2015	4,154,025	610,461	82,013	692,474
NEW PROPOSED DEBT FOR FY2016	-	-	-	-
TOTAL STORMWATER FUND DEBT	4,154,025	610,461	82,013	692,474

ENVIRONMENTAL FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
EXISTING DEBT AT JUNE 30, 2015	173,514	173,513	2,414	175,927
NEW PROPOSED DEBT FOR FY2016	-	-	-	-
TOTAL ENVIRONMENTAL FUND DEBT	173,514	173,513	2,414	175,927

DOWNTOWN FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
EXISTING DEBT AT JUNE 30, 2015	-	-	-	-
NEW PROPOSED DEBT FOR FY2016	8,100,000	544,000	366,000	910,000
TOTAL DOWNTOWN FUND DEBT	8,100,000	544,000	366,000	910,000

DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
TOTAL CITY EXISTING DEBT	103,470,179	7,005,428	4,463,280	11,468,708
TOTAL CITY NEW DEBT PROPOSED	8,100,000	544,000	366,000	910,000
TOTAL CITY DEBT FOR FY2016	111,966,454	7,549,428	4,829,280	12,378,708

ASSESSED VALUE	\$3,653,710,000	Taxable Property for Ad Valorem Tax located in City
LEGAL DEBT LIMIT	\$ 292,296,800	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	\$ 46,925,019	Note: The City's Revenue Bonds and Water Debt are excluded from this calculation.
CITY LEGAL DEBT MARGIN	\$ 245,371,780	

**CITY OF KANNAPOLIS
FUND BALANCE ANALYSIS
FUND BALANCE SUMMARY FOR ALL FUNDS FY2016**

	GENERAL FUND	WATER & SEWER FUND	SEPARATION PAY FUND	TRANSIT FUND	STORMWATER FUND	ENVIRONMENTAL FUND	DOWNTOWN FUND	TOTAL
ACTUAL BALANCE JUNE 30, 2014	14,134,908	9,536,937	25,880	82,885	806,058	456,560	-	25,187,733
PROJECTED REVENUES FY2015	35,772,647	14,909,821	302,800	470,926	1,991,536	3,565,177	-	57,012,907
PROJECTED EXPENDITURES FY2015	35,772,647	14,909,821	302,800	470,926	1,991,536	3,565,177	-	57,012,907
PROJECTED BALANCE JUNE 30, 2015	8,500,000	11,044,360	25,914	82,885	743,682	325,261	-	20,722,102
BUDGETED REVENUES FY2016	38,395,013	15,675,500	365,000	478,200	2,025,000	3,741,695	1,872,825	62,553,233
BUDGETED EXPENDITURES FY2016	38,395,013	15,675,500	365,000	478,200	2,025,000	3,741,695	1,872,825	62,553,233
BALANCE JUNE 20, 2016	8,500,000	11,044,360	25,914	82,885	743,682	325,261	-	18,029,221

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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
REVENUES					
AD VALOREM TAXES	19,177,768	20,986,315	20,986,315	22,702,800	22,702,800
SALES TAXES	6,153,000	6,490,000	6,490,000	6,900,000	6,900,000
INTERGOVERNMENTAL	6,055,432	5,613,386	5,613,386	5,598,823	5,598,823
OTHER	2,691,911	2,647,946	2,647,946	2,943,390	2,943,390
APPROPRIATED FUND BALANCE	859,361	35,000	35,000	250,000	250,000
TOTAL REVENUES	34,937,472	35,772,647	35,772,647	38,395,013	38,395,013
EXPENDITURES					
GENERAL GOVERNMENT	3,449,421	3,566,916	3,566,916	4,329,136	4,329,136
COMMUNITY DEVELOPMENT	769,345	759,345	759,345	749,487	749,487
PUBLIC SAFETY	13,451,589	13,985,134	13,985,134	14,936,785	14,936,785
PARKS & RECREATION	1,809,504	1,731,669	1,731,669	1,550,340	1,550,340
PUBLIC WORKS	3,874,304	3,871,462	3,871,462	4,059,393	4,059,393
OTHER	6,443,747	5,798,559	5,798,559	5,614,772	5,614,772
GENERAL DEBT SERVICE	5,139,562	6,059,562	6,059,562	7,156,100	7,156,100
TOTAL EXPENDITURES	34,937,472	35,772,647	35,772,647	38,395,013	38,395,013

ANALYSIS OF WATER AND SEWER REVENUES AND EXPENDITURES

	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
REVENUES					
CHARGES FOR WATER & SEWER RETAIL	13,496,836	13,585,321	13,585,321	14,265,000	14,265,000
CHARGES FOR WATER & SEWER WHOLESALE	300,000	325,000	325,000	350,000	350,000
TAP FEES	60,000	60,000	60,000	70,000	70,000
CONNECTION FEES	325,000	375,000	375,000	450,000	450,000
RECONNECTION FEES	165,000	165,000	165,000	150,000	150,000
PENALTIES	375,000	385,000	385,000	375,000	375,000
MISCELLANEOUS	15,000	11,000	11,000	12,000	12,000
INVESTMENT INCOME	10,000	3,500	3,500	3,500	3,500
TOTAL REVENUES	14,746,836	14,909,821	14,909,821	15,675,500	15,675,500
EXPENDITURES					
BILLING & COLLECTION	607,388	709,509	709,509	745,644	745,644
DISTRIBUTION	3,317,413	2,612,381	2,612,381	2,810,590	2,810,590
SEWAGE TREATMENT	2,712,919	2,727,984	2,727,984	2,824,500	2,824,500
WATER TREATMENT PLANT	2,334,584	3,021,142	3,021,142	2,927,066	2,927,066
GENERAL MANAGEMENT SERVICES	1,050,000	-	-	1,466,110	1,466,110
TRANSFER TO GENERAL FUND	-	1,102,500	1,102,500	-	-
TRANSFER TO OTHER FUNDS	850,000	748,177	748,177	625,000	625,000
DEBT SERVICE	3,874,532	3,988,128	3,988,128	4,276,590	4,276,590
TOTAL EXPENDITURES	14,746,836	14,909,821	14,909,821	15,675,500	15,675,500

REVENUES AND EXPENDITURE ANALYSIS—STORMWATER FUND

	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
REVENUES					
STORMWATER FEE	1,760,000	1,866,536	1,866,536	2,025,000	2,025,000
INTEREST EARNED	-	-	-	-	-
OTHER	-	-	-	-	-
TRANSFER FROM OTHER FUNDS	250,000	125,000	125,000	-	-
TOTAL REVENUES	2,010,000	1,991,536	1,991,536	2,025,000	2,025,000
EXPENDITURES					
PERSONNEL SERVICES	563,792	566,246	566,246	629,560	629,560
OPERATING EXPENSES	567,531	496,999	496,999	489,840	489,840
OTHER	-	-	-	-	-
CAPITAL	-	56,700	56,700	-	-
TRANSFER TO OTHER FUNDS	197,219	205,108	205,108	213,000	213,000
DEBT SERVICE	681,458	666,483	666,483	692,600	692,600
TOTAL EXPENDITURES	2,010,000	1,991,536	1,991,536	2,025,000	2,025,000

REVENUES AND EXPENDITURE ANALYSIS— ENVIRONMENTAL FUND

	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
REVENUES					
INCOME FROM FEES	1,290,000	1,616,000	1,616,000	1,778,370	1,778,370
SOLID WASTE DISPOSAL TAX	-	26,000	26,000	28,500	28,500
INVESTMENT INCOME	-	-	-	-	-
PROCEEDS FROM DEBT FINANCING	-	-	-	-	-
TRANSFER FROM GENERAL FUND	1,670,000	1,300,000	1,300,000	1,309,825	1,309,825
TRANSFER FROM WATER & SEWER FUND	600,000	623,177	623,177	625,000	625,000
OTHER	-	-	-	-	-
TOTAL REVENUES	3,560,000	3,565,177	3,565,177	3,741,695	3,741,695
EXPENDITURES					
PERSONNEL EXPENSES	50,549	51,848	51,848	59,483	59,483
OPERATING EXPENSES	3,333,522	3,337,400	3,337,400	3,506,284	3,506,284
DEBT SERVICE	175,929	175,929	175,929	175,928	175,928
TOTAL EXPENDITURES	3,560,000	3,565,177	3,565,177	3,741,695	3,741,695

REVENUES AND EXPENDITURE ANALYSIS—TRANSIT FUND

	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
REVENUES					
TRANSFER FROM GENERAL FUND	303,789	307,926	307,926	315,200	315,200
VEHICLE LICENSE TAX	167,137	163,000	163,000	163,000	163,000
INTEREST EARNED	-	-	-	-	-
TOTAL REVENUES	470,926	470,926	470,926	478,200	478,200
TOTAL EXPENDITURES (CONTRACTED SERVICES)	470,926	470,926	470,926	478,200	478,200

REVENUES AND EXPENDITURE ANALYSIS—SEPARATION PAY FUND

	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
REVENUES					
TRANSFER FROM GENERAL FUND	282,000	302,800	302,800	365,000	365,000
INTEREST EARNED	-	-	-	-	-
TOTAL REVENUES	282,000	302,800	302,800	365,000	365,000
EXPENDITURES					
PERSONNEL (PAYMENTS TO RETIREES)	282,000	302,800	302,800	365,000	365,000
TOTAL EXPENDITURES	282,000	302,800	302,800	365,000	365,000

REVENUES AND EXPENDITURE ANALYSIS—DOWNTOWN FUND

	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
REVENUES					
COMMON AREA MAINTENANCE FEE	-	-	-	15,000	15,000
COMMERICAL RENT/LEASE	-	-	-	740,000	740,000
RESIDENTIAL RENT/LEASE	-	-	-	65,000	65,000
MISCELLANEOUS REVENUE	-	-	-	29,000	29,000
TRANSFER FROM GENERAL FUND	-	-	-	1,023,825	1,023,825
TOTAL REVENUES	-	-	-	1,872,825	1,872,825
EXPENDITURES					
PERSONNEL EXPENSES	-	-	-	-	-
OPERATING EXPENSES	-	-	-	962,825	962,825
DEBT SERVICE	-	-	-	910,000	910,000
TOTAL EXPENDITURES	-	-	-	1,872,825	1,872,825

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.

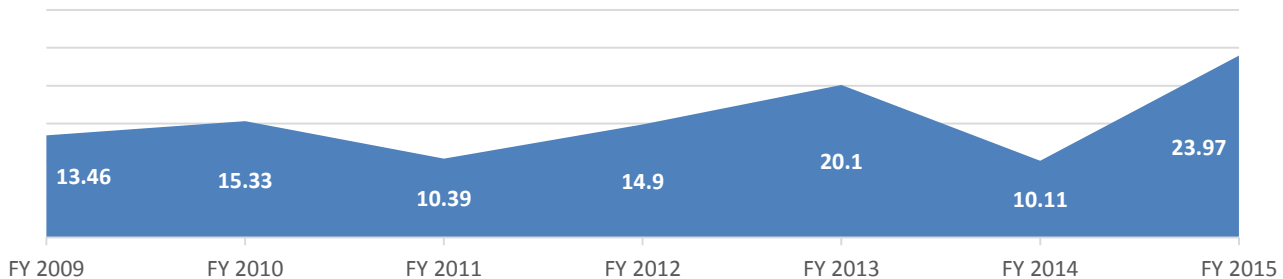
The GF section of the budget document includes a reporting of GF undesignated fund balance and program summaries for each of the operating services. The mission statement, departmental accomplishments and performance measures, goals and objectives, and an action plan included in each program summary.

GENERAL FUND AVAILABLE FUND BALANCE

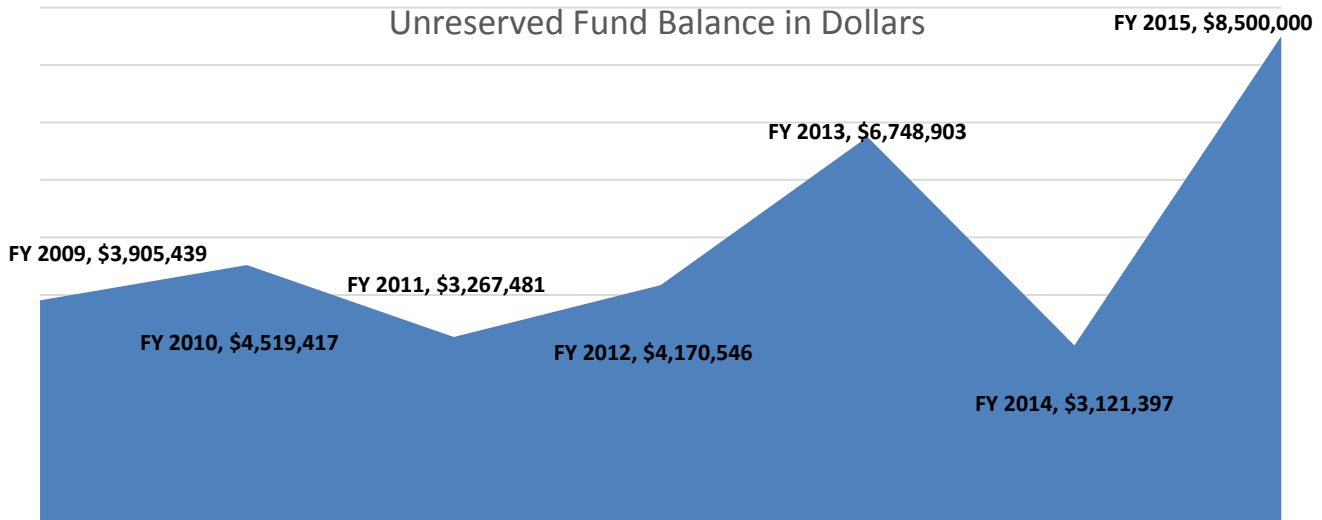
The General Fund available fund balance was \$14,134,908 at June 30, 2014. Staff anticipates a change of \$2,900,000 from FY 14 to FY 15 in fund balance. This will help the City maintain steady fund balance with an estimate available fund balance at June 30, 2015 approximating \$8,500,000 or 23.97% of the estimated FY2015 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



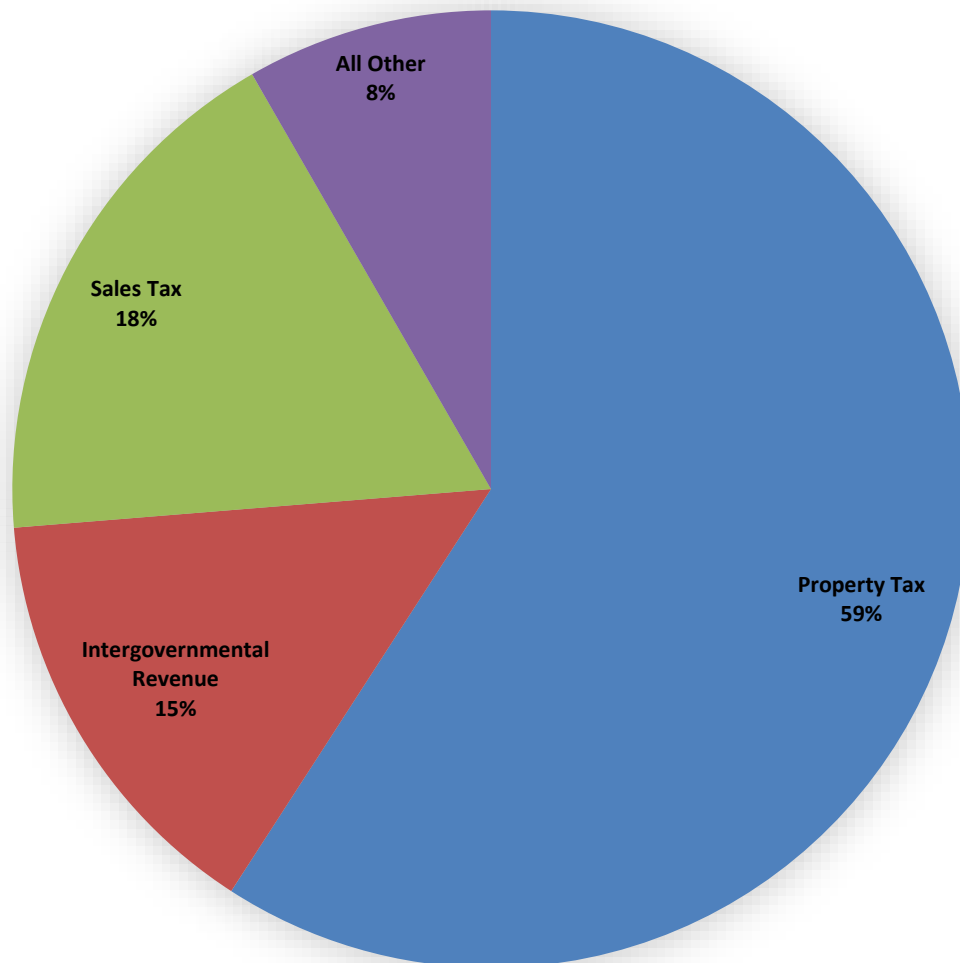
Unreserved Fund Balance in Dollars



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

REVENUES	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
Ad Valorem Taxes- Current Year	18,842,768	20,642,940	20,642,940	22,327,800	22,327,800
Ad Valorem Taxes- Prior Year	335,000	343,375	343,375	375,000	375,000
TOTAL AD VALOREM TAXES	19,177,768	20,986,315	20,986,315	22,702,800	22,702,800
1% Sales Tax (Local)	2,500,000	2,860,000	2,860,000	3,100,000	3,100,000
1/2% Sales Tax (State)	3,553,000	3,630,000	3,630,000	3,800,000	3,800,000
TOTAL SALES TAXES	6,153,000	6,490,000	6,490,000	6,900,000	6,900,000
Fire District Sales Tax	70,000	70,000	70,000	72,500	72,500
Solid Waste Disposal Tax	29,000	-	-	-	-
Food Stamp Sales Tax	15,000	10,000	10,000	-	-
Beer And Wine Tax	195,000	185,000	185,000	200,000	200,000
Powell Bill Fund	1,249,000	1,265,000	1,265,000	1,251,500	1,251,500
Utility Taxes	1,800,000	1,850,000	1,850,000	1,950,000	1,950,000
ABC Funds	52,000	70,000	70,000	90,000	90,000
CDBG Administration Revenues	70,000	70,000	70,000	70,000	70,000
Cabarrus County Bond Payments	1,465,804	1,509,503	1,509,503	1,512,803	1,512,803
Build America Bond Subsidy Payments	447,746	433,883	433,883	448,000	448,000
Federal Fire Dept. Grant	661,882	150,000	150,000	-	-
TOTAL INTERGOVERNMENTAL	6,055,432	5,613,386	5,613,386	5,598,823	5,598,823
Vehicle License Tax	300,000	306,000	306,000	315,000	315,000
Rental Vehicle Sales Tax	4,500	4,500	4,500	4,750	4,750
Business Privilege License	220,000	84,000	84,000	-	-
Investment Income	105,000	105,000	105,000	120,000	120,000
Fines and Forfeitures	-	-	-	-	-
Officer Court Cost Reimbursement	24,000	21,500	21,500	21,500	21,500
Planning and Zoning Fees	75,000	125,000	125,000	125,000	125,000
Recreation Fees and Charges	220,000	235,000	235,000	235,000	235,000
Recreation Sponsorship Donations	60,000	60,000	60,000	50,000	50,000
Street Lighting Fees and Charges	25,000	20,000	20,000	55,000	55,000
Fire Fees and Charges	35,000	21,000	21,000	18,000	18,000
Police Charges and Fees	60,338	60,338	60,338	60,000	60,000
City Code Violation Revenue	17,000	25,000	25,000	30,000	30,000
Tower Rental	90,000	95,000	95,000	85,000	85,000
Building Rental	3,000	3,000	3,000	3,000	3,000
Reimbursements from Enterprise funds	1,247,219	1,307,608	1,307,608	1,679,140	1,679,140
Proceeds from Debt Financing	-	-	-	-	-
Miscellaneous Revenue	205,854	175,000	175,000	175,000	175,000
TOTAL OTHER	2,691,911	2,647,946	2,647,946	2,943,390	2,943,390
FUND BALANCE APPROPRIATION	859,361	35,000	35,000	250,000	250,000
TOTAL GENERAL FUND	34,937,472	35,772,647	35,772,647	38,395,013	38,395,013

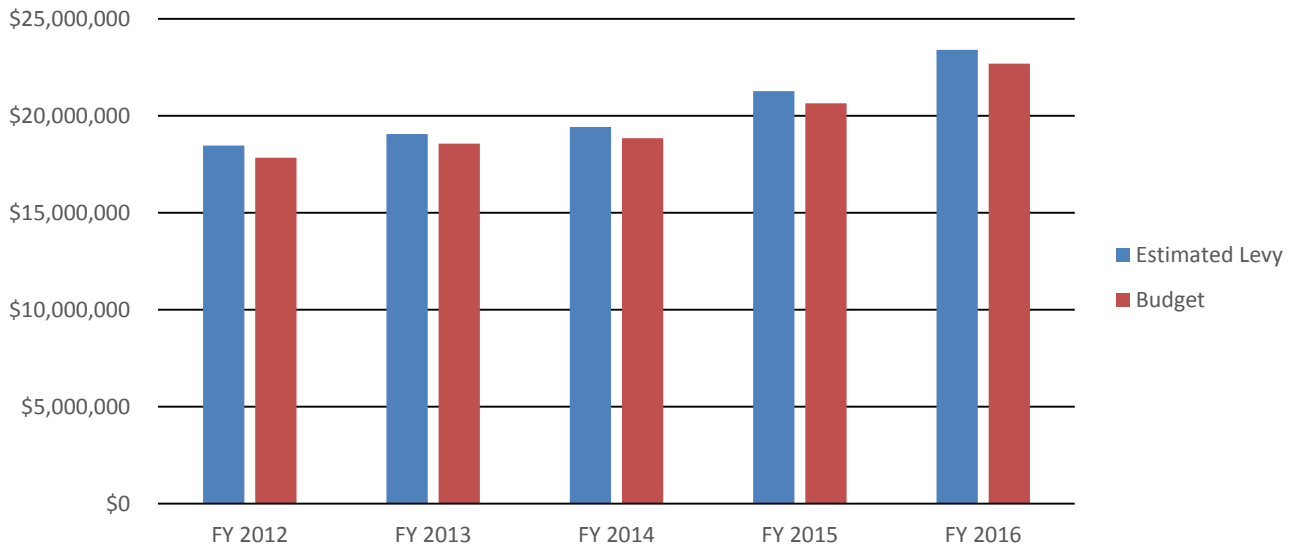
GENERAL FUND REVENUE ESTIMATE FOR FY2016
\$38,395,013



PROPERTY TAX

The anticipated property assessment for FY 2016 will be approximately \$3,653,710,000. The tax levy at **sixty-three cents** will be \$23,404,800 for FY 2016. The current year levy is \$21,281,363 and property value is \$3,546,893,759. The projected budget estimate for FY 2016 is \$22,702,800 for property tax compared to \$20,642,940 for the FY 2015, an increase of \$2,059,860. 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 (FY2015) was 97%). It is estimated that \$2,391,540 of the \$20,642,940 levy is related to the incremental value of the TIF district.

<u>Property Tax</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>Increase</u>
Estimated Levy	\$18,466,959	\$19,069,891	\$19,425,531	\$21,281,363	\$23,404,948	\$2,123,585
Budget	\$17,845,012	\$18,574,000	\$18,842,768	\$20,642,940	\$22,702,800	\$1,716,515



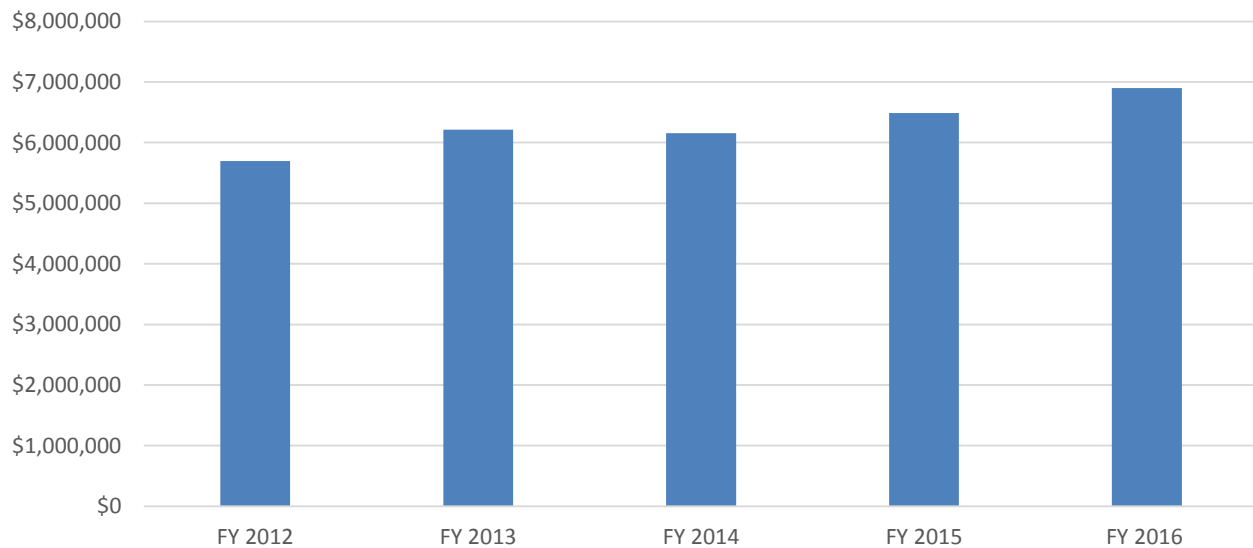
SALES TAX

The State distributes Sales Tax collected in each county by either the Property Tax Method or the Population Method. The distribution method is selected by the Board of County commissioners in April of each year. The Cabarrus County Board of Commissioners chooses the Property Tax Distribution Method and the Rowan Board of Commissioners chooses the Population Distribution Method. The City's allocation in Cabarrus is based on our Property Tax levy in Cabarrus County compared to the levies of other governments in the county. For FY2015 we are allocated approximately 7.91 % of the sales tax returned to Cabarrus County by the State. The FY2016 allocation percentage is 8.10% per the Cabarrus County Finance office. The 2 sales tax revenues reflect an anticipated 7.3% growth for FY 16.

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

	ACTUAL FY2013	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	ADOPTED FY2016
ONE CENT SALES TAX	2,622,933	2,600,000	2,860,000	2,860,000	3,100,000
HALF CENT SALES TAX	3,589,273	3,553,000	3,630,000	3,630,000	3,800,000
TOTAL GENERAL FUND	6,212,206	6,153,000	6,490,000	6,490,000	6,900,000

SALES TAX COLLECTIONS

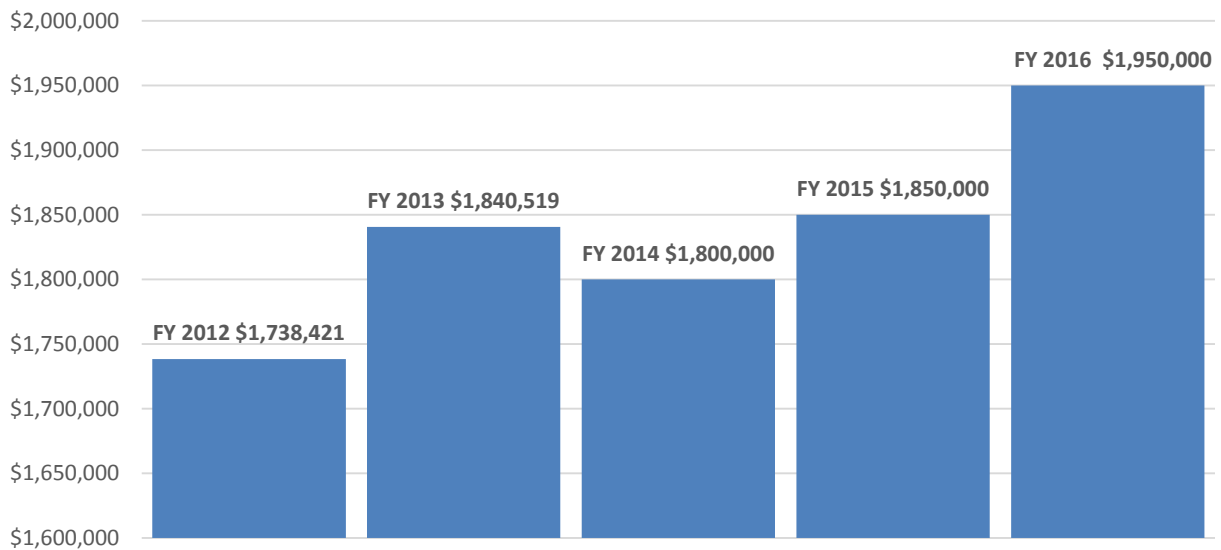


Utility Taxes

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 FY2012	ACTUAL FY2013	ACTUAL FY2014	PROJ. FY2015	BUDGET FY2016
UTILITY TAX REVENUES	\$1,738,421	\$1,840,519	\$1,800,000	\$1,850,000	\$1,950,000

UTILITY TAX COLLECTIONS



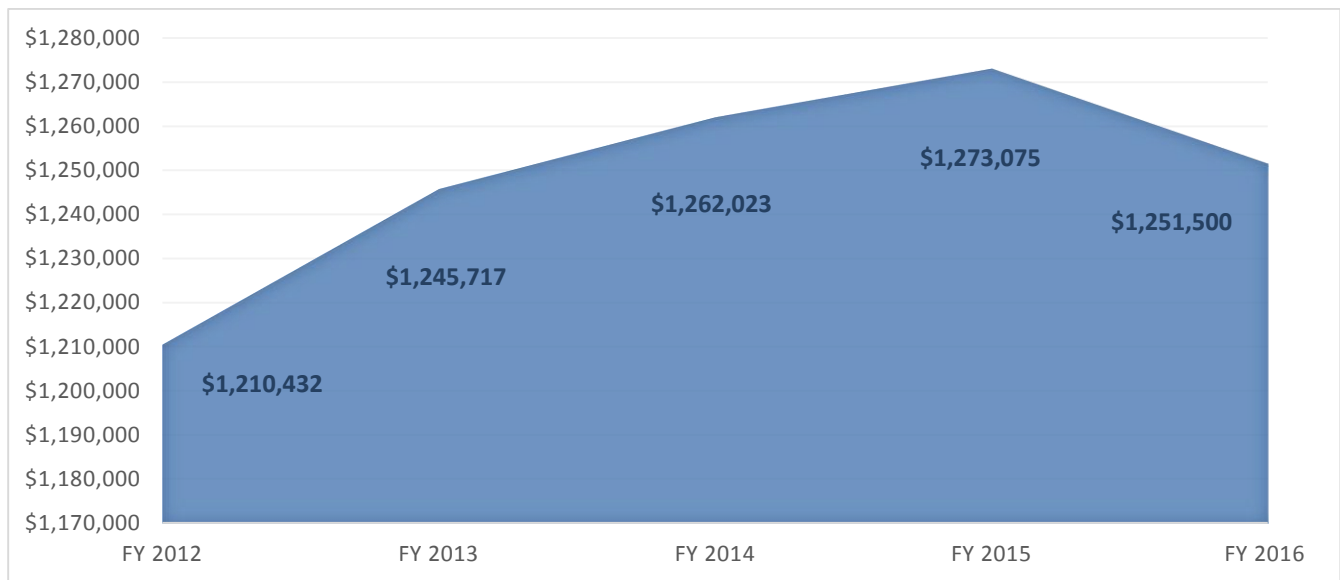
The City receives franchise tax from utilities which furnish electricity and cable TV. The City receives a sales tax for telephone services and an excise tax for piped natural gas services.

State Powell Bill Street Funds

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

	ACTUAL FY2012	ACTUAL FY2013	ACTUAL FY2014	ACTUAL FY2015	BUDGET FY2016
POWELL BILL FUNDS	1,210,432	1,245,717	1,262,023	1,273,075	1,251,500

POWELL BILL FUNDS RECEIVED



The City will receive from the State approximately \$20.39 per citizen and approximately \$1,629.43 per mile of City maintained streets next year compared to \$20.71 and \$1,640 in FY2015. 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

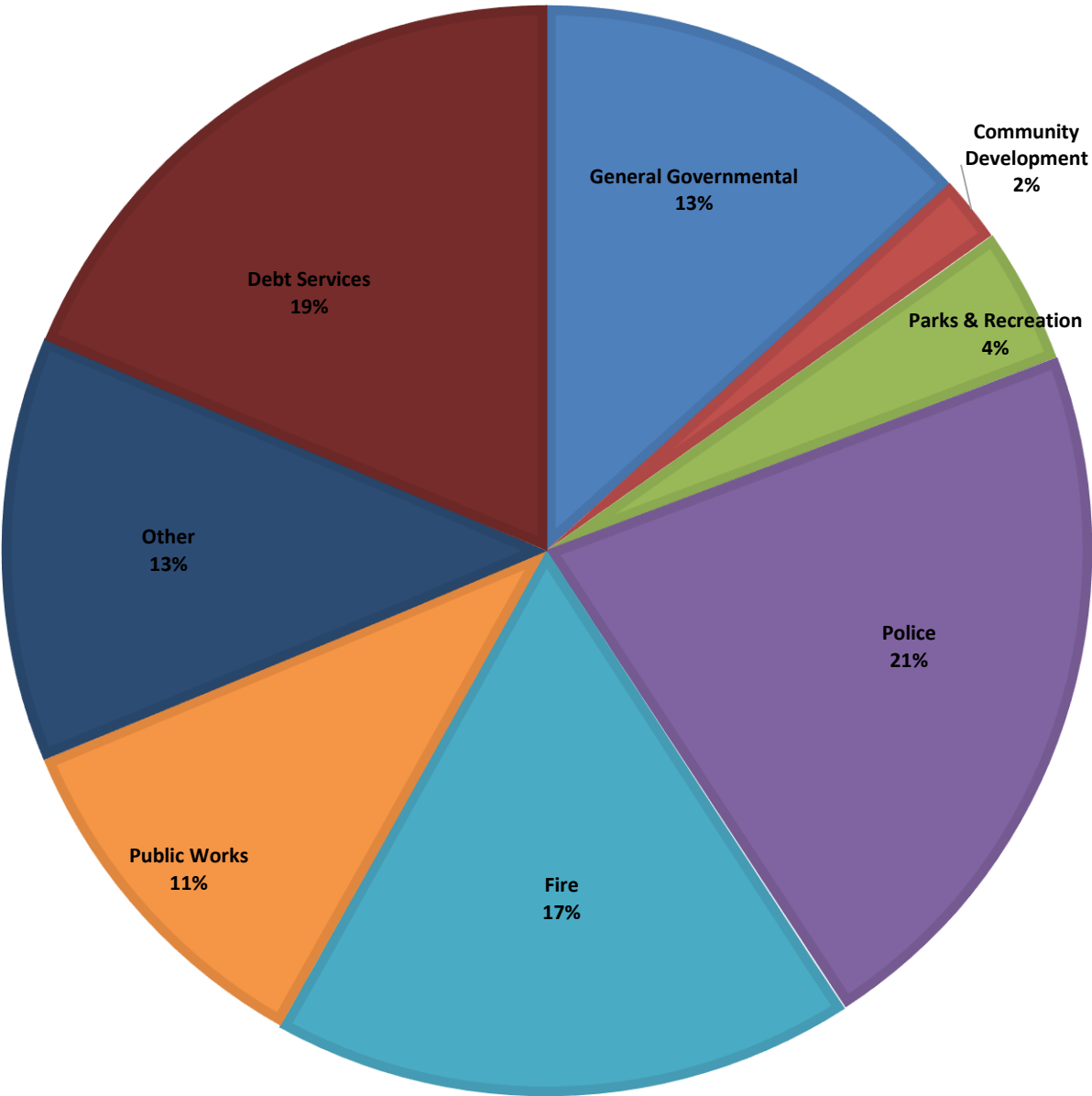
EXPENSE CATEGORY	ACTUAL FY2014	BUDGET FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	16,127,690	14,597,319	17,892,585	17,892,585
OPERATING	18,035,182	20,453,768	19,554,720	19,554,720
CAPITAL	774,600	721,560	947,708	947,708
TOTAL	34,937,472	35,772,647	38,395,013	38,395,013
POSITIONS	243	245	262	262

Overall, the General Fund Adopted Budgeted Expenditures have increased by \$2,623,366 or 7.33% from the previous fiscal year. This is due primarily to the city's purchase of downtown and expansion of two departments (Planning & Zoning and General Services). Additionally, rises in operating expenditures for equipment repair and the rising cost of utilities have added to the increase in the General Fund. An increase in capital expenditures is representative of the third 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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
GENERAL FUND					
GOVERNING BODY	158,223	127,140	127,140	243,751	243,751
CITY MANAGER	685,280	779,898	779,898	792,698	792,698
ECONOMIC DEVELOPMENT	535,638	579,589	579,589	563,900	563,900
COMMUNITY RELATIONS AND NON-PROFIT	186,670	199,510	199,510	245,750	245,750
HUMAN RESOURCES	317,666	330,626	330,626	433,208	433,208
LEGAL SERVICES	280,273	296,355	296,355	319,941	319,941
INFORMATION TECHNOLOGY	414,297	512,060	512,060	929,038	929,038
FINANCE	871,374	741,738	741,738	799,850	799,850
GENERAL SERVICES	473,800	362,300	362,300	759,974	759,974
TOTAL GENERAL GOVERNMENT	3,923,221	3,929,216	3,929,216	5,088,110	5,088,110
COMMUNITY DEVELOPMENT					
PLANNING AND ZONING	571,370	571,370	571,370	709,487	709,487
CODE ENFORCEMENT	197,975	187,975	187,975	40,000	40,000
TOTAL COMMUNITY DEVELOPMENT	769,345	759,345	759,345	749,487	749,487
PUBLIC SAFETY					
POLICE	7,515,228	7,795,157	7,795,157	8,277,080	8,277,080
FIRE	5,936,361	6,189,977	6,189,977	6,659,705	6,659,705
TOTAL PUBLIC SAFETY	13,451,589	13,985,134	13,985,134	14,936,785	14,936,785
TOTAL PARKS AND RECREATION	1,809,504	1,731,669	1,731,669	1,550,340	1,550,340
PUBLIC WORKS					
ADMINISTRATION AND ENGINEERING	1,548,001	1,197,142	1,197,142	1,162,155	1,162,155
POWELL BILL – STREETS	1,249,000	1,526,185	1,526,185	1,573,968	1,573,968
STREET LIGHTING	533,500	559,000	559,000	614,600	614,600
TRAFFIC SIGNS AND MARKINGS	329,799	339,547	339,547	416,450	416,450
OPERATIONS CENTER	214,004	249,588	249,588	292,220	292,220
TOTAL PUBLIC WORKS	3,874,304	3,871,462	3,871,462	4,059,393	4,059,393
TOTAL NON-DEPARTMENTAL	3,714,158	3,502,995	3,502,995	1,840,948	1,840,948
TRANSFERS TO OTHER FUNDS	2,255,789	1,933,264	1,933,264	3,013,850	3,013,850
TOTAL DEBT SERVICE	5,139,562	6,059,562	6,059,562	7,156,100	7,156,100
TOTAL GENERAL FUND	34,937,472	35,772,647	35,772,647	38,395,013	38,395,013

GENERAL FUND EXPENDITURE FOR FY2016
\$38,395,013



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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	78,940	78,940	78,940	81,451	81,451
OPERATING	79,283	48,200	48,200	163,300	163,300
CAPITAL	-	-	-	-	-
TOTAL	158,223	127,140	127,140	244,751	244,751
POSITIONS	7	7	7	7	7

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Personnel Expenses: \$2,511 Increase (+3.18%)
Operating Expenses: \$115,100 Increase (+238.80%)
Total Budget: \$117,611 Increase (+92.51%)

Increases:

- \$500 Telephone
- \$600 Office Supplies
- \$76,400 Dues and Subscriptions
- \$6,900 Travel and Training
- \$40,000 Elections

Reductions/Decreases:

- \$600 Minute Preparation
- \$1,000 Special Expenses
- \$5,000 Advertising

Items of Interest:

- \$30,600 NC League of Municipalities
- \$3,900 National League of Cities
- \$7,853 Metropolitan Mayor's Coalition
- \$8,000 Cabarrus/South Rowan MPO
- \$5,200 NC School of Government
- \$21,300 Cabarrus Arts Council

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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	639,330	740,448	740,448	734,198	734,198
OPERATING	45,950	39,450	39,450	58,500	58,500
CAPITAL	-	-	-	-	-
TOTAL	685,280	779,898	779,898	792,698	792,698
POSITIONS	8	8	8	6	6

ACCOMPLISHMENTS:

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

ACTION PLAN:

1. Provide continued leadership and direction to the core business activities of the City and direct staff support to carry out the City Council’s priority list for 2015-2016.
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:	\$8,750 Decrease (-1.18%)
Operating Expenses:	\$19,050 Increase (+48.29%)
Total Budget:	\$12,800 Increase (+1.64%)

Increases:

- \$2,900 Telephone
- \$3,350 Office Supplies
- \$2,300 Dues and Subscriptions
- \$9,000 Travel and Training
- \$3,000 Meetings

Reductions/Decreases:

- \$1,500 Consultants

Eliminated/Not Considered:

- N/A

Personnel:

- Funded Positions: Six (6)
- No new capital outlay

City Manager – Communications

Personnel Expenses:	N/A
Operating Expenses:	\$179,250 Increase (+269.55%)
Total Budget:	\$179,250 (+269.55%)

Increases:

- \$174,000 Marketing/Branding
- \$4,000 Travel and Training
- \$24,250 Special Expenses

Decreases:

- \$25,000 Outreach Education Program

Other Continued Services included in Communications and Community Relations:

- Funding for two Citizen/Employee Academies
 - City Hall Opening Expenses \$15,000
 - Gateway/Way finding \$91,000
 - Citywide Marketing \$15,000
 - Economic Development Marketing \$50,000
 - Strategic Initiatives \$20,000
 - \$35,000 Connect CTY (Year 3 of a 3 year contract)
 - A city-wide message notification system for residents and businesses via personalized telephone, email, PDA/Pagers, and text messages. Messages can be sent in any language. 35,000 contacts per hour. Recipients can be selected by individual, group, or via a map. Includes private and unlisted numbers (updated monthly). Messages can be recorded and selected for a future delivery date as far as a year in advance. Citizens can update their information or opt out of the list via a city web link to Connect CTY.
 - \$1.92 per address (using 2000 census data). Down from \$2.50 per address. Price is locked for 3 years.
 - 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.
-

FISCAL YEAR 2016**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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	-	-	-	-	-
OPERATING	535,638	579,589	579,589	563,900	563,900
CAPITAL	-	-	-	-	-
TOTAL	535,638	579,589	579,589	563,900	563,900
POSITIONS	-	-	-	-	-

Accomplishments:

1. Provide incentive package to attract Gordon Food Services into a \$58 million facility.
2. Secured a \$450,000 grant from the Golden LEAF Foundation to construct a connection from Glen Afton Blvd to Goodman Rd to provide Gordon Food Services with secondary access.
3. Completed a market analysis for the feasibility of a baseball stadium in downtown Kannapolis.
4. Conducted due diligence to consider purchase of nearly 50 acres of property in downtown Kannapolis.
5. Continued corridor improvement initiative along S. Cannon Blvd – planted 76 crape myrtles and provided \$5,200 in matching grants to businesses.
6. Continued support of the development of the North Carolina Research Campus.

Action Plan:

1. Conduct economic feasibility study for baseball stadium.
2. Analyze potential uses for existing stadium site.
3. Develop redevelopment plan for downtown Kannapolis.
4. Continue corridor improvement initiative.
5. Use grant funding from Cabarrus Health Alliance to develop Active Transportation Plan for the downtown Kannapolis area.
6. Identify suitable project for EDA grant application.
7. Clean up Wyrick mobile home park site.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$23,439 Decrease (-3.99%)
- **Total Budget:** \$23,439 Decrease (-3.99%)

Increases:

- \$303,000 Incentive Grants – Moved from Non-Departmental (\$247,000)
- \$2,400 EDC Contribution (Rowan County)
- \$25,950 Dues and Subscription

Reductions/Decreases:

- \$45,000 Lobbyist
- \$148,881 Recruitment Initiative
- \$153,908 Strategic Initiative
- \$7,000 Travel and Training

Budget Includes:

- Cabarrus EDC \$61,800
- Rowan EDC \$9,200
- Incentive Grant – Childress Klein \$250,000
- Incentive Grant – SP Richards \$53,000
- Façade Grant \$20,000
- Corridor Improvement \$20,000
- Strategic Initiatives \$130,000

Items Eliminated/Not Considered:

- N/A

FISCAL YEAR 2016**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 that are committed to providing quality service.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	266,366	279,326	279,326	340,500	340,500
OPERATING	51,300	51,300	51,300	92,708	92,708
CAPITAL	-	-	-	-	-
TOTAL	317,666	330,626	330,626	433,208	433,208
POSITIONS	4	4	4	5	5

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	2010	2011	2012	2013	2014
*Applications Processed	1,851	1408	2052	1419	N/A***
*Applications Referred within one week of closing date	100%	94%	100%	100%	N/A***
*Average # of Days from Application to Hire	89.23	50.46	49	47.6	N/A***
*Hiring Percentage	3.67%	3.27%	2.44%	2.32%	N/A***
Percentage of New Hires Successfully Completing Probation	83.3%	92.3%	90%	88%	N/A*

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

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

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

ACTION PLAN:

In addition to on-going operations of the department:

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** \$34,174 Increase (+11.16%)
- **Operating Expenses:** \$41,408 Increase (+80.72%)
- **Total Budget:** \$102,582 Increase (+31.03%)

Increases:

- \$7,300 Advertising
- \$17,000 Medical Expenses
- \$4,000 Office Supplies
- \$13,000 Contracted Services
- \$1,800 Travel and Training

Reductions/Decrease:

- \$1,100 Printing (Moved to advertising)
- \$1,000 Janitorial Contracts (Moved to General Services)

Eliminated/Not Included:

- N/A

Continued Services Includes:

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

Personnel:

- Funded Positions: Five (5)
- No new capital outlay is included

FISCAL YEAR 2016**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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	208,323	214,005	214,005	229,741	229,741
OPERATING	72,550	82,350	82,350	90,200	90,200
CAPITAL	-	-	-	-	-
TOTAL	280,873	296,355	296,355	319,941	319,941
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:** \$15,736 Increase (+7.35%)
- **Operating Expenses:** \$7,850 Increase (+23.48%)
- **Total Budget:** \$23,586 Increase (+5.5%)

Increases:

- \$1,850 Electricity
- \$20,000 Contracted Services

Reductions/Decreases:

- \$500 Telephone
- \$4,900 Janitorial Contracts

Personnel:

- Funded Positions: Two (2)

FISCAL YEAR 2016**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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	467,940	529,488	529,488	583,550	583,550
OPERATING	303,431	212,250	212,250	216,300	216,300
CAPITAL	-	-	-	-	-
TOTAL	871,374	741,738	741,738	799,850	799,850
POSITIONS	7	7	7	8	8

ACCOMPLISHMENTS:

1. The Finance Department has received the GFOA's *Distinguished Budget Award* for the FY2015 budget. This is the fifteenth 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 FY2014. This is the twenty-first year the City has received this award.
3. Successfully implemented the accounting and budgeting modules into the new Munis software platform.
4. The Finance Department has been able to reposition and retask key personnel due to gained efficiencies realized with the implementation of the new Munis software platform.
5. The City is currently executing several projects funded through the issuance of revenue bonds totaling \$18 million.

PERFORMANCE INDICATORS:

ACTIVITY	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
Number of Funds Accounted for on General Ledger	55	50	17	24	21
Number of Accounts Payable checks and EFT issued	6,002	5,601	5,484	6,040	7,105
Number of Purchase Orders processed	813	680	501	331	310
Number of Payroll Checks issued	51	12	12	5	51
Number of Direct Deposit of Payroll checks	8,937	9,262	9,504	10,256	10,456
Number of Financing applications filed with the LGC	1	0	2	1	2
Number of Financing achieved through area banks	0	0	0	0	1
Number of Accounting entries processed (JE & BA)	770	559	1151	871	635
Number of Bank Statements Reconciled	168	180	83	96	84

ACTION PLAN:

1. Obtain the Budget Presentation award from the GFOA for the fiscal year beginning July 1, 2015.
2. Obtain the Financial reporting award from the GFOA for the fiscal year ending June 30, 2015.

3. Successfully implement the HR Management and Payroll components of the Munis software platform prior to December 31st.
4. Issue limited obligation bonds for the purchase and renovation of downtown properties.
5. Develop a financial plan that will outline the available square footage for private use in the new City Hall/Police Headquarters.
6. Revise the General Management Service fee allocation plan between the City's operational funds for use with the FY16 budget preparation.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Personnel Expenses: \$54,062 Increase (+10.21%)
Operating Expenses: \$46,450 Decrease (-17.68%)
Total Budget: \$7,612 Increase (+.96%)

Increase:

- \$2,250 Tax Collection
- \$2,050 Audit
- \$750 Meeting

Reductions/Decreases:

- \$51,000 Travel and Training (Completed Software Training)
- \$500 Dues and Subscriptions

Personnel:

- Funded Positions: Eight (8)

No new capital outlay is included.

FISCAL YEAR 2016**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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	-	-	-	-	-
OPERATING	414,297	445,900	445,900	846,705	846,705
CAPITAL	-	66,070	66,070	82,333	82,333
TOTAL	414,297	512,060	512,060	929,038	929,038
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

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

ACTION PLAN:

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Personnel Expenses: N/A
Operating Expenses: \$400,715 Increase (+89.85%)
Capital Expenses: \$16,263 Increase (+24.61%)
Total Budget: \$416,978 Increase (+81.43%)

Increase:

- \$800 Telephone
- \$500 Office Supplies
- \$16,528 Small Equipment and Tools
- \$12,000 Consultants
- \$28,770 Network Administration
- \$24,000 Network System Support
- \$318,117 Annual Maintenance
- \$24,769 Increase Director (Tony Eury) to 40 hours per week

Decrease:

- None

Unfunded:

- .25 IT staff for Police, Planning, and General Services (\$24,769)

Other Continued Services included:

- \$320,370 Network Administration and Management (David Hancock \$95,022, David Jordan \$95,022, Tony Eury \$95,022, and \$24,720 PT tech dedicated to fire IT)
- \$396,117 Software Maintenance – This covers all annual Maintenance for entire city operations.

Capital Outlay:

- \$20,594 Twenty Computers
- \$18,599 Ten Police MDTs

FISCAL YEAR 2016**DEPARTMENT: GENERAL SERVICES****PROGRAM: General Services****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	-	-	-	329,174	329,174
OPERATING	473,800	362,300	362,300	370,800	370,800
CAPITAL	-	-	-	60,000	60,000
TOTAL	473,800	362,300	362,300	759,974	759,974
POSITIONS	0	0	0	8	8

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: \$329,174 Increase (+100.00%)**
- **Operating Expenses: \$11,500 Increase (+3.2%)**
- **Total Budget: \$397,674 Increase (+109.76%)**

Increases:

- \$1,000 Maintenance & Repairs: Vehicles
- \$3,000 Maintenance & Repairs: Building & Grounds
- \$3,000 Motor Fuel
- \$25,000 Small Equipment and Tools
- \$500 Dues and Subscriptions
- \$10,000 Cleaning Supplies
- \$22,000 Janitorial Contracts – All contracts for the city have been transferred to General Services
- \$140,000 Contract – Grounds Maintenance

Reductions/Decreases:

- \$30,000 Maintenance & Repair: Equipment
- \$145,000 Real Property Rental (Reduction a result of the purchase of downtown)
- This budget includes the operation and maintenance of the Train Station (City Council, Planning Board, Board of Adjustment, special events, etc.).

Personnel:

- Four Full-Time custodians are included in FY 16 budget
- Relocating 3 Full-Time employees and 5 Part-Time employees from Parks and Recreation to General Services

Items of Interest:

-
- Newly Expanded Department. Focus will be maintaining most of the city's buildings and grounds, including the recent acquisition of downtown.
-

FISCAL YEAR 2016**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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	5,579,312	5,930,360	5,930,360	6,590,234	6,590,234
OPERATING	1,642,097	1,592,757	1,592,757	1,243,471	1,243,471
CAPITAL	293,819	272,040	272,040	792,925	792,925
TOTAL	7,515,228	7,795,157	7,795,157	8,626,630	8,626,630
POSITIONS	103	103	103	106	106

ACCOMPLISHMENTS:

1. Maintained the agency's international accreditation status for 15 consecutive years and was awarded Meritorious Re-Accreditation.
2. 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.
3. Ranked among the safest cities in North Carolina on the 2015 SafeWise Safest Cities in North Carolina Report.
4. Continued to centralize off-site storage of equipment and property at the city owned storage warehouse.
5. Reclassified an existing Records Clerk position to a Records Manager to address organizational and customer service needs.
6. Continued to utilize innovative technologies such as Leads Online and CellBrite in the investigation of criminal activity.
7. Continued programmed replacement of agency equipment to include Tasers, wireless digital patrol vehicle camera systems, and speed measuring devices.
8. Updated the agency social media sites to include both Facebook and Twitter. Both accounts are linked with the agency CAD system to "push" certain calls for service intended for public notifications.
9. Continued participation as part of the national LinX exchange. The LinX exchange currently has combined over a 500 million record database across the nation.
10. Continued to address Advanced Authentication requirements within the mobile computing environment for a more secured agency network.
11. Continued to address the evolving national standards on CJIS compliance.
12. Completed the inaugural and second Kannapolis Police Department Citizen Academy.
13. Partnered with city community watch organizations in their development and use of Nextdoor.com as a resource for neighborhood specific information exchange and community involvement.
14. Completed the replacement of tactical body armor and ballistic protection for members of the agency's Special Response Team.

PERFORMANCE INDICATORS:

ACTIVITY	FY2012	FY2013	FY 2014	2014*
Homicide and Deaths Investigations**	7	2	55	61
Assault Investigations	82	34	34	38

*Information provided for 2014 is based on the Calendar year.

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

ACTION PLAN:

1. Maintain fully accredited status by the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA).
2. Maintain a below average crime rate (calculated as Part I crimes per 100,000 population) as compared to North Carolina suburban cities of similar size, and foster a strong perception of community safety
3. Expand the staffing level and service capacity of the police department to compensate for area growth and evolving community needs.
4. Initiated plans and work with Human Resources Director to tie a pay incentive plan into our existing Career Development Plan.
5. Continued to conduct a spring and fall session of the Kannapolis Police Department Citizen Academy.
6. Complete the move of all agency equipment from multiple offsite storage facilities into the City warehouse facility.
7. Implement the use of dedicated programs designed to increase operational effectiveness and efficiencies of personnel and reduce agency liability.
8. Reduce the impact of illegal drug trafficking through aggressive enforcement and interdiction efforts.
9. Research and implement a specialized position for the Felony Investigative Unit regarding special victims to include children, senior citizens, and victims of sexually assaults.
10. Continued work with Cabarrus County in the completion of the emergency backup communications center site located at the County's D.S.S, facility.
11. Complete the move of all agency operations to the New City Hall and Police Headquarters in the second half of FY 16.

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

- **Personnel Expenses:** \$2,271 Increase (+.43%)
- **Operating Expenses:** \$113,372 Decrease (-25.28%)
- **Total Budget:** \$90,226 Decrease (-9.24%)

Once again, the Police Department will continue to focus on the provision of core services during FY15. 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:

- \$3,000 Telephone
- \$10,000 Equipment Rental
- \$1,600 Office Supplies
- \$500 Dues and Subscriptions
- \$28 Public Safety Supplies

Reductions/Decreases:

- \$1,000 Postage
- \$3,000 Maintenance & Repair: Office Equipment
- \$90,500 Real Property Rental
- \$4,500 Motor Fuel
- \$9,000 Contracted Services
- \$20,000 Janitorial Contracts

Personnel:

- Funded Positions: Five (5) Sworn; Two (2) Civilian

- Project Safe Coordinator's match (\$21,000) has been included in the part-time salary line item. Kannapolis, Concord, and Cabarrus County share the expense for this position.

Capital:

- \$20,875 Capital – Machinery & Equipment – Live Scan Fingerprinting
-

Police – Support Services

- **Personnel Expenses: \$200,406 Increase (+9.01%)**
- **Operating Expenses: \$322,792 Decrease (-48.01%)**
- **Total Budget: \$122,386 Decrease (-4.23%)**

Increase:

- \$5,000 Telephone
- \$7,000 Maintenance and Repair – Vehicles
- \$282 Small Equipment and Tools

Reductions/Decreases:

- \$1,000 Printing
- \$163,300 Maintenance & Repair: Office Equipment
- \$7,500 Motor Fuel
- \$900 Office Supplies
- \$5,600 Public Safety Supplies
- \$157,074 Annual Maintenance (Cost moved to IT)

Personnel:

- Funded Positions: Nineteen (19) sworn; Twenty (20) civilian

Eliminated from consideration:

- None

Capital Outlay: N/A

Police – Field Operations

- **Personnel Expenses: \$457,197 Increase (+14.38%)**
- **Operating Expenses: \$72,713 Decrease (-11.51%)**
- **Total Budget: \$536,743 Increase (+13.16%)**

Increase:

- \$20,000 Maintenance and Repair - Vehicles
- \$1,000 Telephone
- \$800 Equipment Rental
- \$1,500 Travel and Training

Reductions/Decreases:

- \$1,000 Maintenance and Repair – Office Equipment
- \$25,000 Motor Oil
- \$5,100 Office Supplies
- \$57,932 Public Safety Supplies
- \$1,799 Annual Maintenance

Capital:

- \$422,500 - 13 police cruisers (\$32,500 each; includes radar, camera, and striping)

Eliminated from consideration:

- None

Personnel:

- Funded Positions: Sixty-one (61)

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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	4,811,635	5,071,391	5,071,391	5,511,681	5,511,681
OPERATING	1,051,926	1,045,586	1,045,586	1,019,024	1,019,024
CAPITAL	72,800	73,000	73,000	129,000	129,000
TOTAL	5,936,361	6,189,977	6,189,977	6,659,705	6,659,705
POSITIONS	85	86	86	102	102

ACCOMPLISHMENTS:

1. Updated the City's Hazardous Mitigation Plan.
2. Completed a Fire Station Location Study.
3. Order new fire engine and equipment.
4. Began to develop and coordinate a regional Safety and Survival symposium which will be held later this year.
5. Began the process of acquiring and certifying with NCEMS, a basic life support ambulance to assist with enhancing KFD's first response program.
6. Developed a comprehensive regional structure fire/ MAYDAY guideline to ensure the continuity of strategy and tactics between KFD and its mutual aid partners.
7. Developed a comprehensive HazMat equipment purchasing plan

PERFORMANCE INDICATORS: (as of March 31, 2015)

ACTIVITY	Calendar Year 2012	Calendar Year 2013	Calendar Year 2014
Reported Incidents	6,278	6,344	7,360
Response to In-City Incidents within Six Minutes	73%	80%	83%
Number of Citizens receiving Safety Presentations	28,872	11,759	20,335
Number of School age Children receiving Safety Presentations	21,560	27,196	29,566
Business Inspections	726	1,161	2,065
Career Training Hours Completed	26,616	30,411	29,704
Customer Service Surveys Mailed	620	600	690
Customer Survey Satisfaction Rate	96%	96%	97%

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. Adopt and implement the standard of coverage document 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:** \$24,381 Increase (+10.08%)
- **Operating Expenses:** \$42,595 Decrease (-9.66%)
- **Total Budget:** \$33,214 Decrease (-4.66%)

The Fire Administration division facilitates the department's operation through planning, organizing, reviewing and maintaining with the goal of dispersing those functions into and throughout the department for greater cost-effectiveness and efficiency. It ensures that all elements of the city are prepared to deal with unusual occurrences and disaster

Increases:

- \$800 Maintenance & Repair: Vehicles
- \$12,000 Maintenance & Repair: Buildings and Ground
- \$4,380 Electricity
- \$1,000 Water & Sewer
- \$2,000 Gas Utilities
- \$18,200 Equipment Rental
- \$120 Office Supplies
- \$1,500 Uniforms
- \$1,500 Meetings

Reductions/Decreases:

- \$5,600 Telephone
- \$700 Real Property Rental
- \$1,000 Motor Fuel
- \$31,785 Dues and Subscriptions
- \$9,707 Contracted Services
- \$11 Travel and Training
- \$35,292 Annual Maintenance (Cost moved to IT)

Capital:

- \$15,000 Replace staff vehicle (11 year old Crown Vic)

Eliminated from consideration:

- \$44,708 New Logistics Manager
- \$32,103 New Office Executive Assistant
- \$18,500 New ATV with fire pump skid unit
- \$10,000 Operating Costs for New Logistics Manager
- \$10,000 Operating Costs for New Office Executive Assistant
- \$7,000 Replace Station 1 HVAC Unit (16 years old)

- \$3,600 Replace Electric Ranges at Stations 1, 3, & 4 (16-35 years old)

Personnel:

- Funded Positions: Three (3)

Items of Note:

- \$10,000 Targeted Station Repairs
 - \$7,000 Replace HVAC
-

Fire – Emergency Services

- **Personnel Expenses:** \$1,038,016 Increase (+26.35%)
- **Operating Expenses:** \$26,791 Decrease (-4.68%)
- **Total Budget:** \$1,082,225 Increase (+23.76%)

Increases:

- \$30,000 Maintenance & Repair: Vehicles
- \$193 Cleaning Supplies
- \$10,500 Uniforms
- \$1,000 Special Expenses

Reductions/Decreases:

- \$11,900 Motor Fuel
- \$55,000 Small Equipment and Tools
- \$1,584 Contracted Services

Capital:

- \$78,000 Roof Replacement station #3; Replace Ice Stops #5; water quality issues #4
- \$36,000 Engine 31 motor replacement

Personnel:

- Funded Positions: Seventy-nine (79) FT; Eleven (11) PT

Eliminated from consideration:

- None

Items of Note:

- Large increase seen in Personnel is the result of grant funded positions becoming fully funded by the city.
-

Fire – Technical Services

- **Personnel Expenses:** \$24,039 Decrease (-9.1%)
- **Operating Expenses:** \$880 Increase (+1.2%)
- **Total Budget:** -\$23,159 Decrease (-6.8%)

Increases:

- \$1,600 Maintenance & Repair: Vehicles
- \$1,000 Uniforms

Reductions/Decreases:

- \$1,253 Telephone

-
- \$2,000 Motor Fuel
 - \$1,400 Office Supplies
 - \$3,000 Travel and Training

Capital Outlay:

- None

Personnel:

- Funded Positions: Four (4)

Eliminated from consideration:

- ATV with Fire Suppression Capabilities for special events (\$18,500)
 - Commercial Ventilation Roof
-

FISCAL YEAR 2016**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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	451,601	410,192	410,192	463,305	463,305
OPERATING	693,000	710,750	710,750	698,850	698,850
CAPITAL	403,400	76,200	76,200	-	-
TOTAL	1,548,001	1,197,142	1,197,142	1,162,155	1,162,155
POSITIONS	6	7	7	7	7

ACCOMPLISHMENTS:

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

PERFORMANCE INDICATORS:

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

ACTIVITY	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Streets – Private Development (by linear feet)	1,846	4,275	1,104	1,944	2,085
Water – Private Development (by linear feet)	9,100	5,802	4,380	14,479	12,958
Sewer – Private Development (by linear feet)	8,800	6,223	2,991	12,618	8,642

ACTION PLAN:

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** \$53,113 Increase (12.95%)
- **Operating Expenses:** \$13,699 Decrease (-1.92%)
- **Capital Infrastructure:** \$76,200 Decrease (-100.00%)
- **Total Budget:** \$34,987 Decrease (-2.92%)

Increase:

- \$201 Advertising
- \$300 Postage
- \$1,200 Maintenance & Repair: Equipment
- \$800 Dues and Subscription
- \$500 Uniforms
- \$2,280 Contract-Engineering

Reductions/Decreases:

- \$680 Motor Fuel
- \$800 Office Supplies
- \$14,500 Contracted Services
- \$2,500 Travel and Training
- \$500 Meetings

Capital Infrastructure:

- None

Eliminated from consideration:

- None

Positions:

- Funded Positions: Six (6) FT; One (1) PT

No new personnel are included.

No other significant changes are included.

FISCAL YEAR 2016**DEPARTMENT: PUBLIC WORKS****PROGRAM: Streets and Highways****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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	-	-	-	-	-
OPERATING	533,500	559,000	559,000	614,600	614,600
CAPITAL	-	-	-	-	-
TOTAL	533,500	559,000	559,000	614,600	614,600
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

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

PERFORMANCE INDICATORS:

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

ACTION PLAN:

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

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$55,600 Increase (+9.95%)
- **Total Budget:** \$55,600 Increase (+9.95%)

Increases:

- \$5,100 Electricity
- \$35,500 Contracted Services (Royal Oaks Neighborhood Tree Trimming; NCRC Replacement Lights)
- \$15,000 Contract – New Lights (Replacement Lights purchases)

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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	-	-	-	-	-
OPERATING	214,004	249,588	249,588	292,220	292,220
CAPITAL	-	-	-	-	-
TOTAL	214,004	249,588	249,588	292,220	292,220
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:** \$42,632 Increase (+17.08%)
- **Total Budget:** \$42,632 Increase (+17.08%)

Increases:

- \$65,000 Maintenance & Repair: Building and Grounds (1/2 of the Fuel Tank Storage Upgrade Cost)
- \$132 Electricity
- \$3,000 Water & Sewer

Decreases:

- \$4,000 Maintenance & Repair: Office Equipment
- \$500 Motor Fuel
- \$1,000 Office Supplies
- \$20,000 Janitorial Contracts (Moved to General Services)

Eliminate from Consideration:

- None

No new or replacement capital.

No other significant changes are included.

FISCAL YEAR 2016**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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	145,237	148,895	148,895	164,013	164,013
OPERATING	184,562	190,652	190,652	212,437	212,437
CAPITAL	-	-	-	40,000	40,000
TOTAL	329,799	339,547	339,547	416,450	416,450
POSITIONS	3	3	3	3	3

ACCOMPLISHMENTS:

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

ACTIVITY	FY2012	FY2013	FY2014	FY2015
Street Name Signs Installed or Repaired	203	98	336	182
Information Signs Installed or Repaired	884	1369	836	1794

ACTION PLAN:

1. It has been federally mandated that all street name signs on multi-lane roads with speeds higher than 40 mph must be 12-inches in height; therefore we will proceed with replacement of all other 4 lane roads throughout the city.
2. Install decorative stop signs and 12 in street signs on the remainder of Dale Earnhardt Blvd.
3. Install the new city logo on high priority signs.
4. Replace all street name signs in section 1
5. Create a warning sign blanket replacement schedule.
6. Continue an inventory system on all signs inside City limits and place them on a schedule to date and replace the signs as needed.
7. Continue forwarding repair requests within 24 hours of receipt of request.

8. Replace 150 stop signs that are scheduled for replacement this year.
9. Ensure signs and markings are maintained in good condition with the following priorities and procedures:
 1. Stop sign damage will be repaired immediately upon notification, day or night.
 2. Repairs due to damage for all signage, other than stop signs, will be completed within two working days after notification.
 3. Routine, systematic inspection and replacement of all signs will continue on a scheduled basis.
 4. New installations for new developments will be fabricated and installed promptly.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** \$15,118 Increase (+10.15%)
- **Operating Expenses:** \$21,785 Increase (+11.43%)
- **Total Budget:** \$76,903 Increase (+22.65%)

Increased:

- \$1,800 Medical Expense
- \$2,000 Telephone
- \$10,000 Sign Supplies
- \$225 Uniforms
- \$10,000 Contracted Services

Decreases:

- \$2,240 Motor Fuel

Eliminated from consideration:

- None

Personnel:

- Positions Funded: Three (3)

FISCAL YEAR 2016**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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	326,447	336,205	336,205	374,513	374,513
OPERATING	922,553	989,430	989,430	1,074,455	1,074,455
CAPITAL	-	200,550	200,550	125,000	125,000
TOTAL	1,249,000	1,526,185	1,526,185	1,573,968	1,573,968
POSITIONS	8	8	8	8	8

ACCOMPLISHMENTS:

1. Completed six (6) cycles of scheduled mowing.
2. Completed 2 maintenance cycles on unpaved street sections. The road sections were graded with additional aggregate added as necessary and compacted. The drainage ditches were cleaned as needed.
3. Continued to track the number of pavement repairs per streets.
4. Completed majority of utility cut repairs within 24-hours after receiving work order from Water & Sewer Department.
5. Identified potential areas for potholes and made the necessary repairs before larger pothole problems could occur.
6. Start a preventive pothole program – regular scheduled route.
7. Continued preventive maintenance on shoulder cutting in the northern part of the city (north of the loop road completely).
8. Focused on proper sub-grade preparation and made extremely large quality asphalt patches in areas where streets were badly failing such as Cooper Avenue, Mt. Olivet Road, Raintree Circle, Blue Ridge Avenue, Bertha Street, East 27th Street, Coliseum Avenue, Chamar Circle, Winfield Avenue, and Jackson Street just to name a few.
9. Many of our crew received Road Scholar certificates from the LTAP program in Raleigh. This program has been beneficial in learning about street repair. We will continue with the advanced program.

PERFORMANCE INDICATORS:

ACTIVITY	FY 2012	FY 2013	FY 2014	FY 2015
Reconstruction Resurfacing (miles)	0	17	1.6	3.65
Utility Cuts Repaired	169	194	163	201
Pavement Repairs (includes potholes)	837	1,114	1,190	4,615
Shoulder Work (feet)	23,815	8,691	35,034	141,868
Sidewalk Repairs (feet)	10	0	100	2,444.50
Milling Asphalt (feet)				7,154
Mowing (miles)				2,836

ACTION PLAN:

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** \$38,309 Increase (+11.39%)
- **Operating Expenses:** \$85,025 Increase (+8.59%)
- **Capital Expenses:** \$75,500 Decrease (-37.66%)
- **Total Budget:** \$47,833 Increase (+3.13%)

Increases:

- \$8,500 Maintenance & Repair Equipment
- \$30,000 Maintenance & Repair Streets
- \$2,000 Electricity
- \$500 Small Equipment and Tools
- \$525 Uniforms
- \$44,000 Contracted Services
- \$8,000 Consultants
- \$15,000 Contract Resurfacing

Reductions/Decreases:

- \$22,200 Maintenance & Repair: Vehicles
- \$2,500 Equipment Rental

Includes:

- \$500,000 Street Resurfacing
- \$200,000 Maintenance and Repair: Streets
- \$200,000 Contract Service: Street Repairs

Eliminated from Consideration:

- \$200,000 Sidewalk Repairs

Items of Interest:

- State Powell Bill funds is projected to decrease \$13,500 from \$1,265,000 to \$1,251,500. The city will receive \$20.39 per citizen (FY15 \$20.71) and approximately \$1,629.43 per mile (FY15 \$1,640) of maintained roadway.

Personnel:

- Funded Positions: Eight (8)

Capital:

- \$125,000 Replace S-43 Knuckle Boom Truck (FY16 CIP)

Eliminated from Consideration: None

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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	3,000	3,000	3,000	568,987	568,987
OPERATING	766,345	756,345	756,345	130,500	130,500
CAPITAL	-	-	-	50,000	50,000
TOTAL	769,345	759,345	759,345	749,487	749,487
POSITIONS	0	0	0	8	8

ACCOMPLISHMENTS:

1. New Planning Director hired to oversee transition of planning functions and provision of planning services from Benchmark, Inc. to City of Kannapolis.
2. Department organizational structure and staffing plan created.
3. Assisted in and provided support for downtown acquisition process
4. Provided mapping services for creation of "Municipal Service District (MSD)" for downtown.
5. Managed consulting services by Benchmark, Inc. for the provision of planning services (plan review, zoning approvals, code enforcement) for the City.
6. Planning process started for Farm Hill Small Area Plan.
7. Processed building permits for 270 new single family homes and 184 multi-family units.
8. Worked with Tech Edge on selection and development of City Works software module for Planning Department.
9. Identified hardware and software needs for new Planning Department.
10. Represented City on Technical Coordinating Committee (TCC) for Cabarrus-Rowan Metropolitan Planning Organization (MPO).
11. Provided staff support for Planning & Zoning Commission, Board of Adjustment and City Council.
12. Oversaw transition (including transfer of records, establishment of new office and hiring of staff) of planning function from Benchmark, Inc. to City of Kannapolis.
13. Provided planning support to other City departments.

ACTION PLAN:

1. Continue transition of Planning Department from private consultant to full City department, including the hiring of additional staff and the provision of planning, mapping, development and code enforcement services.
2. Implement City Works software module in support of Planning Department services
3. Begin update of 2015 Land Use Plan.
4. Prepare and implement comprehensive City-wide code enforcement strategy.
5. Complete Farm Hill Small Area Plan.
6. Support downtown redevelopment efforts, including preparation of a "Strategic Redevelopment Plan" by Development Finance Initiative (DFI).

7. Review and streamline development review and approval process.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Community Development– Planning

- **Personnel Expenses:** \$565,987 Increase (+803%)
- **Operating Expenses:** \$629,864 Decrease (-82.84%)
- **Total Budget:** \$13,877 Decrease (-1.82%)

FISCAL YEAR 2016**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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	843,361	855,069	855,069	847,490	847,490
OPERATING	957,443	842,900	842,900	684,850	684,850
CAPITAL	8,700	33,700	33,700	18,000	18,000
TOTAL	1,809,504	1,731,669	1,731,669	1,550,340	1,550,340
POSITIONS	11	11	11	8	8

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, 7 concerts, 1 ballet performance, 8 Thursdays on Main lunch concerts, 3 Thursdays on Main evening concerts, 5 literary arts programs, and 29 co-sponsored events.
2. Eighth summer of splash pad operation with over 25,000 paid admissions and over 35,000 through the gate.
3. Seventh year of operation for the Rotary Express train ride. Train riders exceeded 51,000 for the year.
4. Winter land Express set a new record with a ridership of over 15,000 with an estimated 7,000 touring the park light display.
5. Received over \$40,000 in sponsorships to support the Summer Entertainment Series.
6. As of May 1, 2015, we have sold and installed over 2,100 bricks for Veterans Park.
7. Planted 16 trees and over 275 shrubs as part of the Village Park landscape improvement plan and to repair winter damage.
8. Continued usage agreement with Kannapolis Middle School to utilize facilities for community functions.
9. Operated 2 Adult Athletic Leagues with over 400 participants. Includes Men's Fall League Softball and Men's Spring Softball League.
10. Maintained seven parks and 49 parcels of City-owned land.
11. Improved maintenance of the grounds and medians at the North Carolina Research Campus
12. Improved maintenance operations for the Kannapolis Cemetery.
13. Managed 956 shelter reservations, 875 athletic field reservations, and 431 building reservations between Village Park and the Kannapolis Train Station.
14. Maintained over 800 trees, including all cherry trees on Loop Rd and Oakwood Ave. as well as all right-of-way trees on the NCRC.
15. Spread over 8,000 bales of pine needles around parks and properties.
16. Installed over 3,500 flowers in parks and other city properties.
17. Installed additional 200 cu. yds. of safety surface in playgrounds.

18. Third summer of beer/wine pavilion adding over \$6,000 to special event revenues.
19. Operated 2014 "Kannapolis Christmas" event with an attendance of over 2,000.
20. Held Christmas Tree Lighting program in Village Park with over 1,000 in attendance. That same night kicked off the 7th year of the Winterland Express and Celebration of Lights.
21. Continued development of the Dale Earnhardt Plaza. Including additional landscaping, new brick sidewalks and the installation of an additional 18 engraved bricks.
22. Continued up fit of the new warehouse facility for Parks and Recreation Operations and added windscreen around perimeter fence.
23. Acquired several easements for the Rocky River Greenway corridor including the purchase of 11 acres along the corridor with the assistance from the Carolina Thread Trail by way of a \$22,000 grant to assist in the acquisition.
24. Began implementation of separate "division" budgets for managers.
25. Installed new infield material on the ball fields at Safrit Park and Bakers Creek Park.
26. All full-time staff were provided the opportunity to attend the NRPA National Conference in Charlotte.
27. Completed P&R Comprehensive Master Plan.
28. Updated Mission Statement, Vision Statement and Departmental Goals and Objectives.
29. Began national accreditation process with a scheduled completion of summer 2016.

ACTION PLAN:

1. Begin property acquisition and construction for the Irish Buffalo Creek Greenway.
2. Complete necessary documentation for our CAPRA accreditation.
3. Provide additional part-time staff to assist with the full service operation of Village Park (park building, spray park, shelter rentals, special events and train operations), and other park maintenance operations.
4. Continue to provide additional funding for the Summer Concert Series and Movies in the Park program.
5. Continue enhancement of programs to include the summer concerts, movies in the park, Stories Under the Stars, coordinated program efforts with the Cabarrus Arts Council, Kannapolis Library, Kannapolis Intimidators, youth organizations, and other departments.
6. Open new section of developer funded and installed section of the Rocky River Greenway.
7. Add new mowing equipment to replace older less efficient equipment to better assist with day to day maintenance operations.
8. Replace John Deere Gator at Village Park.
9. Develop connectivity plan from Village Park to the NCRC.
10. Continue development of winter land Express and Festival of Lights display throughout park in December.
11. Continue involvement in the development of open space and greenways.
12. 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. Investigate the opportunity to open a new section of the cemetery providing an additional 64 plots to be sold to the general public.
16. Develop cost estimates to construct a columbarium as part of the cemetery improvements.
17. Begin a more thorough investigation to adding a more comprehensive athletics program to the department.
18. Implement the new brand by replacing signage at park facilities.
19. Formalize usage agreement for facilities with Kannapolis City Schools.
20. Continued update and enhancement of departmental website.
21. Continue to beautify the parks with native plants which will allow us to offer outdoor educational programs in the future.
22. Continue to provide affordable day trip opportunities for schools and daycares to the parks.

- 23. Increase the number of healthy choices in our concession stands and implement concession guidelines.
- 24. Purchase new carousel for Village Park.
- 25. Work on design of Village Park Phase III in preparation for improvements in FY16-17.
- 26. Enhance P&R volunteer within the City.
- 27. Continued to enhance marketing of our recreation programs and facilities to the public.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Parks – Parks

- **Personnel Expenses:** \$7,579 Decrease (-0.89%)
- **Operating Expenses:** \$125,050 Decrease (-23.47%)
- **Capital Expenses:** \$15,700 (-46.59%)
- **Total Budget:** \$148,329 Decrease (-10.43%)

Increase:

- \$700 Maintenance and Repair: Vehicles
- \$1,700 Maintenance and Repair: Equipment
- \$6,000 Electricity
- \$6,000 Water & Sewer
- \$3,000 Telephone
- \$500 Office Supplies
- \$400 Small Equipment and Tools
- \$200 Dues and subscriptions
- \$2,000 Concession Supplies
- \$7,000 Contracted Services
- \$2,700 Meetings

Reductions/Decreases:

- \$149,000 Maintenance and Repair: Buildings and Grounds (Moved to General Services)
- \$3,000 Motor Fuel
- \$3,250 Cleaning Supplies

Capital Machinery and Equipment:

- \$9,000 Replace one gator utility
- \$9,000 Replace of Ex-Marks at BCP

Eliminated from consideration:

- \$60,000 Middle Parcel of Rocky River Greenway
- \$7,000 Large tow-behind blower for greenway maintenance

Personnel:

- Funded Positions: Eight (8) FT; Fifty-three (53) PT

Parks – Programming

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$33,000 Increase (+12.0%)
- **Total Budget:** \$33,000 Increase (+12.0%)

Increase:

- \$5,000 Summer Events Series (Expanded Summer Concert Lineup)

Reductions/Decreases:

- \$13,000 Program Supplies
- \$25,000 Festivals – Jiggy with the Piggy (moved to Downtown Fund)

Includes:

- \$25,000 Christmas Festival (Not Parade)
-

Parks – Stadium

- **Personnel Expenses:** N/A
- **Operating Expenses:** No Change
- **Total Budget:** No Change

Increase: N/A

Reductions/Decreases:

- \$50,000 Building and Grounds

Includes:

- \$25,000 Lawn Maintenance
- \$10,000 Repair & Maintenance: Building and Grounds

In April 2011, City Council agreed to purchase Rowan County's equity interest in Fieldcrest Cannon Stadium under the following terms:

1. The City of Kannapolis will purchase 100% of Rowan County's ownership interest in stadium for \$3,000,000.
2. The City will not make payments in FY 2012 or FY 2013 but will pay a small interest payment (less than \$2,000 both years).
3. The County will finance the purchase for 48 years at 0% interest which equals an annual payment of \$62,500 from the City to the County.
4. Upon completion of the sale, the County will turn over the full amount of the stadium fund to the City (estimated at \$350,000)
5. Within the first three years after the transaction, or at any point in the future if any debt to the County remains, the City will pay the County 50% of any proceeds above \$3,750,000 from a sale of on the land.

FISCAL YEAR 2016**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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	-	-	-	-	-
OPERATING	3,432,543	3,502,995	3,502,995	1,840,948	1,840,948
CAPITAL	236,274	-	-	-	-
TOTAL	3,668,817	3,502,995	3,502,995	1,840,948	1,840,948
POSITIONS	0	0	0	0	0

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** N/A
- **Operating Expenses:** **\$1,667,047 Decrease (-47.52%)**
- **Total Budget:** **\$1,667,047 Decrease (-47.52%)**

Increase:

- \$10,000 Contingency Appropriation
- \$25,300 Workers Comp Insurance
- \$300,000 Special Expenses
- \$49,606 Retiree Insurance
- \$25,000 Insurance – General Liability
- \$12,000 Insurance - Buildings

Reductions/Decreases:

- \$45,413 HSA & HRA Benefits
- \$56,000 Incentive Grants – Moved to Economic Development
- \$1,972,540 Medical Plan Expense (Expenditure distributed into Departmental Budgets)
- \$15,000 Unemployment Insurance

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

- Transfer to other funds used to be listed here in Non-Departmental. Transfers are now captured on a separate spreadsheet.
- Medical Plan Expenses are now charged to the individual departments.
- The proposed budget includes approximately \$257,942 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.

- In FY14, 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% in FY13 and 50% in FY 14.
- BMI incentive: Employees will continue to work toward reducing their body mass index over the next twelve months.
- Incentive Grants have been moved to Economic Development.

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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	-	-	-	-	-
OPERATING	27,443	180,000	180,000	190,000	190,000
CAPITAL	-	-	-	-	-
TOTAL	27,443	180,000	180,000	190,000	190,000
POSITIONS	0	0	0	0	0

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$10,000 Increase (+5.56%)
- **Total Budget:** \$10,000 Increase (+5.56%)

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 2016

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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	-	-	-	-	-
OPERATING	5,139,562	6,059,562	6,059,562	7,156,100	7,156,100
CAPITAL	-	-	-	-	-
TOTAL	5,139,562	6,059,562	6,059,562	7,156,100	7,156,100
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
PNC WAREHOUSE/FIRE TRUCK	1,299,348	163,257	26,178	189,435	7 YEARS	2.08%
BANK OF NC FIRETRUCK/PATCH TRUCK	732,723	150,631	8,527	159,159	4 YEARS	1.25%
MUNICIPAL CENTER/POLICE HEADQUARTERS	25,220,000	620,000	1,059,056	1,679,056	19 YEARS	3.10%
PNC REFINANCE VILLAGE PARK BUILDING	313,600	52,267	6,011	58,278	6 YEARS	2.00%
PNC REFINANCE FIRE ST., ROGERS LAKE, BRIDGES	3,880,292	609,919	74,384	684,304	8 YEARS	1.98%
BB&T EQUIPMENT 2011	463,690	42,154	18,139	60,293	10 YEARS	4.05
SUNTRUST EQUIPMENT 2009	248,195	147,345	5,730	153,075	1 YEARS	3.17%
ROWAN COUNTY BASEBALL STADIUM	2,875,000	62,500	-	62,500	45 YEARS	0.00%
NCRC TIF BONDS 2010 SERIES A	10,790,000	1,655,000	539,500	2,194,500	4 YEARS	var.
NCRC TIF BONDS 2010 SERIES B	19,310,000	-	1,405,768	1,405,768	11 YEARS	var.
GRAND TOTAL FOR FY2016	\$ 65,775,848	\$ 3,693,074	\$ 3,163,243	6,856,317		

WATER AND SEWER FUND

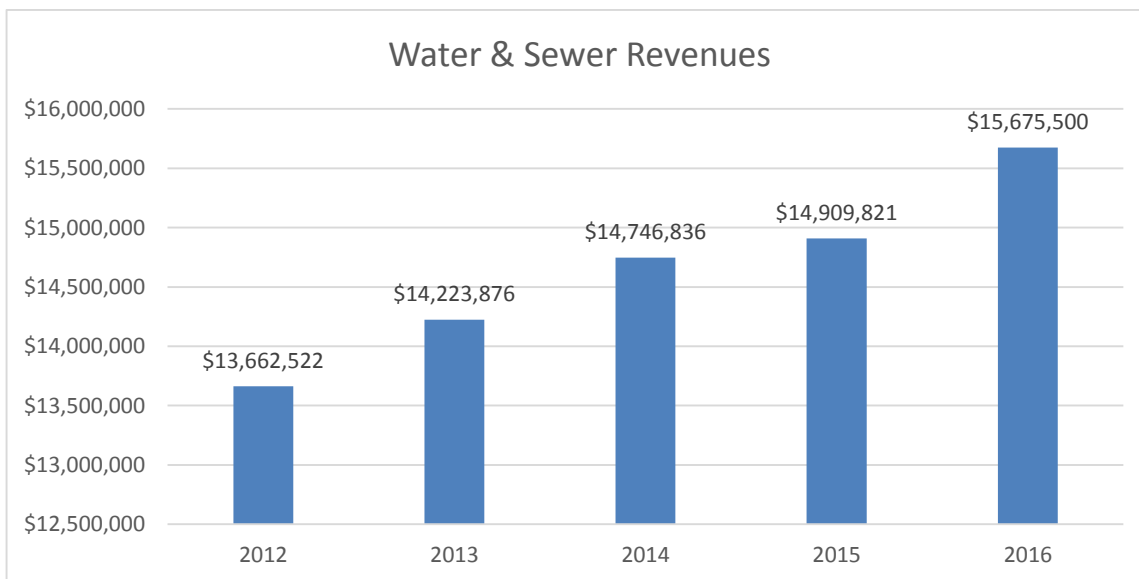
The Water and Sewer Fund (W/S Fund) is the second largest fund with the City. The W/S Fund revenue includes monies collected from charges for water and sewer services, fees, sales tax, and other revenue. This fund includes most of the operating services, such as administration, billing and collection, 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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
CHARGES FOR WATER & SEWER RETAIL	12,300,934	13,585,321	13,585,321	14,265,000	14,265,000
CHARGES FOR WATER & SEWER WHOLESALE	306,819	325,000	325,000	350,000	350,000
TAP FEES	56,960	60,000	60,000	70,000	70,000
CONNECTION FEES	335,930	375,000	375,000	450,000	450,000
RECONNECTION FEES	169,210	165,000	165,000	150,000	150,000
PENALTIES	360,883	385,000	385,000	375,000	375,000
INVESTMENT INCOME	2,851	11,000	11,000	12,000	12,000
OTHER	690,289	-	-	-	-
MISCELLANEOUS REVENUE	-	3,500	3,500	3,500	3,500
TOTAL WATER & SEWER FUND	14,223,876	14,909,821	14,909,821	15,675,500	15,675,500



As shown in the chart above, Water & Sewer revenues have steadily increased over the past five years. The estimated revenues for FY2016 are higher than the revenues for FY 2015 due to some normal growth in the system, as well as the completion of the city's water meter replacement program.

WATER AND SEWER FUND REVENUES: FY2016

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

For FY 16, the water and sewer rates for the City of Kannapolis remain unchanged. Water rates are 20% higher for customers outside the city. Sewer rates are the same both inside City and outside City usage.

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

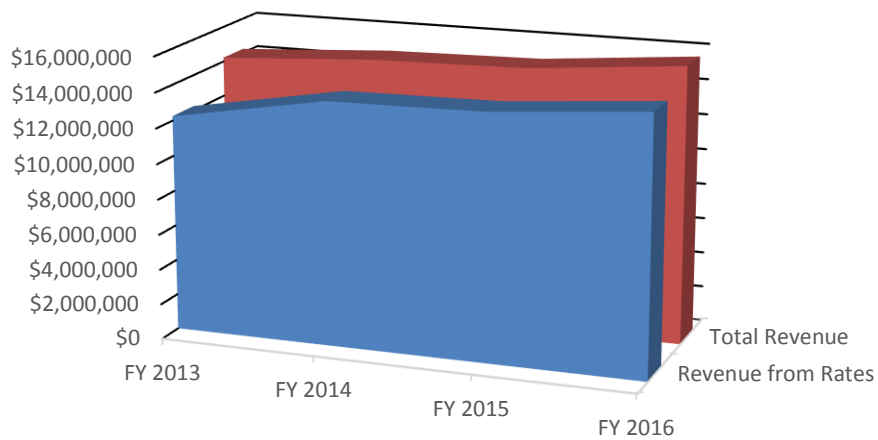
Due to no rate change, the amount to be paid by a City customer at different levels of usage compared to current year is as follows (based on a customer using both water and sewer):

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

	ACTUAL FY2013	ACTUAL FY2014	PROJECTED FY2015	BUDGET FY2016
WATER & SEWER REVENUES FROM RATES	12,250,000	13,796,836	13,910,321	14,615,000
WATER & SEWER TOTAL REVENUES	14,223,876	14,746,836	14,909,821	15,675,500

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 increase implementation gave a moderate increase to total revenues. The Revenue from Rates is further increased in FY 16 by organic growth of customers and the completion of the water meter replacement program. From FY 15 to FY 16, total revenues increased by \$765,679. These funds will be primarily focused on funding the Albemarle Water Line, Irish Buffalo Creek sewer line, and Kannapolis lake intake/clear well improvements.

WATER AND SEWER FUND EXPENDITURES FY2016

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	2,121,711	2,365,706	2,365,706	2,675,524	2,675,524
OPERATING	11,081,775	11,325,886	11,325,886	12,782,476	12,782,476
CAPITAL	1,543,350	1,218,229	1,218,229	217,500	217,500
TOTAL	14,746,836	14,909,821	14,909,821	15,675,500	15,675,500
POSITIONS	45	45	45	45	45

Overall, the Water and Sewer Fund Expenditures have increased \$765,679 or 5.14%. The operating budget increased \$477,247 or 4.37% over previous year. There are no significant changes to services or operations in the Water and Sewer fund. Personnel costs increased \$309,848 or 12.0%.

EXPENSE CATEGORY	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
ADMINISTRATION	-	-	-	-	-
BILLING & COLLECTION	607,388	709,509	709,509	745,644	745,644
DISTRIBUTION	3,317,413	2,612,381	2,612,381	2,810,590	2,810,590
SEWAGE TREATMENT	2,712,919	2,727,984	2,727,984	2,824,500	2,824,500
WATER TREATMENT PLANT	2,334,584	3,021,142	3,021,142	2,927,066	2,927,066
GENERAL MANAGEMENT SERVICES	1,050,000	-	-	1,466,110	1,466,110
TRANSFERS TO FUNDS	850,000	1,850,677	1,850,677	-	-
DEBT SERVICE	3,874,532	3,988,128	3,988,128	4,276,590	4,276,590
TOTAL EXPENDITURES	14,746,836	14,909,821	14,909,821	15,675,500	15,675,500

FISCAL YEAR 2016**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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	387,038	479,659	479,659	517,144	517,144
OPERATING	220,350	229,850	229,850	228,500	228,500
CAPITAL	-	-	-	-	-
TOTAL	607,388	709,509	709,509	745,644	745,644
POSITIONS	7	7	7	8	8

ACCOMPLISHMENTS:

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

PERFORMANCE INDICATORS:

ACTIVITY	FY 2012	FY 2013	FY 2014	FY 2015
Average number of Customer Billings	216,000	216,000	216,000	216,000
Average number of new applications	3,846	3,753	3,898	3,904
Average number of walk-in payment & assistance needed customers	71,516	70,900	71,153	72,577
Average number of bank drafts	15,379	14,218	16,507	17,786
Average number of credit card customers	23,687	20,225	24,500	30,543
Water and Sewer collection percentage	97.3%	97.6%	97.00%	98.00%

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

ACTION PLAN:

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 businesses.
7. Implement Council approved plan for billing rental property owners for storm water fees when properties are vacant.
8. Implement and complete meter change out program offering assistance and guidance to customers regarding schedules and billing changes.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** **\$37,485 Increase (+7.81%)**
- **Operating Expenses:** **\$4,850 Decrease (-2.08%)**
- **Total Budget:** **\$32,635 Increase (+4.58%)**

Increased:

- \$5,000 Postage
- \$1,700 Equipment Rental
- \$1,000 Mailing Services

Reductions/Decreases:

- \$1,500 Printing
- \$2,450 Office Supplies
- \$200 Dues and Subscriptions
- \$5,900 Janitorial Contracts (Moved to General Services)
- \$2,500 Banking Fees

Personnel: No Budget Impact Proposal

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

FISCAL YEAR 2016**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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	1,259,890	1,383,592	1,383,592	1,584,360	1,584,360
OPERATING	802,173	862,829	862,829	1,066,230	1,066,230
CAPITAL	1,255,350	365,960	365,960	160,000	160,000
TOTAL	3,317,413	2,612,381	2,612,381	2,810,590	2,810,590
POSITIONS	28	28	28	28	28

ACCOMPLISHMENTS:

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

PERFORMANCE INDICATORS:

ACTIVITY	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Water Services Installed	35	40	64	46	46
Sewer Services Installed	4	12	12	15	10
Sewer Mains Jet washed (feet)	158,439	231,608	82,213	103,478	117,723
Sewer Main Televised	30,142	34,019	66,065	26,494	60,741

ACTION PLAN:

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

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** **\$200,768 Increase (+14.51%)**
- **Operating Expenses:** **\$60,656 Increase (+23.57%)**
- **Capital Building:** **\$65,000 Increase (+100.00)**
- **Capital Machinery** **\$20,960 Decrease (-18.08)**
- **Capital Improvement:** **\$250,000 Decrease (-100.00%)**
- **Total Budget:** **\$198,209 Increase (+7.59%)**

Increases:

- \$1,100 Postage
- \$800 Medical Expense
- \$13,900 Maintenance and Repair: Lift Stations Replace six (6) telemetric units with SCADA Units
- \$2,500 Maintenance and Repair: Vehicles
- \$4,341 Maintenance and Repair: Water Tank
- \$2,000 Maintenance and Repair: Streets
- \$5,500 Electricity
- \$900 Water and Sewer
- \$2,000 Telephone
- \$1,000 Office Supplies
- \$500 Small Equipment and Tools
- \$110,000 Materials for W&S Services
- \$2,460 Uniforms
- \$60,000 Contracted Services
- \$9,500 Contract-Grounds Maintenance

Decreases:

- \$2,200 Gas Utilities
- \$3,500 Equipment Rental
- \$7,400 Motor Fuel

Includes:

- \$31,200 Replace six (6) telemetric units with SCADA Units completing the switch (44600)
- \$13,000 Purchase snow blower, 18v drill, core drill machine and metal detectors (46200)
- \$110,000 Purchase 200 water meters, Storz connections for fire hydrants (46850)
- \$60,000 Perform I & I study and additional Duke's root control for Royal Oaks Area (48000)

Capital:

- \$65,000 Fuel Tank Storage

-
- \$95,000 Replace Pump Station Crew Truck, F-550

Eliminated from Consideration:

- N/A

Personnel:

- Funded: Twenty-Eight (28)

FISCAL YEAR 2016**DEPARTMENT: WATER AND SEWER****PROGRAM: Filter Plant****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	474,783	502,455	502,455	574,020	574,020
OPERATING	1,571,801	1,666,418	1,666,418	2,295,546	2,295,546
CAPITAL	288,000	852,269	852,269	57,500	57,500
TOTAL	2,334,584	3,021,142	3,021,142	2,927,066	2,927,066
POSITIONS	10	10	10	10	10

ACCOMPLISHMENTS:

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

PERFORMANCE INDICATORS:

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

*MGD = million gallons per day

ACTION PLAN:

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

- b. Continue State approved sampling plan by scheduling routine collection and testing of 50 samples monthly throughout the distribution system for chlorine residual and bacteria.
 - c. Continue annual testing of raw finished water for approximately 150 organic and inorganic chemical compounds.
 - d. Submit monthly reporting to the NC Department of Environmental Resources, Water Supply Division.
2. Continue to produce annual drinking water consumer confidence report and distribute report to all consumers, citizens, press and regulatory agencies.
 3. Continue City-wide flushing program for distribution water quality.
 4. Comply with all water quality standards with no violations.
 5. Continue training two new operators that came on staff in 2015.
 6. Oversee installation of new intake structure improvements.
 7. Oversee installation and construction of clearwell improvements.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** **\$71,595 Increase (+14.25%)**
- **Operating Expenses:** **\$629,128 Increase (+37.75%)**
- **Capital Machinery:** **\$194,769 Decrease (-77.21%)**
- **Capital Infrastructure:** **\$600,000 Decrease (-100.00%)**
- **Total Budget:** **\$94,046 Decrease (-3.11%)**

Increases:

- \$1,000 Medical Expenses
- \$7,000 Maintenance and Repair: Buildings and Grounds
- \$85,000 Maintenance and Repair: Equipment
- \$51,000 Electricity
- \$4,380 Telephone
- \$1,500 Equipment Rental
- \$529,490 Bulk Water Purchases – Albemarle Water Line – Total H2O purchase of \$1,159,000
- \$3,500 Travel and Training

Reductions/Decreases:

- \$7,000 Advertising
- \$1,000 Maintenance and Repair: Vehicles
- \$5,845 Motor Fuel
- \$1,225 Dues and Subscriptions
- \$28,500 Chemicals
- \$732 Uniforms
- \$3,240 Janitorial Contracts (moved to General Services)
- \$5,900 Contracts-Grounds Maintenance

Capital Machinery:

- \$30,000 Filter Backwash Turbidimeters
- \$27,500 Replace WTP-1

Personnel:

- Funded: Ten (10)

Items of Note:

- \$8,000 Replace two safety gates
- \$45,000 Replace roofs on chemical buildings and pump stations
- \$25,000 Purchase/Install new finished water flow meter into the Kannapolis system
- Next to last year purchasing water from the City of Salisbury.

FISCAL YEAR 2016**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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	-	-	-	-	-
OPERATING	2,712,919	2,727,984	2,727,984	2,824,500	2,824,500
CAPITAL		-	-	-	-
TOTAL	2,712,919	2,727,984	2,727,984	2,824,500	2,824,500
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

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

ACTION PLAN:

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** N/A
- **Operating Expenses:** **\$96,516 Increase (+3.54%)**
- **Total Budget:** **\$96,516 Increase (+3.54%)**

Increases:

- \$100,000 Sewage Treatment Variable
- \$96 Treatment Fixed Rate
- \$170 Interceptor Fixed Rate
- \$750 Capital Assessments
- \$5,500 Concord Northlite Sewer

Decreases:

- \$10,000 Sewage Treatment Interceptor Variable Rate

Items of Interest:

- WSACC rate increase of 5%; no rate increase in the last 10 years
- **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 1,290,000,000 gallons @ WSACC rate of \$1.294/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 1,290,000,000 gallons @ WSACC rate of \$0.164/thousand gallons.

No other significant charges are included.

FISCAL YEAR 2016**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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	-	-	-	-	-
OPERATING	1,050,000	1,102,500	1,102,500	1,466,110	1,466,110
CAPITAL		-	-	-	-
TOTAL	1,050,000	1,102,500	1,102,500	1,466,110	1,466,110
POSITIONS	0	0	0	0	0

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:**Increase:**

- **\$363,610 General Management Services**

Items of Interest:

- \$1,466,110 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.

No other significant changes are included.

FISCAL YEAR 2016

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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
DEBT SERVICE	3,874,532	3,988,128	3,988,128	4,276,590	4,276,590
TOTAL	3,874,532	3,988,128	3,988,128	4,276,590	4,276,590
POSITIONS	0	0	0	0	0

THE WATER AND SEWER DEBT IS AS FOLLOWS:

	BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	REMAINING TERM	INTEREST RATE
BB&T	\$ 841,805	\$ 76,528	\$ 32,931	\$ 109,459	12 YEARS	2.22%
2011 Equipment						
BB&T	\$ 108,500	\$ 86,800	\$ 1,686	\$ 88,486	2 YEAR	2.22%
Sewer Line Refinancing						
2011 REVENUE BONDS	\$ 12,226,200	\$ 1,050,100	\$ 348,447	\$ 1,398,547	10 YEARS	2.85%
FOR WATER SYSTEM						
2002 REVENUE BONDS	\$ 1,323,958	\$ 424,430	\$ 47,414	\$ 471,844	3 YEARS	3.89%
FOR WATER & SEWER LINES						
PNC BANK	\$ 536,433	\$ 76,633	\$ 21,940	\$ 98,573	7 YEARS	4.09%
NC RESEARCH CAMPUS WATER						
PNC BANK	\$ 440,710	\$ 48,670	\$ 14,917	\$ 63,587	8 YEARS	3.81%
AFTON RUN SEWER						
PNC	\$ 578,082	\$ 78,816	\$ 11,021	\$ 89,837	8 YEARS	3.87%
KANNAPOLIS PARKWAY WATER						
STATE REVOLVING LOAN	\$ 257,918	\$ 15,172	\$ 6,396	\$ 21,568	12 YEARS	2.48%
2ND CREEK PUMP STATION						
2013 REVENUE BONDS	\$ 17,775,000	\$ 485,000	\$ 752,362	\$ 1,237,362	20 YEARS	Var.
TOTAL FOR FY2015	\$ 34,009,792	\$ 2,340,959	\$ 1,235,699	\$ 3,576,658		

- \$288,462 Increase (+7.23%).
 - Bond Principal \$2,641,000
 - Bond Interest \$1,563,000
 - Debt Issuance Cost \$99,590

STORMWATER FUND

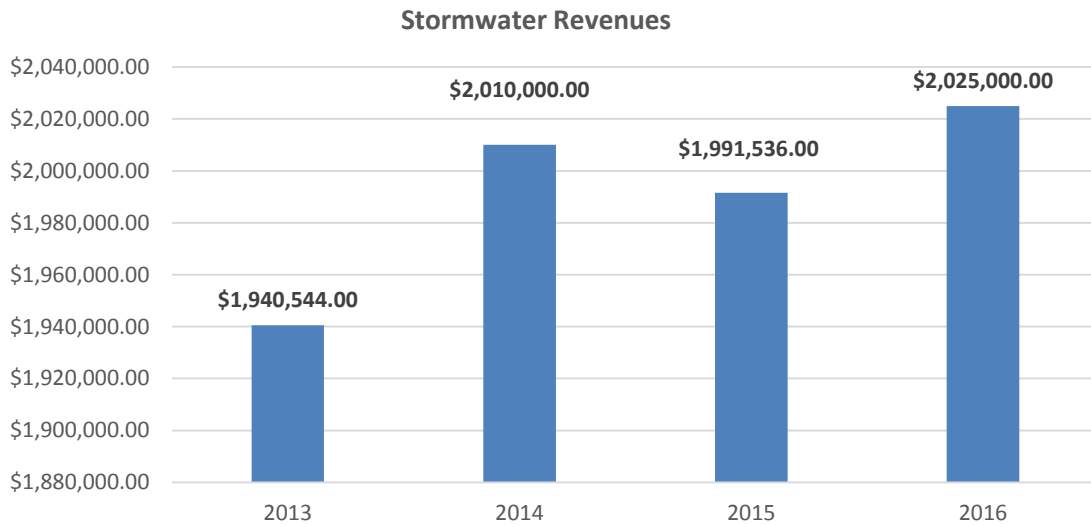
The Stormwater Fund is the third largest fund. Revenue includes monies collected from monthly fees charged to each citizen based on the amount of impervious area on their property. Generally residential customers pay a fixed fee based on predetermined limits on square footage of these impervious areas 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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
CHARGES FOR SERVICES	1,760,000	1,866,536	1,866,536	2,025,000	2,025,000
INTEREST ON INVESTMENTS	-	-	-	-	-
MISCELLANEOUS REVENUE	-	-	-	-	-
TRANSFER FROM GENERAL FUND	-	-	-	-	-
TRANSFER FROM WATER AND SEWER FUND	250,000	125,000	125,000	-	-
FUND BALANCE APPROPRIATION	-	-	-	-	-
TOTAL STORMWATER FUND	2,010,000	1,991,536	1,991,536	2,025,000	2,025,000

The Stormwater Fund Balance at June 30, 2015, is expected to be \$743,682.



As shown in the chart above, Stormwater revenues have remained steady. The estimated revenues for FY2016 are slightly higher than the revenues for FY 2015.

FISCAL YEAR 2016**DEPARTMENT: STORMWATER****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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	563,792	566,246	566,246	629,560	629,560
OPERATING	1,446,208	1,368,590	1,368,590	1,395,440	1,395,440
CAPITAL	-	56,700	56,700	-	-
TOTAL	2,010,000	1,991,536	1,991,536	2,025,000	2,025,000
POSITIONS	13	13	13	13	13

ACCOMPLISHMENTS:

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

PERFORMANCE INDICATORS:

ACTIVITY	FY2011	FY2012	FY 2013	FY 2014/15
Miles of ditches and shoulders cleared annually	4	4.5	7.8	3.9
Linear feet of drainage culvert hydraulically cleaned	1,497	1,700	1,000	871
Storm drainage structures constructed annually	31	45	46	16
Number of stormwater complaints resolved within 30 days	593	492	655	632
Miles of Streets swept	-	-	-	520

ACTION PLAN:

1. Continue emphasis on customer service through efficient planning and execution of activities in the core areas of the stormwater program.
 - a. The core areas of focus are maintaining water quality, public education and protecting the City infrastructure.
2. We are required by the Phase II permit to have in place six (6) minimum measures.
 - a. Public education and outreach
 - b. Public participation/involvement
 - c. Illicit discharge detection and elimination
 - d. Construction site runoff control
 - e. Post-construction runoff control

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** \$63,314 Increase (+11.18%)
- **Operating Expenses:** \$7,159 Decrease (-1.44%)
- **Total Budget:** \$33,464 Increase (+1.68%)

Increases:

- \$100 Postage
- \$200 Medical Expenses
- \$10,688 Maintenance & Repair – Equipment
- \$1,000 Office Supplies
- \$1,925 Small Equipment & Tools
- \$805 Uniforms

Decreases:

- \$585 Maintenance & Repair - Vehicles
- \$11,292 Motor Fuel
- \$10,000 Consultants

Capital

- N/A

Eliminated from Consideration:

- N/A

Items of Interest:

- An \$.80 Stormwater Fee Increase
- ERU = Equivalent Residential Unit

Tier	FY2015	FY2016
1	\$3.90	\$4.50
2	\$5.20	\$6.00
3	\$6.50	\$7.50
Commercial	\$5.20/per ERU	\$6.00/per ERU

- \$57,500 Phase II NPDES permit

-
- \$57,500 Stormwater monitoring program
 - \$213,000 General Management Services Fee to General Fund.
 - \$110,000 Allocated for Repair and Maintenance of Streets and Ditches

Personnel: Funded Positions: Thirteen (13)

ENVIRONMENTAL FUND

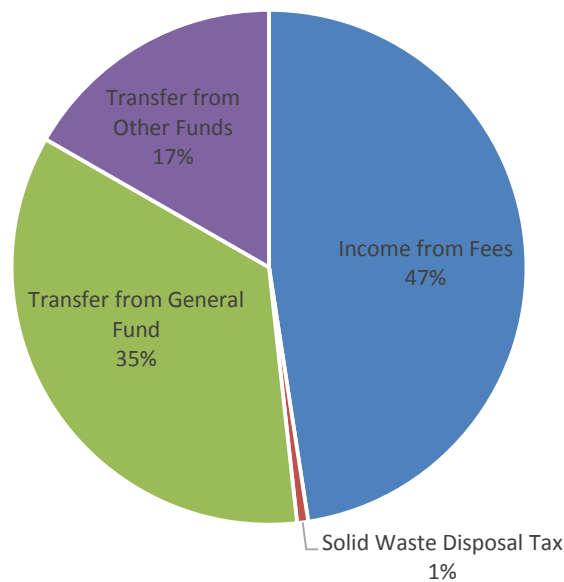
City Council approved a new recycling program in March 2011, which started on July 1, 2011. The fund consists of monies collected from the monthly user fee that all residents must pay, and revenue collected from the Sonoco Facility for material deposited at their facility. To ensure the success of the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

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

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

REVENUES	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
INCOME FROM FEES	1,290,000	1,616,000	1,616,000	1,778,370	1,778,370
SOLID WASTE DISPOSAL TAX	-	26,000	26,000	28,500	28,500
INVESTMENT INCOME	-	-	-	-	-
OTHER	-	-	-	-	-
TRANSFER FROM GENERAL FUND	1,670,000	1,300,000	1,300,000	1,309,825	1,309,825
TRANSFER FROM OTHER FUNDS	600,000	623,177	623,177	625,000	625,000
MISCELLANEOUS REVENUE	-	-	-	-	-
TOTAL ENVIRONMENTAL FUND	3,560,000	3,565,177	3,565,177	3,741,695	3,741,695

Environmental Fund Revenue



For a third year, a major portion of the anticipated budget for the Environmental Fund will be from user fees, which is a monthly \$9.35 fee (assumed from 17,000 users), which includes solid waste, yard waste, and recycling curbside pickup. The collection of solid waste and recyclables is handled by Waste Management and all recyclables collected are deposited at Sonoco Recycling, Inc.'s facility located in Charlotte, NC.

**ENVIRONMENTAL FUND EXPENDITURES FY2016
BUDGET & STAFFING SUMMARY**

EXPENSE CATEGORY	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	50,549	51,848	51,848	59,483	59,483
OPERATING	3,333,522	3,337,400	3,337,400	3,506,284	3,506,284
DEBT SERVICE	175,929	175,929	175,929	175,928	175,928
CAPITAL	-	-	-	-	-
TOTAL	3,560,000	3,565,177	3,565,177	3,741,695	3,741,695
POSITIONS	1	1	1	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.

ACCOMPLISHMENTS: RECYCLE

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

PERFORMANCE INDICATORS:

ACTIVITY	FY2012	FY2013	FY2014	FY2015
Residential Customers served	6,801	16,801	16,869	17,261
Commercial Customers served	-	-	-	54
Tons Recycled	3,044.95	2,873.24	2,429.46	2,181.62 (3/15)
Average Participation	73.25%	78.35%	77.30 %	78.15%

ACTION PLAN: RECYCLE

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

4. Increase multilingual education and outreach in areas with low participation
5. Continue to monitor the performance of the recycling contractor to ensure quality of service in accordance with the contract.

ACCOMPLISHMENTS: Solid Waste-Residential

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

ACTION PLAN: Solid Waste-Residential

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

ACCOMPLISHMENTS: Yard Waste

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

ACTION PLAN: Yard Waste

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** **\$1,299 Increase (+2.6%)**
- **Operating Expenses:** **\$3,878 Increase (+0.12%)**
- **Total Budget:** **\$5,177 Increase (+0.2%)**

Increases:

- \$72,884 Container Purchases
- \$13,000 Landfill
- \$22,100 Contracted Services – Yard Waste - CPI 1.36%
- \$5,700 Contracted Services – Recycling - CPI: 1.36%
 - \$29,000 is allotted for schools.
- \$85,000 Contract Services – Solid Waste - CPI: 1.36%

Decreases:

- \$19,900 Bulk Containers
- \$10,000 Outreach Educational Programs

Items of Interest:

- The City is proposing no increase in the household solid waste fee maintaining the fee at \$9.35 per house per month.

- By way of comparison, the elimination of all transfers into the environmental fund would require a monthly household rate of \$19.92 per month.
- Includes \$175,929 Debt Service Payment on Recycling Carts – This is the last year of this debt service payment.
- The City conducted a housing survey in conjunction with Waste Management in 2014. As a result of that housing survey, the number of billing units dropped from 17,100 to 16,789. So while unit costs are increasing for each service. Some overall service costs are decreasing.
- Tipping fees are increasing for FY16 to \$36.54 / ton due to CPI increase of 1.125%.
- Our current Waste Management Contract is as follows (Equates to \$13.22 per household per month):
 - Recycling Contract \$1.91 per household
 - Garbage Collection \$5.66 per household
 - Yard Waste Collection \$4.05 per household
 - Residential Bulk Service \$1.60 per household

Eliminated From Consideration:

- N/A

Capital Outlay: N/A

Personnel:

- One (1)

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 FY2016 Transit System Fund Budget is \$478,200. This is the Fourteenth year this fund has existed. This year it will be funded from a combination of revenues from the dedicated Vehicle License Tax and the General Fund.

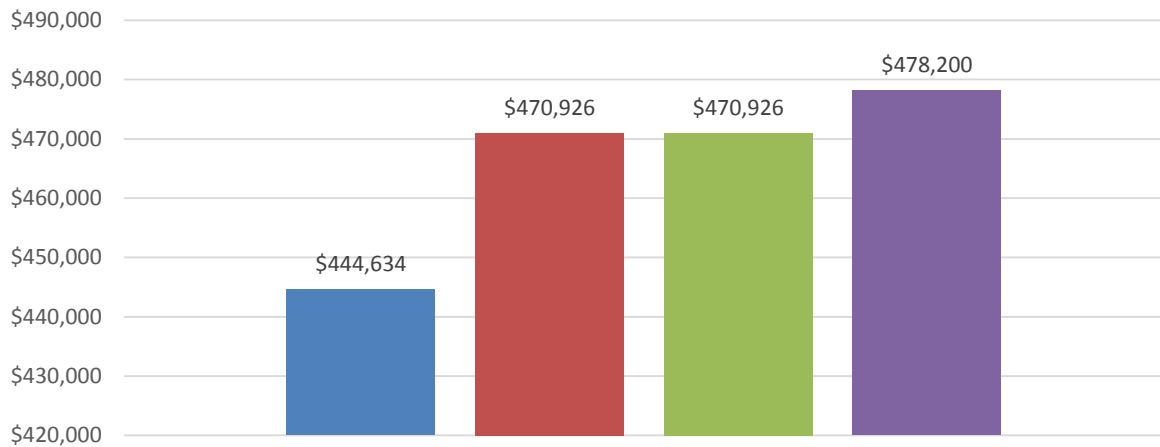
City Council has adopted a formal inter-local agreement with the City of Concord to establish a jointly supported Urban Area Transit System for our two cities. The largest part of this entire initiative would be funded by the State and Federal governments. In FY2016, the City's share of total system costs is based on an estimated total cost to operate the entire bus system of \$3,108,124.52. The FY 2016 City's share of total system costs based upon the total cost share between Concord and Kannapolis is \$478,200.

TRANSIT FUND REVENUES

CITY OF KANNAPOLIS REVENUE DETAIL ANALYSIS TRANSIT FUND

REVENUES	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
VEHICLE LICENSE TAX	159,370	163,000	163,000	163,000	163,000
INTEREST ON INVESTMENTS	-	-	-	-	-
TRANSFER FROM GENERAL FUND	285,264	307,926	307,926	315,200	315,200
TOTAL TRANSIT FUND	444,634	470,926	470,926	478,200	478,200

TRANSIT FUND REVENUES



The chart above shows revenues have risen over the past three years. Additional routes have been added with the most significant being a route to Landis, China Grove, and Salisbury to the north of Kannapolis. For FY16, the estimated revenues is \$7,274 more than FY15.

FISCAL YEAR 2016**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 FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	-	-	-	-	-
OPERATING	470,926	470,926	470,926	478,200	478,200
CAPITAL	-	-	-	-	-
TOTAL	470,926	470,926	470,926	478,200	478,200
POSITIONS	0	0	0	0	0

PROJECTED RIDER LOCAL OPERATING EXPENDITURES FY2016:

	CITY OF CONCORD	CITY OF KANNAPOLIS	
Operations, including Saturday	577,213	348,396	Generally fixed - Depends on Fare box Revenue
Administration, Marketing & Planning	75,000	75,000	Generally fixed for year
Transit Center	-	-	To be determined (could increase)
Capital	54,804	54,804	Determined by needs
Vehicle Tax (<i>less</i>)	(310,000)	(163,000)	
TOTALS	397,017	315,200	

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$7,274 Increase (+2.36%)
- **Total Budget:** \$7,274 Increase (+2.36%)

Points of Interest:

- 65% Concord and 35% Kannapolis Split
- \$478,200 Budgeted. 1.54% increase over FY 15
- \$7,500 Cost share for Rowan Express is included
- The budget includes \$163,000 in revenue from a \$5.00 vehicle tax (restricted to transit).
- Includes a \$315,200 Transfer from General Fund.
- 100% of expenditures are for the Kannapolis share of operating costs of the Transit System. All operating funds are administered by the City of Concord as the lead agency.
- All capital costs (buses, transfer hub, etc.) will be borne by the Federal Transit Administration with the 10% local match by the City of Concord.
- The FY 16 Budget includes:
 - Transit Planner position: \$ 54,087
 - ADA Paratransit Services: \$ 110,000
 - Sunday Service Ops: \$ 243,691
 - 1% Security \$ 16,220

SEPARATION PAY FUND

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

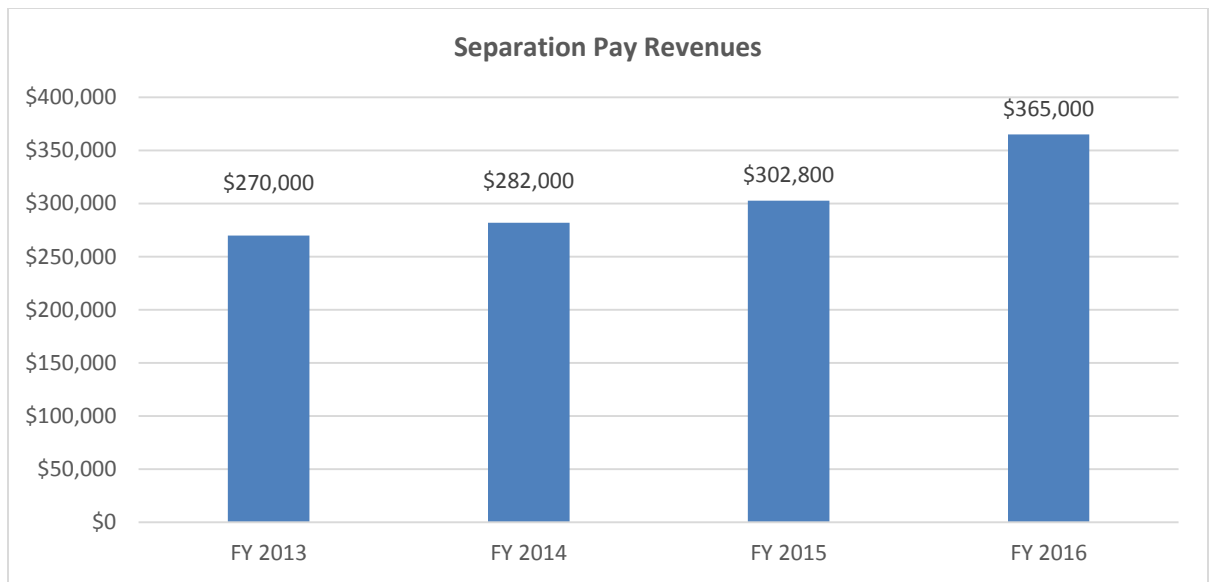
The City's normal contribution to the separation pay fund is based on actuarial reports as of December 31 of each year. The City chose to make a transfer from the General Fund for FY2013 in the amount of \$270,000. The city has also chosen to make a transfer for FY2014 in the amount of \$282,000. Budgeted payments from the plan are for an estimated net increase of four (4) retired City employees during FY2016. These retirees will continue to receive this benefit until age 62. Budgeted payments amount to \$365,000 for FY 2016. The large increase in FY 16 is due to the city budgeting for FICA. FICA has been paid in the past, but not budgeted.

The Basis of Accounting for the Separation Allowance is the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the City has made formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan. Fund Balance is projected to be \$449,263 at June 30, 2014. None of this Fund Balance is budgeted to be used in FY2016.

SEPARATION PAY FUND REVENUES

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

REVENUES	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
TRANSFER FROM GENERAL FUND	270,000	302,800	302,800	365,000	365,000
INTEREST ON INVESTMENTS	-	-	-	-	-
FUND BALANCE APPROPRIATION	-	-	-	-	-
TOTAL SEPARATION PAY FUND	270,000	302,800	302,800	365,000	365,000



FISCAL YEAR 2016**DEPARTMENT: SEPARATION PAY****PROGRAM: SEPARATION PAY****MISSION STATEMENT:****BUDGET & STAFFING SUMMARY**

EXPENSE CATEGORY	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	282,000	302,800	302,800	365,000	365,000
OPERATING	-	-	-	-	-
CAPITAL	-	-	-	-	-
TOTAL	282,000	302,800	302,800	365,000	365,000
POSITIONS	28	26	26	28	28

ACCOMPLISHMENTS:

1. Handled benefits for 26 retirees during FY2015.
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: \$62,200 Increase (+20.54%)**
- **Operating Expenses: N/A**
- **Total Budget: \$62,200 Increase (+20.54%)**

Points of Interest:

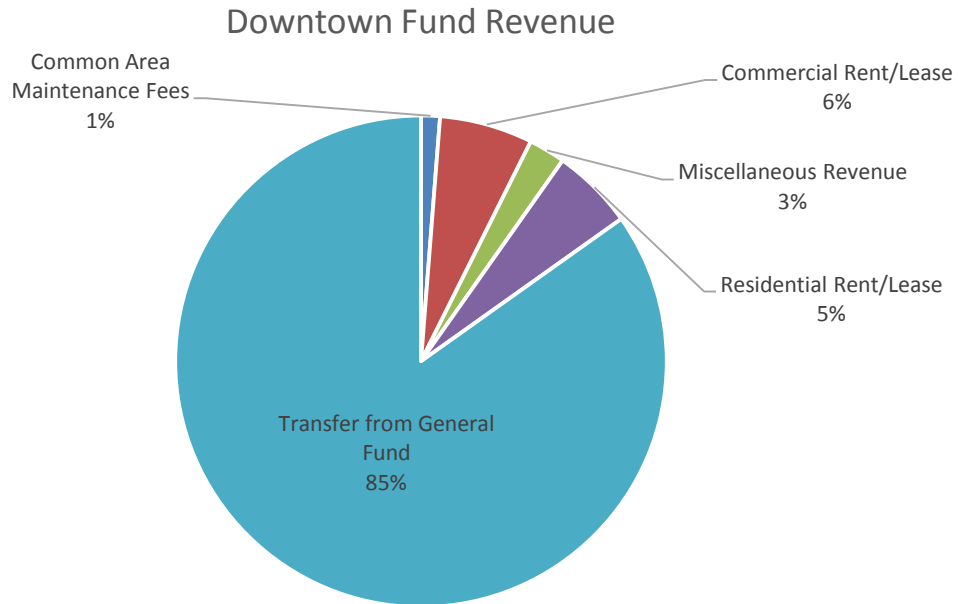
- \$62,200 Increase (+20.54%)
- Includes a full \$365,000 transfer from the General Fund
- The budget assumes there will be a net increase of four (4) employees projected to retire at various times during the year in FY 16.
- The Separation Pay benefit is a supplemental benefit to retirees of the City who have not yet reached 62 years of age. This benefit ends when the employee reaches age 62.

DOWNTOWN FUND

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

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

REVENUES	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
COMMON AREA MAINTENANCE FEES	-	-	-	15,000	15,000
COMMERCIAL RENT/LEASE	-	-	-	740,000	740,000
RESIDENTIAL RENT/LEASE	-	-	-	65,000	65,000
MISCELLANEOUS REVENUE	-	-	-	29,000	29,000
TRANSFER FROM GENERAL FUND	-	-	-	1,023,825	1,023,825
TOTAL DOWNTOWN FUND	-	-	-	1,872,825	1,872,825



The largest revenue source for FY 16 will be a transfer from General Fund. The General Fund transfer covers the debt service for the purchase of the property. The remaining revenue comes from built in revenue sources.

**DOWNTOWN FUND EXPENDITURES FY2016
BUDGET & STAFFING SUMMARY**

EXPENSE CATEGORY	ACTUAL FY2014	BUDGET FY2015	PROJECTED FY2015	MANAGER PROPOSED FY2016	ADOPTED FY2016
PERSONNEL	-	-	-	-	-
OPERATING	-	-	-	962,825	962,825
DEBT SERVICE	-	-	-	910,000	910,000
CAPITAL	-	-	-	-	-
TOTAL	-	-	-	1,872,825	1,872,825
POSITIONS	-	-	-	-	-

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$962,825 Increase (+100.00%)
- **Total Budget:** \$1,872,825 Increase (+100.00%)

Items of Interest:

- \$25,000 NC Music Hall of Fame
- \$15,000 Downtown Kannapolis, Inc.
- \$328,025 Contract-Property Management
- \$100,000 Jiggy with the Piggy
- \$85,000 Asset Management fee for Redevelopment Services
- \$220,000 Property Management fee for Day to Day Oversight

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, as a result of the downtown purchase, 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 completion of the Albemarle Water Line and the new City Hall/Police Headquarters Building completing construction in early 2016.

**CAPITAL OUTLAY SUMMARY
ONGOING CAPITAL PROJECTS**

Dept.	Project	Primary Funding Source	Capital Costs	Impact on Future Budgets	Amount included in FY2016 Annual Budget
Administrative	City Hall and Police Headquarters	Special Obligation Bonds	\$31,306,931	Annual Debt Service-Utility cost increases-FY 16 Budget includes major increasing in the General Services to cover the maintenance of this Capital Project.	1,679,056
Parks & Recreation	Irish Buffalo Creek Greenway	Debt Financing	\$144,524	Annual Debt Service-Increases in personnel for upkeep and maintenance of project.	\$0
Water and Sewer	Albamarle Water Line	Revenue Bonds	\$17,775,000	Annual Debt Service-Personnel and material cost for maintenance and repair of the water line.	\$1,237,363
Streets	Highway 73 Sidewalk	Cash/Grant	\$80,000	None	\$0
Streets	Little Texas Rd. Sidewalk	Cash/Grant	204,000	None	\$0
Community Development	Pine Street	Grants	\$3,100,294	None-	\$0
Streets	Oakwood Avenue	Cash/Grants	\$820,000	None	\$0

**FISCAL YEAR 2016
GRANT PROJECTS**

Dept.	Project	Primary Funding Source	Project Budget	Impact on Future Budgets	Amount included in FY2016 Annual Budget
Community Development	Home Program 2011	US Dept. of Housing and Urban Development (HUD)	32,285 funds remaining	None, these funds will be used to provide transitional housing, down payment assistance, and rehabilitation expenses.	A Grant Project Ordinance was adopted by City Council for this project. No annually budgeted funds are used
Community Development	Home Program 2012	US Dept. of Housing & Urban Development (HUD)	0 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	Home Program 2013	US Dept. of Housing & Urban Development (HUD)	43,599 funds remaining	None, these funds will be used to provide transitional housing.	A Grant Project Ordinance was adopted by City Council for this project. No annually budgeted funds are used
Community Development	Community Development Block 2011	US Dept. of Housing & Urban Development (HUD)	0 funds remaining	These funds are to be used for Park improvements, supplements to non-profit public service organizations, and urgent repair	A Grant Project Ordinance was adopted by City Council for this project. No annually budgeted funds are used
Community Development	Community Development Block 2012	US Dept. of Housing & Urban Development (HUD)	56,400 funds remaining	These funds are to be used for Park improvements, supplements to non-profit public service organizations, and urgent repair	A Grant Project Ordinance was adopted by City Council for this project. No annually budgeted funds are used
Community Development	Community Development Block 2013	US Dept. of Housing & Urban Development (HUD)	31,600 funds remaining	These funds are to be used for Park improvements, supplements to non-profit public service organizations, and urgent repair	A Grant Project Ordinance was adopted by City Council for this project. No annually budgeted funds are used
Community Development	James Street Area Plan	Smith Reynolds Foundation Grant	19,464 funds remaining	These funds are being used to formulate a plan for improvements for the James Street area	A Grant Project Ordinance was adopted by City Council for this project.

FINANCIAL FORECAST AND CAPITAL IMPROVEMENT PLAN

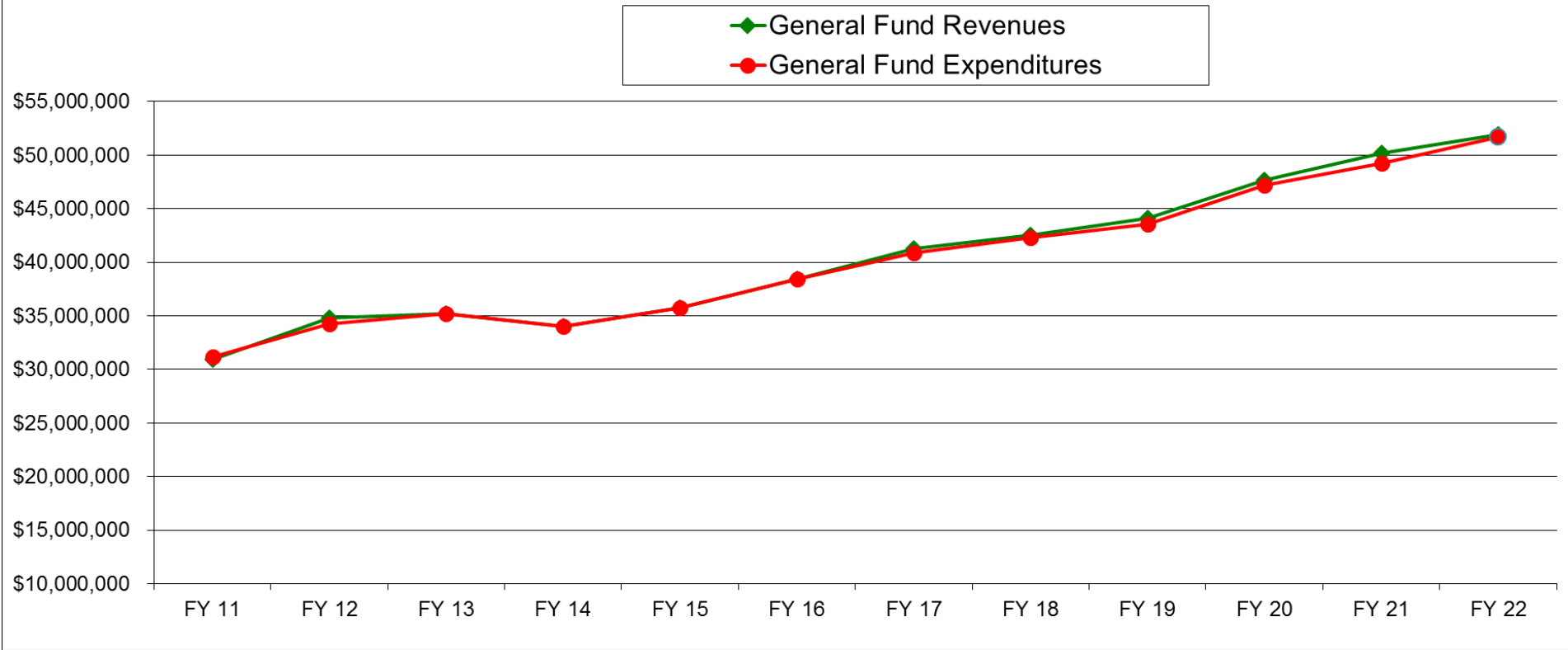
The following pages outline the City's Financial Forecasting Model for each fund as well as the Capital Improvement Plan. The Financial Forecasting Model enables the City to project future revenues and expenditures for years ahead to analyze the impact of rate adjustments over a period of time. Currently this fiscal year, the City of Kannapolis imposed a .03 cents rate adjustment for property taxes, which is now \$0.63 per \$100 assessed valuation. The City is projecting no rate adjustment for FY 2017. As for the Enterprise Funds, the Stormwater Fund experienced a rate increase for FY 2016, making the fund completely self-sufficient. In keeping with the 10 year Financial Plan, there are water and sewer rate increases planned for FY 2017. For the Environmental Fund, per the 10 year financial plan, no increase in the household solid waste fee for FY 2016. Rate adjustments of \$2.50 are also in place for FY 2017, 2019 and 2021.

The Capital Improvement Plan in the pages to follow show the capital projects that will take place this fiscal year and upcoming fiscal years in the City. The General Fund has several capital projects that are included as part of the 10 year Capital Improvement Plan, such as: debt service for the new Municipal Building/Police Headquarters, local match for NCDOT sidewalk projects and the replacement of various equipment across the City. Several smaller capital projects are included in the FY 2016 Water and Sewer plan. Some of these projects include: telemetry system upgrades, chemical building roof replacement, and various equipment replacements and purchases. As for the Stormwater Fund, there are no new stormwater capital improvement projects planned for FY 2016. The next major capital improvement project is scheduled for FY 2019.

General Fund Summary

General Fund Revenues	Actual FY 11	Actual FY 12	Actual FY 13	Estimated FY 14	Unaudited FY 15	Budget 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	\$17,800,491	\$18,076,980	\$18,572,368	\$18,842,768	\$20,642,940	\$22,327,800	\$24,204,883	\$24,935,246	\$25,886,128	\$27,177,531	\$30,766,073	\$31,833,903
2 Vehicle Tax	\$325,848	\$324,356	\$318,830	\$300,000	\$306,000	\$315,000	\$324,450	\$335,806	\$349,238	\$364,954	\$383,201	\$402,361
3 Prior Years Collections	\$435,235	\$523,144	\$380,309	\$335,000	\$343,375	\$375,000	\$384,375	\$393,984	\$403,834	\$413,930	\$424,278	\$434,885
4 Local Option Sales Tax	\$5,218,704	\$5,697,969	\$6,212,206	\$6,153,000	\$6,490,000	\$6,900,000	\$7,210,500	\$7,534,973	\$7,874,046	\$8,228,378	\$8,598,655	\$8,985,595
7 Franchise Tax	\$1,766,434	\$1,738,421	\$1,785,595	\$1,750,000	\$1,800,000	\$1,895,000	\$2,400,000	\$2,460,000	\$2,521,500	\$2,584,538	\$2,649,151	\$2,715,380
8 Beer and Wine Tax	\$197,852	\$185,562	\$174,180	\$195,000	\$185,000	\$200,000	\$210,000	\$220,500	\$231,525	\$243,101	\$255,256	\$268,019
9 Cable Franchise Fee	\$63,557	\$86,807	\$54,925	\$50,000	\$50,000	\$55,000	\$55,550	\$56,106	\$56,667	\$57,233	\$57,806	\$58,384
10 Privilege Licenses	\$204,184	\$220,915	\$283,830	\$220,000	\$84,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11 Powell Bill	\$1,223,679	\$1,210,432	\$1,244,815	\$1,249,000	\$1,265,000	\$1,251,500	\$1,264,015	\$1,276,655	\$1,289,422	\$1,302,316	\$1,315,339	\$1,328,492
13 Zoning Fees	\$39,739	\$20,589	\$104,021	\$75,000	\$125,000	\$110,000	\$115,500	\$121,275	\$127,339	\$133,706	\$140,391	\$147,411
14 Permits and Fees	\$106,727	\$83,580	\$80,259	\$77,000	\$66,000	\$73,000	\$76,650	\$80,483	\$84,507	\$88,732	\$93,169	\$97,827
15 Recreation Fees	\$177,814	\$187,781	\$284,355	\$260,000	\$265,000	\$290,000	\$297,250	\$304,681	\$312,298	\$320,106	\$328,108	\$336,311
17 Investment earnings	\$19,276	\$5,039	\$104,432	\$105,000	\$105,000	\$120,000	\$121,200	\$122,412	\$123,636	\$1,774,872	\$112,574	\$113,700
18 Other general revenues	\$3,339,363	\$6,083,281	\$4,428,285	\$3,162,540	\$2,942,832	\$2,803,573	\$2,831,609	\$2,859,925	\$2,888,524	\$2,917,409	\$2,946,583	\$2,976,049
19 Transfer from other funds	\$0	\$347,960	\$1,187,828	\$1,247,219	\$1,102,500	\$1,679,140	\$1,761,261	\$1,847,105	\$1,937,153	\$2,031,611	\$2,130,696	\$2,234,636
Total Revenues	\$30,918,903	\$34,792,816	\$35,216,238	\$34,021,527	\$35,772,647	\$38,395,013	\$41,257,243	\$42,549,150	\$44,085,816	\$47,638,417	\$50,201,281	\$51,932,953
General Fund Expenditures	Actual FY 11	Budgeted FY 12	Actual FY 13	Estimated FY 14	Unaudited FY 15	Budget FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
Personnel	\$14,402,426	\$12,341,263	\$15,596,132	\$16,120,033	\$14,597,319	\$17,527,585	\$18,603,964	\$19,534,162	\$20,710,871	\$21,746,414	\$23,033,735	\$24,185,422
Operations	\$13,398,720	\$13,941,025	\$8,934,461	\$9,711,503	\$11,231,783	\$9,749,770	\$10,212,884	\$10,697,996	\$11,206,151	\$11,738,443	\$12,296,019	\$12,880,080
Debt Service	\$3,084,278	\$4,141,102	\$5,613,187	\$5,159,562	\$7,288,721	\$8,103,808	\$10,074,756	\$10,080,556	\$9,928,564	\$11,930,837	\$12,359,580	\$13,037,596
Transfer to Other Funds	\$0	\$290,960	\$1,685,263	\$2,255,789	\$1,933,264	\$3,013,850	\$1,953,860	\$1,958,208	\$1,688,383	\$1,764,428	\$1,526,384	\$1,618,323
Capital	\$249,611	\$3,510,849	\$3,356,989	\$774,640	\$721,560	\$9,044,600	\$10,372,100	\$4,205,927	\$1,851,286	\$1,557,267	\$6,127,659	\$6,905,108
Total Expenditures	\$31,135,035	\$34,225,199	\$35,186,032	\$34,021,527	\$35,772,647	\$38,395,013	\$40,845,464	\$42,270,923	\$43,533,968	\$47,180,122	\$49,215,718	\$51,721,421
Revenue over Expenses	(\$216,132)	\$567,617	\$30,206	\$0	\$0	\$0	\$411,778	\$278,227	\$551,848	\$458,295	\$985,563	\$211,532

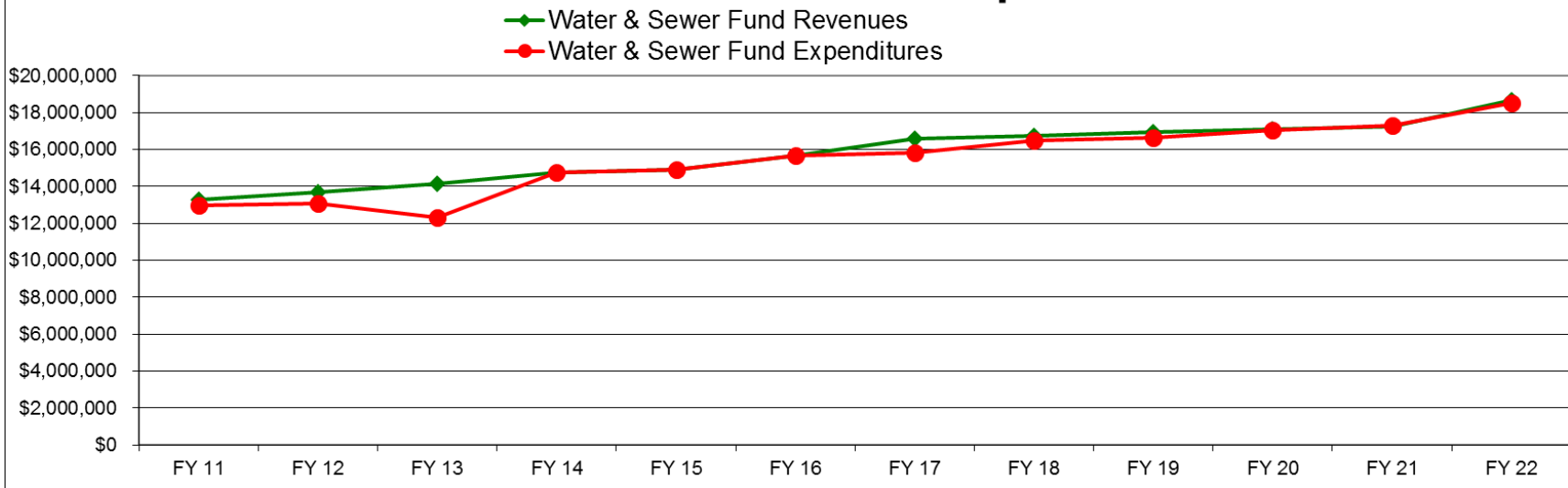
General Fund Revenues/Expenditures



Water & Sewer Fund Summary

Water & Sewer Fund Revenues	Actual FY 11	Actual FY 12	Actual FY 13	Estimated FY 14	Unaudited FY 15	Budgeted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
Retail Water & Sewer Charges	\$12,034,302	\$12,116,512	\$12,300,934	\$13,496,836	\$13,585,321	\$14,265,000	\$15,157,650	\$15,309,227	\$15,462,319	\$15,616,942	\$15,773,111	\$17,180,842
Wholesale Water Sales	\$351,102	\$256,812	\$306,819	\$300,000	\$325,000	\$350,000	\$353,500	\$357,035	\$360,605	\$364,211	\$367,854	\$371,532
Tap Fees & Connections	\$444,567	\$419,868	\$392,890	\$385,000	\$435,000	\$520,000	\$525,200	\$530,452	\$535,757	\$541,114	\$546,525	\$551,990
Interest on Investments	\$142,803	\$35,561	\$2,851	\$15,000	\$3,500	\$3,500	\$3,535	\$3,570	\$3,606	\$3,642	\$3,679	\$3,715
Other	\$304,660	\$833,769	\$1,139,491	\$550,000	\$561,000	\$537,000	\$542,370	\$547,794	\$553,272	\$558,804	\$564,392	\$570,036
Transfers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$13,277,434	\$13,662,522	\$14,142,985	\$14,746,836	\$14,909,821	\$15,675,500	\$16,582,255	\$16,748,078	\$16,915,558	\$17,084,714	\$17,255,561	\$18,678,117
Water & Sewer Fund Expenditures	Actual FY 11	Budgeted FY 12	Actual FY 13	Estimated FY 14	Unaudited FY 15	Budgeted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
Personnel	\$1,938,613	\$1,912,061	\$1,896,519	\$2,121,711	\$2,365,706	\$2,675,524	\$2,805,790	\$2,889,963	\$3,026,662	\$3,117,462	\$3,260,986	\$3,358,816
Operations	\$5,088,583	\$5,250,878	\$5,157,455	\$5,327,493	\$5,487,081	\$6,414,776	\$6,607,219	\$6,181,286	\$6,366,724	\$6,557,726	\$6,754,458	\$6,957,092
Transfer to Other Funds	\$224,910	\$2,318,763	\$1,350,000	\$1,900,000	\$1,850,677	\$2,091,110	\$1,939,416	\$2,011,386	\$1,937,206	\$2,032,066	\$1,946,169	\$2,039,728
Executed Debt Service	\$5,705,317	\$3,590,329	\$3,122,527	\$3,874,532	\$3,988,128	\$4,276,590	\$3,507,257	\$3,473,300	\$2,991,021	\$2,975,438	\$2,952,041	\$2,996,645
Capital & CIP Debt Service (Prop.)	\$7,543	\$0	\$803,248	\$1,523,100	\$1,218,229	\$217,500	\$964,449	\$1,922,732	\$2,305,250	\$2,335,323	\$2,379,870	\$3,155,421
Total Expenditures	\$12,964,966	\$13,072,031	\$12,329,749	\$14,746,836	\$14,909,821	\$15,675,500	\$15,824,131	\$16,478,667	\$16,626,864	\$17,018,015	\$17,293,524	\$18,507,701
Revenue over Expenses	\$312,468	\$590,491	\$1,813,236	\$0	\$0	\$0	\$758,124	\$269,410	\$288,695	\$66,699	(\$37,963)	\$170,415

Water & Sewer Fund Revenues/Expenditures



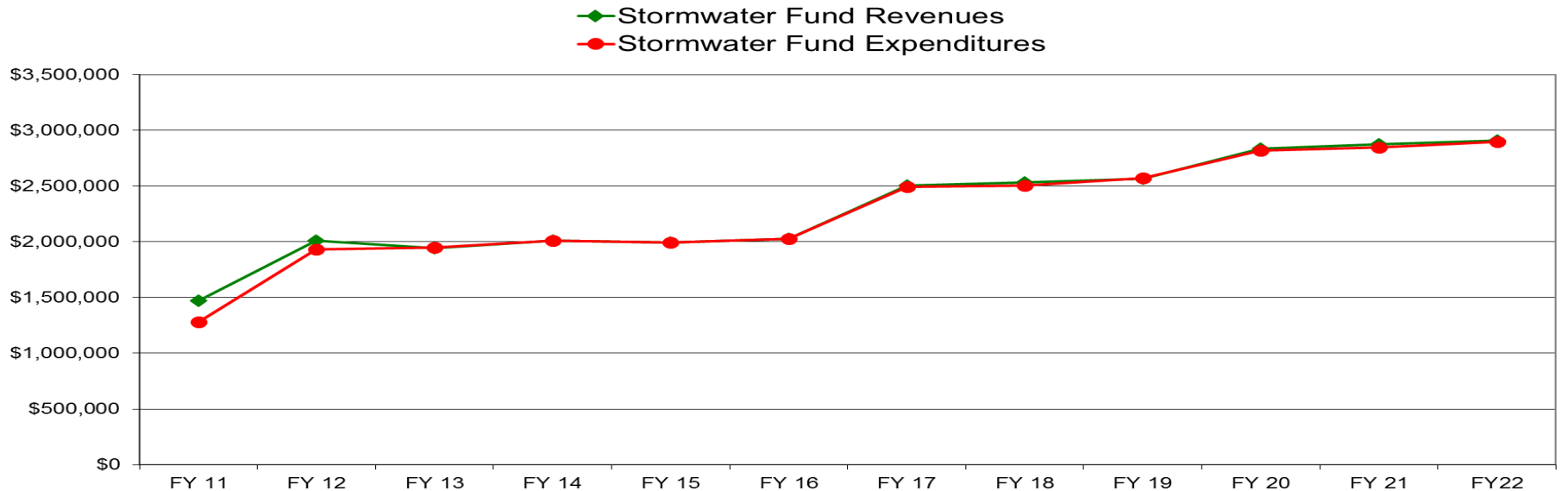
Stormwater Fund Summary

Stormwater Fund Revenues	Actual FY 11	Actual FY 12	Actual FY 13	Estimated FY 14	Unaudited FY 15	Budgeted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
Stormwater Fees	\$1,471,588	\$1,503,285	\$1,670,889	\$1,760,000	\$1,866,536	\$2,025,000	\$2,502,771	\$2,534,055	\$2,565,731	\$2,838,185	\$2,873,663	\$2,909,584
Other Revenue	\$800	\$63	\$94,655	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fund Balance Appropriation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earned	\$16	\$546	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer from other funds		\$509,077	\$175,000	\$250,000	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$1,472,404	\$2,012,971	\$1,940,544	\$2,010,000	\$1,991,536	\$2,025,000	\$2,502,771	\$2,534,055	\$2,565,731	\$2,838,185	\$2,873,663	\$2,909,584

Stormwater Fund Expenditures	Actual FY 11	Budgeted FY 12	Actual FY 13	Estimated FY 14	Unaudited FY 15	Budgeted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
Personnel	\$499,727	\$532,027	\$475,829	\$563,792	\$566,246	\$629,560	\$697,188	\$716,709	\$786,777	\$808,807	\$881,453	\$906,134
Operations	\$621,722	\$448,629	\$485,653	\$567,531	\$496,999	\$489,840	\$503,556	\$517,655	\$532,149	\$547,050	\$562,367	\$578,113
Debt Service	\$161,110	\$835,267	\$799,802	\$681,458	\$666,483	\$692,600	\$674,104	\$654,799	\$636,452	\$599,610	\$455,432	\$392,852
Transfer to General Fund	\$0	\$113,853	\$187,828	\$197,219	\$205,108	\$213,000	\$221,520	\$230,381	\$239,596	\$249,180	\$259,147	\$269,513
Capital	\$0	\$0	\$1,150,000	\$0	\$56,700	\$0	\$4,400,000	\$0	\$0	\$1,779,350	\$1,122,000	\$850,000
Total Expenditures	\$1,282,559	\$1,929,776	\$1,949,112	\$2,010,000	\$1,991,536	\$2,025,000	\$2,492,367	\$2,506,744	\$2,573,374	\$2,818,699	\$2,848,090	\$2,896,790

Revenues over Expenditures	\$ 189,845	\$ 83,195	\$ (8,568)	\$ -	\$ -	\$ -	\$ 10,403	\$ 27,311	\$ (7,643)	\$ 19,486	\$ 25,573	\$ 12,794
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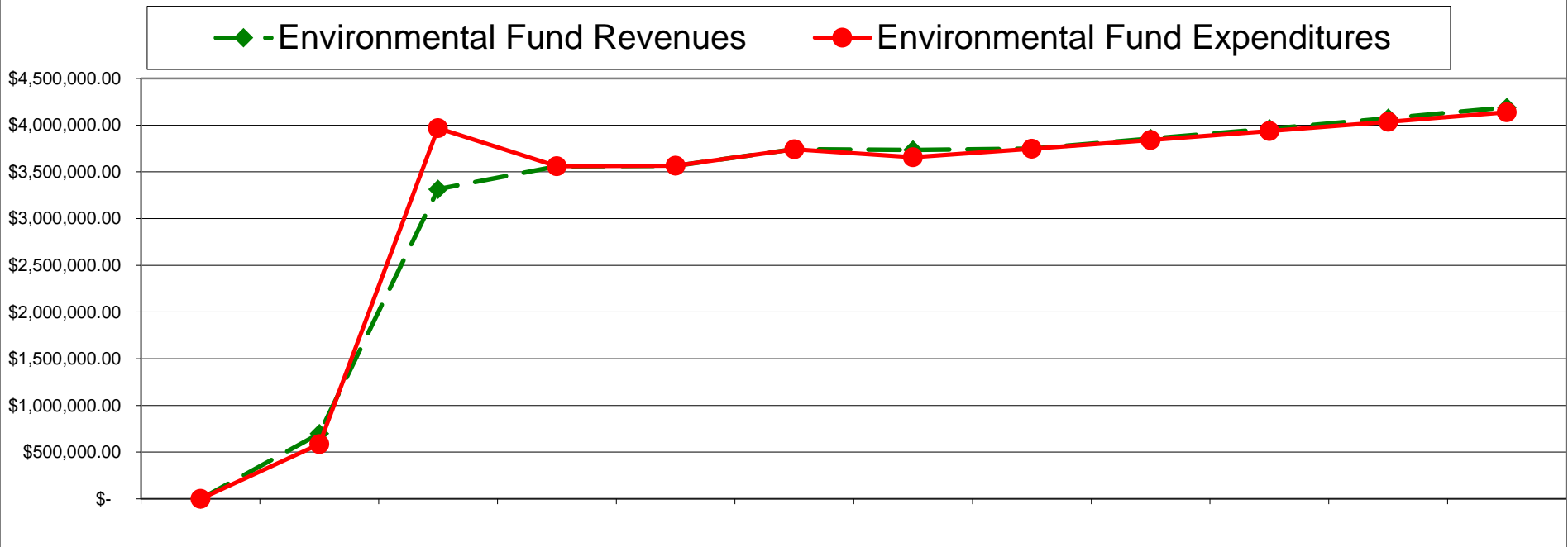
Stormwater Fund Revenues/Expenditures



Environmental Fund Summary

Environmental Fund Revenues	Actual FY11	Actual FY12	Actual FY13	Estimated FY14	Unaudited FY15	Budgeted FY16	Forecasted FY17	Forecasted FY18	Forecasted FY19	Forecasted FY20	Forecasted FY21	Forecasted FY22
Income from Fees	\$ -	\$630,730	\$1,264,360	\$1,290,000	\$1,616,000	\$1,778,370	\$2,306,154	\$2,329,215	\$2,862,507	\$2,891,132	\$3,430,044	\$3,464,344
Solid Waste Disposal Tax	\$ -	\$0	\$0	\$0	\$26,000	\$28,500	\$28,785	\$29,073	\$29,364	\$29,657	\$29,954	\$30,253
Other	\$ -	\$67,500	\$372	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations Fund Balance	\$ -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfers from Water & Sewer Fund	\$ -	\$0	\$650,000	\$600,000	\$623,177	\$625,000	\$400,000	\$395,000	\$240,000	\$250,000	\$75,000	\$75,000
Transfer from General Fund	\$ -	\$0	\$1,400,000	\$1,670,000	\$1,300,000	\$1,309,825	\$1,000,000	\$995,000	\$725,000	\$790,000	\$540,000	\$620,000
Total Revenues	\$ -	\$698,230	\$3,314,732	\$3,560,000	\$3,565,177	\$3,741,695	\$3,734,939	\$3,748,288	\$3,856,871	\$3,960,790	\$4,074,998	\$4,189,598
Environmental Fund Expenditures	Actual FY 11	Actual FY 12	Actual FY 13	Estimated FY 14	Unaudited FY 15	Budgeted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
Personnel	\$ -	\$0	\$43,679	\$50,549	\$51,848	\$59,483	\$61,267	\$63,106	\$64,999	\$66,949	\$68,957	\$71,026
Operations	\$ -	\$409,798	\$3,748,425	\$3,283,959	\$3,337,400	\$3,506,284	\$3,593,941	\$3,683,790	\$3,775,884	\$3,870,281	\$3,967,039	\$4,066,214
Debt Service	\$ -	\$175,928	\$175,928	\$175,928	\$175,929	\$175,928	\$0	\$0	\$0	\$0	\$0	\$0
Capital	\$ -	\$0	\$0	\$49,564	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$ -	\$585,726	\$3,968,032	\$3,560,000	\$3,565,177	\$3,741,695	\$3,655,209	\$3,746,895	\$3,840,883	\$3,937,230	\$4,035,996	\$4,137,240
Revenues Over Expenditures	\$ -	\$112,504	(\$653,300)	\$0	\$0	\$0	\$79,730	\$1,393	\$15,988	\$23,560	\$39,002	\$52,357

Environmental Fund Revenues/Expenditures



Capital Improvement Plan General Fund

	Project	Outside Funding	Kannapolis Cost	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
FY14-15	City Hall / Police Headquarters Irish Buffalo Creek Greenway (Phase 1) Highway 73 Sidewalk Little Texas Road Sidewalk Replacement of S-52 Flail Mower Replacement of Skid Steer Loader Replacement of S-6 Patch Truck	\$ 1,700,000 \$ 57,400 \$ 152,400	\$ 28,500,000 \$ 568,000 \$ 24,600 \$ 51,600 \$ 77,250 \$ 77,000 \$ 208,000	\$ 28,500,000 \$ 568,000 \$ 24,600 \$ 51,600 \$ 77,250 \$ 77,000 \$ 208,000							
FY 15-16	Fire Engine F706 Highway 3 Sidewalk PWOC Fuel Tank Storage Upgrade Replacement of S-43 Kruckleboom	\$ 398,400	\$ 540,000 \$ 99,600 \$ 125,000 \$ 125,000		\$ 540,000 \$ 99,600 \$ 125,000 \$ 125,000						
FY16-17	Bakers Creek Park Improvements I-3802B Sidewalk Fire Station #2 (Replacement) Village Park Phase 3 Replace S-26 Dump Truck Rocky River Greenway Dump Truck Replacement (S-5) Mini-Pumper / Brush Truck North Bakers Creek Branch Greenway	\$ 800,000	\$ 850,000 \$ 122,000 \$ 3,885,000 \$ 1,350,000 \$ 58,350 \$ 1,575,000 \$ 128,750 \$ 218,000 \$ 200,000			\$ 850,000 \$ 122,000 \$ 3,885,000 \$ 1,350,000 \$ 58,350 \$ 1,575,000 \$ 128,750 \$ 218,000 \$ 200,000					
FY17-18	Replace S-29 Sign Truck Irish Buffalo Creek Greenway (Phase 2) Westside Land Acquisition Resurfacing PWOC Parking Lot Mobile Command / Investigative Replacement of S-50 Dump Truck		\$ 71,027 \$ 1,337,000 \$ 2,500,000 \$ 139,050 \$ 98,750 \$ 60,100				\$ 71,027 \$ 1,337,000 \$ 2,500,000 \$ 139,050 \$ 98,750 \$ 60,100				
FY18-19	Irish Buffalo Creek Greenway (Phase 3) Tanker Truck (Station #2) Replace S-1 Pick-up Replace S-14 Dump/Attachments		\$ 1,337,000 \$ 302,704 \$ 45,020 \$ 166,562					\$ 1,337,000 \$ 302,704 \$ 45,020 \$ 166,562			
FY19-20	Replacement of S-54 Patch Truck		\$ 196,267						\$ 196,267		
FY20-21	Ladder Truck Replace S-46 Dump Truck Fire Alerting System Fire Engine F708 Fire Engine F-709 Fire Engine F707 Fire Station #3 Remodel Fire Station #1 Remodel	\$ 258,000	\$ 1,435,583 \$ 171,559 \$ 300,000 \$ 606,528 \$ 630,789 \$ 583,200 \$ 1,200,000 \$ 1,200,000							\$ 1,435,583 \$ 171,559 \$ 300,000 \$ 606,528 \$ 630,789 \$ 583,200 \$ 1,200,000 \$ 1,200,000	
FY21-22	Cloverleaf Parkway Improvements Haz-Mat Truck Replace S-56 Mini Excavator Replace S-47 Dump/Attachments SCBA Gear Fire Station #4 (Replacement) Rescue / Air Truck Communication Equipment		\$ 725,000 \$ 500,000 \$ 101,296 \$ 176,705 \$ 324,000 \$ 3,800,000 \$ 770,107 \$ 508,000								\$ 725,000 \$ 500,000 \$ 101,296 \$ 176,705 \$ 324,000 \$ 3,800,000 \$ 770,107 \$ 508,000
			\$58,069,397	\$29,506,450	\$889,600	\$8,387,100	\$4,205,927	\$1,851,286	\$196,267	\$6,127,659	\$6,905,108

Capital Improvement Plan Water & Sewer Fund

	Project	Outside Funding	Kannapolis Cost	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
FY 14-15	Telemetry Upgrades WTP Roof Replacement Replace WTP-3 Truck Tepid Water Safety Showers Portable Air Compressor Backhoe Forklift for PWOC Warehouse Generator		\$ 84,000 \$ 75,000 \$ 40,000 \$ 40,000 \$ 18,000 \$ 65,000 \$ 32,960 \$ 88,269	\$ 84,000 \$ 75,000 \$ 40,000 \$ 40,000 \$ 18,000 \$ 65,000 \$ 32,960 \$ 88,269							
FY 15-16	Mooresville Road Watermain Summit Ridge Sewer Sewer Rehab (Project CW3-a) Shiloh Church Road / CMU Extension Oak Street & D Street Improvements Filter Backwash Turbidimeters Replace WTP-1 Truck Pump Station Crew Truck		\$ 3,000,000 \$ 1,400,175 \$ 2,410,000 \$ 1,102,500 \$ 1,700,000 \$ 26,000 \$ 25,000 \$ 87,550		\$ 3,000,000 \$ 1,400,175 \$ 2,410,000 \$ 1,102,500 \$ 1,700,000 \$ 26,000 \$ 25,000 \$ 87,550						
FY 16-17	I-3802B Utility Relocation Jet Vac Truck		\$ 150,000 \$ 381,924			\$ 150,000 \$ 381,924					
FY 17-18	Portable Air Compressor Pick-up Truck Pick-up Truck		\$ 21,218 \$ 28,138 \$ 28,138				\$ 21,218 \$ 28,138 \$ 28,138				
FY 18-19	Eastside Elevated Water Tank & Main Hwy. 136 Abandonment Sludge Lagoon Dewatering		\$ 2,820,000 \$ 250,000 \$ 2,673,000					\$ 2,820,000 \$ 250,000 \$ 2,673,000			
FY 19-20	No Projects								\$ 0		
FY 20-21	No Projects									\$ 0	
FY 21-22	Cannon Village Phase 1 Sewer Rehab (Project CW-1)		\$ 3,350,000 \$ 7,170,000								\$ 3,350,000 \$ 7,170,000
Total Debt:		\$ 0	\$ 27,066,872	\$ 443,229	\$ 9,751,225	\$ 531,924	\$ 77,494	\$ 5,743,000	\$ 0	\$ 0	\$ 10,520,000

Capital Improvement Plan Stormwater Fund

	Project	Outside Funding	Kannapolis Cost	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
FY 14-15	Street Sweeper	No	\$ 252,000	\$ 252,000							
FY 15-16	No Projects				\$0						
FY 16-17	No Projects					\$0					
FY 17-18	No Projects						\$0				
FY 18-19	Vance & Oak Improvement	No	\$ 1,000,000					\$ 1,000,000			
FY 19-20	New Crew Truck Tandem Dump Truck	No No	\$ 46,350 \$ 153,734						\$46,350 \$153,734		
FY 20-21	York & Rose Improvements Street Sweeper	No No	\$ 870,000 \$ 252,000							\$ 870,000 \$ 252,000	
FY 21-22	Cannon Village Phase 1 Cloverleaf Parkway Imp.	No No	\$ 3,350,000 \$ 850,000								\$ 3,350,000 \$ 850,000
Total Debt Service:			\$6,774,084	\$252,000	\$0	\$0	\$0	\$1,000,000	\$200,084	\$1,122,000	\$4,200,000

GLOSSARY OF TERMS

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

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

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

Activity - A specific service or unit of work performed.

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

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

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

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

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

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

AWWA – American Water Works Association

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

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

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

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

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

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

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

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

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

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

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

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

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

C.O.P. – Community Oriented Policing

CAD - Acronym for Computer Aided Design.

CAFR – Certificate of Achievement in Excellence for Financial Reporting

CALEA – Commission on Accreditation for Law Enforcement Agencies

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

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

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

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

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

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

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

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

CD – Community Development.

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

CIP – Capital Improvement Program.

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

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

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

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

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

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

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

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

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

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

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

DWI – Driving under the influence of drugs or alcohol.

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

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

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

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

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

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

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

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

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

FTO – Field Training Officer.

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

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

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

FY – Fiscal Year.

GASB - Acronym for Government Accounting Standards Board.

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

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

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

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

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

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

GF – General Fund.

GFOA - Acronym for Government Finance Officers Association.

GHSP – Governors Highway Safety Program.

GIS – Geographic Information System.

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

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

HACV (HVAC) – heating, Air Conditioning, Ventilation

Interfund Transfers - Amounts transferred from one fund to another.

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

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

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

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

K9 – Police canine program.

KPD – Kannapolis Police Department.

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

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

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

LLEBG – Local Law Enforcement Block Grant.

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

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

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

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

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

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

MPO – Metropolitan Planning Organization

NC ALE – North Carolina Alcohol Law Enforcement

NC SAFIS – North Carolina State Automated Fingerprint Identification System

NCDOT - Acronym for North Carolina Department of Transportation.

NCGS – North Carolina General Statute

NCSBI – North Carolina State Bureau of Investigations

NFPA – National Fire Protection Association

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

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

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

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

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

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

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

OSHA – Occupational Safety and Health Administration

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

Performance Measures - Descriptions of a program’s effectiveness or efficiency (i.e., response time to public requests, frequency of document updates).

Personnel Services - General category that includes salaries and wages, pensions, health insurance and other fringe benefits.

Powell Bill Funds - Funding from state-shared gasoline tax which is restricted for use on maintenance of local streets and roads.

Productivity - A measure of the increase of service output of City programs compared to the per unit of resource input invested.

Program - An organized set of related work activities which are directed toward accomplishing a common goal. Each City department is usually responsible for a number of related service programs.

Property Tax - Property taxes are levied on both real and personal property according to the property's valuation and tax rate.

Property Tax Rate - The rate at which real and personal property in the City is taxed in order to produce revenues sufficient to conduct necessary governmental activities. This rate is currently \$.47 per \$100 of assessed valuation.

PWOC – Public Work Operations Center.

Reappropriation - Appropriations which are not expended at the end of a fiscal year that were earmarked for a specific purpose and are funded in the subsequent year.

Reclassification - Change in a position title and /or the associated pay range based on changes in the job skills required for a given position.

Requisition - A written request from a department to the purchasing office for specific goods or services. This action precedes the authorization of a purchase order.

Reserve - A portion of fund balance earmarked to indicate 1) that is not available for expenditure, or 2) is legally segregated for a specific future use.

Resources - Assets that can be used to fund expenditures. These can be such things as Property Taxes, Charges for Service, Beginning Fund Balance or Working Capital.

Restricted Reserve - An account used to indicate that a portion of a fund's balance is legally restricted for a specific purpose and is, therefore, not available for general appropriation.

Retained Earnings - An equity account reflecting the accumulated earnings of an Enterprise or Internal Service Fund.

Re-valuation - Assignment of value to properties, buildings, vehicles, and equipment used for business purposes by the County Tax Assessor's Office; under State law, all property must be revalued no less frequently than once every eight years.

Revenue - Funds that the government receives as income. It includes such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income.

Revenue Bonds - Bonds whose principal and interest are payable exclusively from earnings of an Enterprise Fund.

SCADA – Supervisory Control and Data Acquisition. Type of communication system used at the water treatment plant to monitor all plant functions as well as water tanks throughout the City.

Service Level - Services(s) or product(s) which comprise actual or expected output of a given program. Focus is on results, not measures of workload.

SFR – Single Family Residential.

Source of Revenue - Revenues are classified according to their source or point of origin.

Special Assessment - A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

Special Revenue Fund - A fund used to account for the revenues from specific sources which are to be used for legally specified expenditures.

SRO – School Resource Officer.

STEP – Selective Traffic Enforcement Plan

Tax Base - The assessed valuation of all taxable real and personal property within the City's corporate limits.

TEA-21 – Transportation Efficiency Act of the 21st Century.

TIF – Tax Increment Financing. This is a type of financing authorized by North Carolina which stipulates that City property taxes received on the incremental value of a development can be pledged to pay debt service related to infrastructure improvements done by the City related to the development.

Transfers - All interfund transactions except loans or advances, quasi-external transactions and reimbursements.

UDO – Unified Development Ordinance.

Unencumbered Balance - The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purposes.

WAN – Wide Area Network .

WSACC – Water and Sewer Authority of Cabarrus County.

WTP – Water Treatment Plant.

CITY OF KANNAPOLIS CLASSIFICATION PLAN EFFECTIVE MARCH 1, 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 *****	19,069,891	0.0%
2014	0.56	3,468,844,752	19,425,531	0.0%
2015	0.60	3,546,893,759	21,281,363	10%
2016	0.63	3,653,710,000	23,404,948	10%

*	A Citywide re-valuation of real property was conducted by Rowan County and Cabarrus County
**	In addition to a Citywide re-valuation being conducted, the City annexed ten square miles on its west side.
???	Rowan County re-valued property and the Pillowtex property was de-valued due to bankruptcy.
***	A re-valuation was done in the Rowan County portion of the City.
****	A re-valuation was done in the Cabarrus County portion of the City.
*****	A re-valuation was done in the Cabarrus County portion of the City.