


KANNAPOLIS

Annual Budget for Fiscal Year 2018-2019
City of Kannapolis, North Carolina



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CITY OF KANNAPOLIS, NORTH CAROLINA

MAYOR AND CITY COUNCIL

Milton D. Hinnant
Mayor

Dianne Berry
Mayor Pro-Tem

Doug Wilson
Council Member

Van Rowell
Council Member

Tom Kincaid
Council Member

Roger Hass
Council Member

Ryan Dayvault
Council Member

CITY OFFICIALS

Michael B. Legg
City Manager

Bridgette L. Bell
City Clerk

Eric Davis
Finance Director

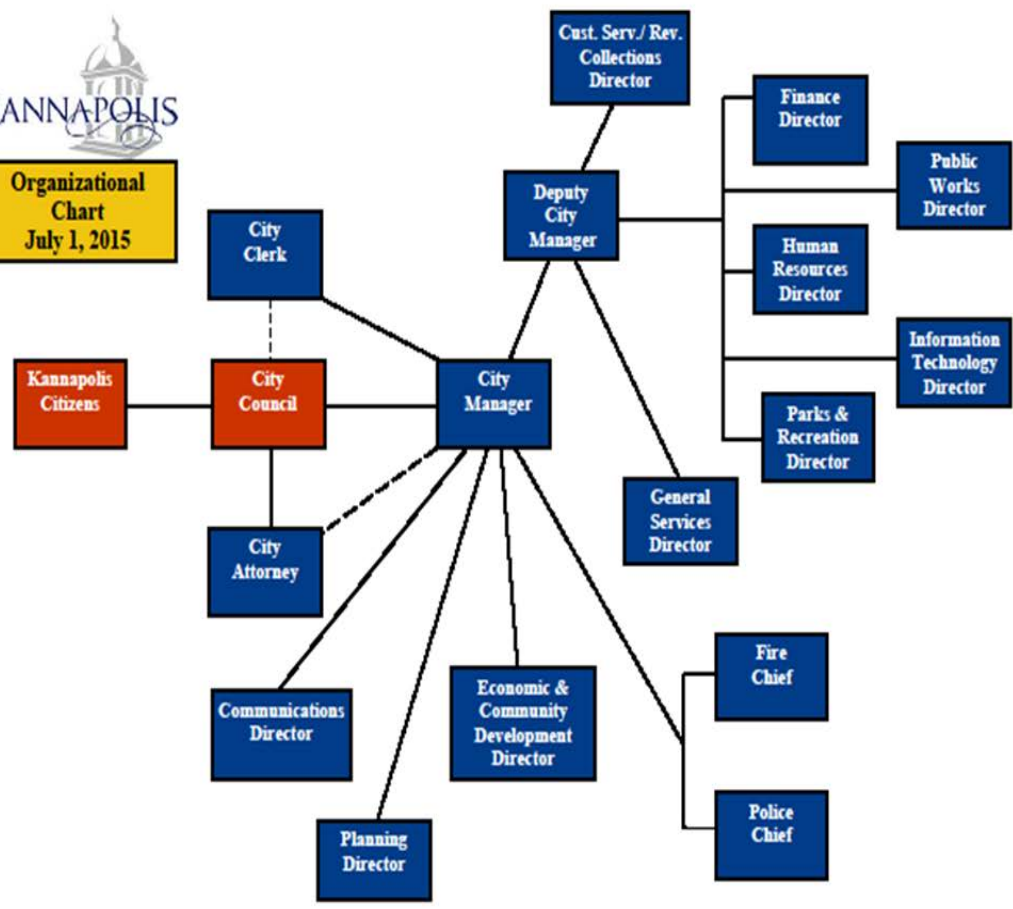
R. Edward Smith
Deputy City Manager

Tina H. Cline
Human Resources
Director

Walter M. Safrit, II
City Attorney



**Organizational Chart
July 1, 2015**





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

City of Kannapolis

North Carolina

For the Fiscal Year Beginning

July 1, 2017

Christopher P. Morrill

Executive Director

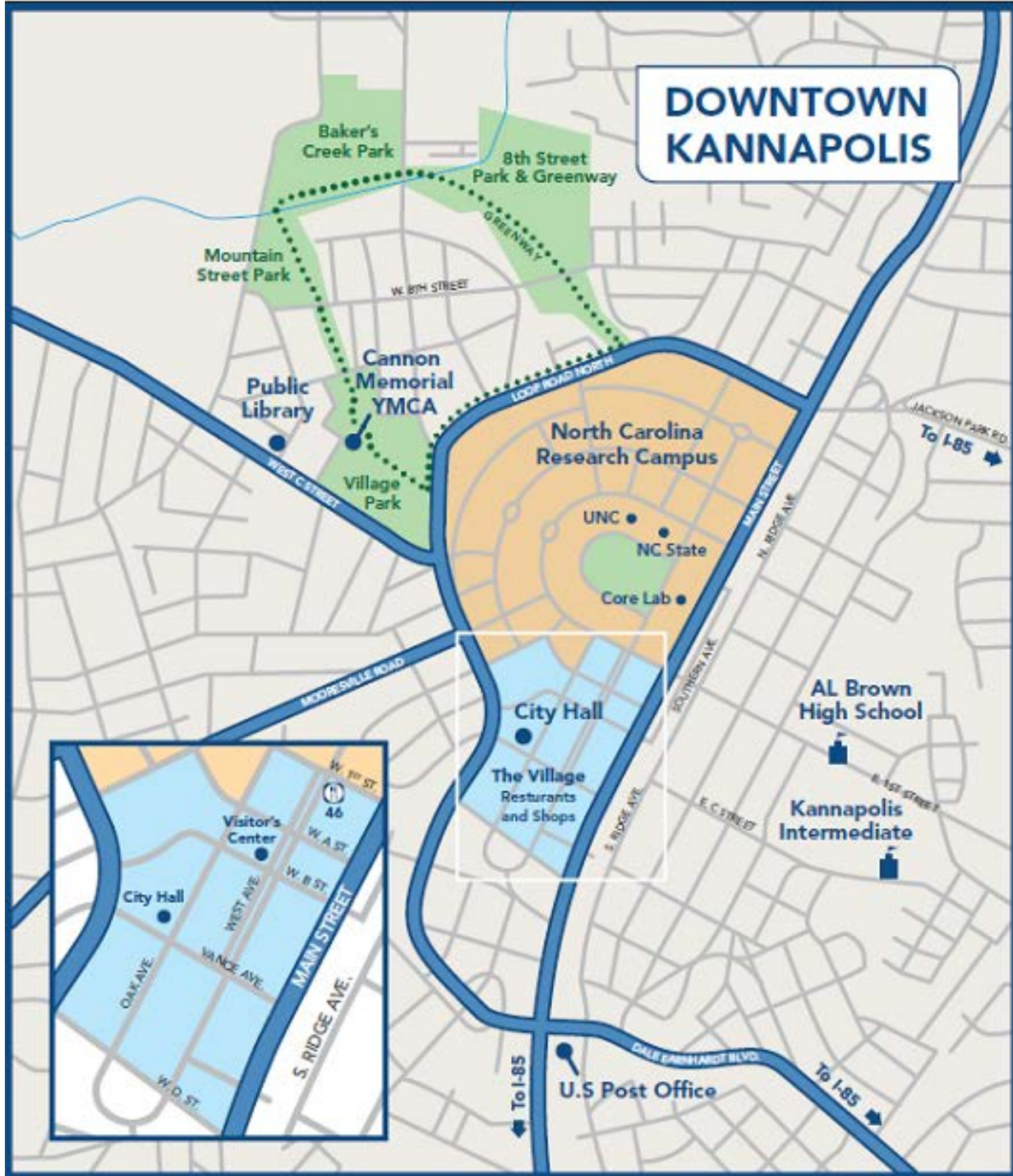
The Governmental Finance Officers Association of the United States and Canada (GFOA) presented an award for *Distinguished Budget Presentation* to the City of Kannapolis, North Carolina for its annual budget for the fiscal year beginning July 1, 2017. In order to receive this award, a governmental unit 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 had 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 48,806 with an assessed value of approximately \$4,080,738,159. (See Appendix A)

City of Kannapolis Population

FY2014	FY2015	FY2016	FY2017	FY2018
43,782	44,359	46,144	47,839	48,806

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 \$2,526,182 of the approximate \$26,294,382 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 5.65%
- Castle & Cooke, LLC (Real Estate) with 2.30%
- Trinity of Cabarrus LTD/Shoe Show with 1.52 %
- Atlantic American Properties, Inc. /Club at Irish Creek, LLC with 1.23%
- Afton Ridge Joint Venture, LLC/CK Afton Ridge Shopping Center with 1.21 %
- Wachovia with 0.95%
- Duke Energy Corporation with 0.89%
- Integra Springs, LLC with 0.79%
- The Grand in Kannapolis, LLC with 0.54%
- Public Service Company of NC with 0.48%

The top ten taxpayers make up a total of 15.56% 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 2019 as the past year, possibly better. Looking forward, the overall economy should benefit from NCRC and other commercial entities strong growth, especially with the announcement of new enterprises such as a new data center.

Local Trends

City of Kannapolis Building Permit Activity

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Single-Family Residential Permits (Value in millions)	405 \$38.7	368 \$27.5	92 \$7.8	183 \$15.8	65 \$7.8	130 \$16.0	434 \$43.9	291 \$51.3	270 \$34.4	301 \$42.9
Commercial/ Industrial Building Permit (Value in millions)	34 \$17.8	31 \$22.5	9 \$5.6	119 \$17.8	102 \$9.2	102 \$2.1	71 \$73.7	89 \$90.7	94 \$40.3	73 \$114.3
Total Building Permit (Value in millions)	439 \$56.5	399 \$50	101 \$13.4	302 \$33.6	167 \$17.0	232 \$18.1	505 \$117.6	380 \$142.0	364 \$74.7	374 \$157.2

Per Capita Personal Income in Cabarrus and Rowan County

County	FY2010	FY2011	FY2012	FY2013	FY2014	FY 2015	FY 2016	FY 2017	FY 2018
Cabarrus	34,587	34,444	34,452	38,079	31,576	33,576	37,947	38,142	38,879
Rowan	30,761	29,750	37,700	31,365	28,155	29,583	31,209	32,305	32,565

Unemployment Rate in Cabarrus and Rowan County

County	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY 2016	FY 2017	FY 2018*
Cabarrus	11.3%	10.1%	9.3%	7.9%	6.8%	4.7%	4.8%	4.0%	3.9%
Rowan	12.8%	11.3%	10.3%	8.8%	8.0%	5.3%	5.5%	4.4%	4.4%

*Data through April 2018

COMMERCE AND INDUSTRY

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

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

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

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

LOCAL ECONOMY

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

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

PUBLIC SERVICE ENTERPRISES

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

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

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

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

OTHER SERVICES

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

City of Kannapolis Strategic Visioning Process Goals

I. Vision Statement.

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

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

II. Mission Statement.

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

III. Core Values.

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

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

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

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

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

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

We practice good **Stewardship**.

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

City of Kannapolis - Policy Agenda FY 2019

Community Outreach, Education and Service

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

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

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

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

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

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

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

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

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

5. Take bold steps to improve customer service.

- Involve employees in training program.

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

Economic Growth and Development

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

- Strive for creating 5,000 new jobs in the City by end of FY 19.

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 \$3,599,518 for debt service for the TIF Bonds.

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

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

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

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

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

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

Quality of Life

13. Improve the visual image of the City.

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

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

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

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

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

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

16. Develop an environmentally sensitive culture in the community.

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

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

Growth Management and Sustainability

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

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

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

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

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

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

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

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

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

General City Management

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

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

22. Support the City's workforce.

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

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

23. Maintain a reasonable and economically competitive tax rate.

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

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

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

City of Kannapolis City Government Core Businesses

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

City of Kannapolis core businesses are:

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



May 29, 2018

Subject: Recommended FY 2018-19 Budget

Dear Mayor Hinnant and Members of the Kannapolis City Council:

I am pleased to present to you the recommended Fiscal Year 2018-19 (FY 2019) Budget for the City of Kannapolis, North Carolina, which begins July 1, 2018 and ends June 30, 2019. 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 2019.

The theme of the FY 2019 Budget is centered on “bridging the gap” between making major investments to support the massive revitalization of Downtown Kannapolis and the flow of new revenues to support this effort. To that end, this recommended budget is essentially a short-term pause in our budget growth which will likely continue for the next few fiscal years.

From a broad perspective, the driving force of this budget is the addition of significant new financial commitments to support both expanded/improved City services as well as economic growth. The following is the new **annual debt service** impacting the FY 19 budget in four key areas (Parks and Recreation, Public Safety, Downtown Revitalization and Pedestrian Safety and Mobility):

- \$65,000. Village Park Phase 3 (completed).
- \$130,000. Ladder Fire Truck (completed).
- \$977,000. Fire Stations #2 and #3 (underway).
- \$600,000. RCCC Relocation to College Station (underway).
- \$500,000. Downtown Streetscape/Linear Park (underway).
- \$91,000. Irish Buffalo Creek Greenway Phase I.
- \$29,000. Oakwood Ave. Sidewalk (underway).
- \$33,000. Little Texas Rd. Sidewalk Phase I.
- \$1.4 million. Sports and Entertainment Venue - interest only payment.
- \$1.2 million. Downtown Parking Deck #1.

Total Annual Debt Service Additions = \$5.0 million (FY 19 budget impact)

To facilitate this additional budget impact, the following **capacity gains** were realized in this year's budget preparation (some of these strategies were embedded in the FY 18 budget in anticipation of the FY 19 budget constraints):

- \$1.65 million in projected FY 19 revenue growth.
- \$1.4 million in FY 18 Operating Capital (not recurring in FY 19). About half of this capacity was for police vehicles and Laureate Way/Watson Crick street lighting.
- \$813,000 in FY 18 Excess Capacity (to prepare for FY 19).
- \$660,000 in fund balance appropriation.
- \$300,000 in one-time operating expenditures.
- \$247,200 in cuts in recurring expenditures. *Proposed through FY 21.*
 - Connect CTY (\$24,000).
 - Non-CDBG Community Support (\$20,000).
 - Strategic Initiatives (\$45,000).
 - Intimidators 4th of July Sponsorship (\$9,000).
 - Façade Improvement Grants (\$20,000).
 - User Guide Publications (\$10,000).
 - Facility Maintenance Contracts (\$119,200).
- \$200,000 in new Downtown/College Station revenue (rental revenue).
- \$127,000 in stadium expenses (not recurring in FY 19).

Total Capacity Gains = \$5.4 million (excess to pay for expanded employee benefits).

While this pause certainly creates some challenges, I believe they are manageable, especially knowing they are not permanent or even long-term constraints. The good news is, the projection is for continued positive revenue growth. In fact, without this rapid growth in our City, the current

downtown revitalization efforts would not be possible. The overall financial health of the City is very good. The years of planning and the hard decisions City Council made over the past decade have paid off.

The recent City Council Retreat has certainly influenced this budget as well – especially as we prepare for the next five years. More details are described in the “Looking Ahead” section at the end of this budget message.

The goals of the recommended FY 19 Budget are: 1) to facilitate City Council priorities – especially the Downtown revitalization efforts, 2) to maintain our overall progress in economic development, 3) to focus on rewarding and retaining current employees and attracting new ones, and 4) to expand staffing levels to improve service delivery to our Citizens.

The FY 2019 Budget has again been developed on the solid foundation of multi-year planning efforts that City Council spent much of the past several years developing. Emerging from those long range planning exercises were several substantial conclusions upon which the annual budgeting process has been constructed in recent years. Based on these FY 2012-13 Planning efforts, the following **Core Values and Overarching Goals** were established. Most of them continue to be quite relevant several years later.

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

The total proposed FY 2019 Budget for the City of Kannapolis is **\$69,264,364**, a 1.67% increase (\$1,139,364 actual) from the FY 2018 Budget. This figure is the total of the General Fund, the

Water and Sewer Fund, the Stormwater Fund, the Environmental Fund, the Public Transit Fund, the Separation Pay Fund, and Downtown Fund.

Recent Budget History						
FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Proposed
\$49,821,781	\$51,589,343	\$53,046,396	\$59,539,383	\$64,012,300	\$68,125,000	\$69,264,364

The following are the key highlights of the FY 2019 Budget:

- Investment in Employees.** Collectively, our employees are our City’s most important and valuable asset. At the March 2018 City Council Retreat, “Employee Recruitment and Retention” emerged as City Council’s top priority, ahead of numerous capital, service delivery and economic development projects. To that end, the Recommended FY 19 budget includes what is believed to be the most substantial increase in employee benefits in a single year in our City’s 34-year history. Included are the following recommended benefit enhancements:

 - 2% Market Adjustment** effective 7/2/2018 for all full-time and part-time employees. Salary ranges will also adjust by 2% which will benefit those employees at the top of the salary range. This benefit has a \$375,535 FY 19 budget impact across all funds (an increase from FY 18).
 - Up to 3% **performance-based merit raises** at employee’s hiring anniversary (or 5% merit raise for employees in the development range of the first 15% of the total salary range). This benefit has a \$351,203 FY 19 budget impact across all funds (although this is not a significant increase from FY 18).
 - Career Advancement Program** to provide supplemental pay to employees with limited opportunities for upward mobility in certain departments. This program provides financial rewards to the incentive programs already in place for the Police and Fire departments and creates a new incentive plan for certain Public Works employees to help make those positions more competitive with private industry with whom we are competing for applicants. Lapsed salaries are expected to fund the \$36,400 estimated budget impact for the FY 19. This will fund the first phase with the second phase to be included in the FY 20 Budget.
 - 1% **401k match** to employee contribution. The plan is to increase this by 1% in FY 2020 and again by 1% in 2021. The FY 19 budget impact is projected to be 107,000.
 - Flex Dollar Program** providing \$420 per employee. The plan is to increase this benefit by another \$420 in FY 20 and again by \$420 in FY 2021. The FY 19 budget

impact is expected to be \$172,000 FY 19 budget impact. This benefit would be in *addition* to the \$700 to \$850 health care savings program benefit employees already receive. Employees could use these funds for a wider variety of purposes including, but not limited to, medical premiums (spouse and family coverage), out of pocket medical expenses and purchase of ancillary benefit plans.

- ***Continued Aggressive Revitalization efforts in Downtown Kannapolis.*** The FY 19 Budget includes \$80.4 million (approximately \$4.4 million in new annual debt service – increasing to \$5.5 million in FY 20) to continue the advancement of the revitalization effort. \$26.9 million in new commitments (property purchases and water/sewer replacement downtown) over the previous two fiscal years (\$2.4 million in debt service). The recommended FY 19 new funding will facilitate the following:

- Completion of the stormwater system replacement and duct bank work.
- Completion of the downtown linear park and streetscape improvements.
- Construct the Sports and Entertainment Venue.
- Construct the 400+ space parking deck on the Demonstration Project site.
- Construct the upfits and renovations to College Station (RCCC Cosmetology).
- Reimburse Fund Balance for the acquisition of College Station.

These investments will all set the stage for substantial private investment going forward. Cabarrus County has agreed to participate in the revitalization effort by pledging 85% of new tax revenues over the next 20 years. Ultimately, these targeted public investments are projected to generate nearly \$400 million of private investment in downtown Kannapolis over the next decade. At buildout, this equates to more than \$2.5 million of new property tax revenues for both the City of Kannapolis and Cabarrus County.

It is worth noting that any additional financial participation for downtown projects (e.g., Corporate Realty) is *not* included in the proposed FY 19 Budget. Unfortunately, the timing of that project and the development of the budget simply did not align. Creativity will be the operative word for addressing this opportunity.

- ***Capital Improvement Investments.*** In addition to the Downtown projects described above, the FY 19 Budget includes \$13.6 million in funding (\$1.1 million annual debt service and \$2.2 million in one-time cash) for several key operational projects: 1) the replacement of Fire Station Two and Fire Station Three (both under construction in May 2018), 2) Irish

Buffalo Greenway Phase I (under construction summer 2018), 3) Oakwood Avenue Sidewalk (under construction summer 2018), and 4) Irish Buffalo Creek Sewer Line Extension (cash investment – no debt).

- ***Continued focus on Economic Development and Job Creation.*** The downtown effort is clearly the major focus of the City and will continue to require substantial time and resources from City Staff and City Council. However, attention will continue to be provided to traditional (manufacturing and distribution) economic development and the future growth and prosperity of the North Carolina Research Campus. \$270,000 is included in the FY 19 Budget for traditional incentive grants to Gordon Foods and Childress Klein. Additionally, \$1,340,000 will be provided to the TPA Group which is constructing the Amazon building. Fund balance will be used in FY 18 for this TPA Grant. 85% of taxes from any investment over \$50 million on this project will be provided to Amazon – to be reimbursed as taxes are paid (beginning in FY 20). When complete, the project is projected to result in a \$100 million investment and between 600-1600 jobs. Aside from Cannon Mills, this will be the largest industrial project in Kannapolis history. By comparison, Gordon Foods is valued at \$44 million, Stanley-Black and Decker and Shoe Show are both approximately \$31 million in value. The two Haas Racing buildings at Gateway Business Park are valued together at \$23 million. The main Afton Ridge Shopping Center property is valued at \$55 million (two owners). The David H. Murdock Core Laboratory building is valued at \$77 million (currently the highest valued single building in the City).

City Council adopted a multi-year Economic Development Plan in 2012 of which the following broad goals have been identified as priorities. These goals continue to be guiding principles for why and how we facilitate economic growth in our City.

- 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.

- ***Continued efforts to improve overall City Services.*** Perhaps the most important component of maintaining and improving City services to our citizens is to continue to strive for increased staffing levels. In 2016 the City Council adopted a multi-year staffing plan for the City. Since that time, there have been new departments created (General Services, Communications, and Planning) as well as reorganization (Customer Service to Finance; building rental services and non-building property maintenance function from General Services to Parks and Recreation). To address these changes a slightly adjusted staffing plan was developed after consultation with all department heads. As part of that process, additional needs were identified. The FY 19 budget includes 15 new positions with a budget impact of nearly \$500,000 in FY 19 (including \$295,000 for vehicles for eight of the new positions). The FY 19 budget included half a year's funding for the positions in the General Fund (hiring mid-year). Therefore, the budget impact of these new positions in FY 20 is projected to increase by about \$205,000 over the FY 19 number.

- Police Officers (2 positions)
- Fire Marshal
- Civil Engineer I
- Streets Crew Supervisor
- Planner
- Park Maintenance Tech III (2 positions)
- Communications Multi-Media Specialist
- Water and Sewer Construction Maintenance Worker II (2 positions)
- Public Works Warehouse Assistant
- Water Treatment Plant Operator I
- Water Treatment Plant Maintenance Worker
- Water Quality Technician

- ***Continued Financial Plan Implementation.*** The purpose of the City's 10-year Financial Plan - and City Council's subsequent adoption - was to implement sound financial management to guide the City's decisions. This effort has created an environment of predictability and provided the pathway for every major decision of the past several years. This is no more evident than the FY 19 budget where we are able to add \$80 million in new investment downtown, substantially increase employee benefits and maintain the implementation of our staffing plan (with 15 new positions) with no property tax increase. However, that does not mean that these achievements are not without some significant sacrifices as noted previously in this budget message.

One of the guiding principles of the City's 10-year Financial Plan was the policy to create self-sustaining, user fee based funds. The recommended FY 19 Budget includes no increases in the property tax rate (will remain 63 cents per \$100 of assessed property valuation; the same as the FY 18 rate), no water and sewer rate increase and no stormwater fee increase. However, this budget includes the following increases. These revenue streams are recommended so as to keep in line with the foundation of the Financial Plan.

- \$15 proposed increase to **Annual Vehicle License Fee** (total of \$30 per year). Due to a variety of reasons, the Transit Fund Budget has nearly doubled over the past three years from \$478,200 in FY 16 to \$810,000 in FY 19. This increase in the Vehicle License Fee will provide \$570,000 in new revenues to the FY 19 budget and will make the Transit Fund self-supporting. However, we are limited statutorily as to the amount of money that can be earmarked for transportation so the remainder goes into the General fund and is then transferred over. This is why it may appear on paper to be receiving a subsidy.
- \$3.75 per month per household **fee increase for Environmental Services**. \$2.50 was included in the original Financial Plan to create a self-sustaining user-funded service. The additional \$1.25 is to subsidize a failing recycling products market, caused largely, but not exclusively, by a new ban on recycling imports in China. Cost increases are impacting local governments across the nation due to collection costs no longer being covered by commodity revenues. For Kannapolis, that amount is \$247,005 for FY 19. Whether or not this is a short term issue remains to be seen. This is an unfortunate change in the marketplace but adding the fee is in keeping with the user-funded policy. This increase will provide \$769,500 in new revenues to the FY 19 Budget.

The goal of setting enterprise fund rates so that inter-fund transfers are not required continues to progress with the FY 19 Budget. This change began with the FY 13 Budget and continues in FY 19. The Stormwater Fund and Water and Sewer Fund are both self-sustaining. The Environmental Fund is projected to be self-sustaining in FY 2023 (very close in FY 21). The Transit Fund will be self-supporting with the recommended Vehicle License Fee increase. The Downtown Fund will not be self-sustaining for years (perhaps ever) due to the large debt service obligation.

- \$663,368 in General Fund - **Fund Balance appropriation**. In accordance with the Financial Plan, this appropriation is not being used for recurring expenditures. These funds will be used for the following *one-time* expenditures (totaling \$702,000):
 - UDO - \$100,000 (total cost is \$200,000; \$100,000 will come from the Water and Sewer Fund)
 - Police Radio Tower Upgrades – \$196,000
 - New Police Officer Supplies - \$20,000
 - Master Plans for Eastside & Westside Parks - \$40,000
 - Cannon Blvd Corridor Plan - \$100,000
 - North Main St. Revitalization Plan - \$50,000
 - Operating Capital - \$196,000 (details below)

Police Cruisers (2)	\$92,000
Large SUV -Fire Department	\$35,000
Crew Cab Truck - Public Works	\$40,000
Small Truck - Parks & Recreation	\$29,000

General Fund-Fund Balance is projected to be \$ \$9,916,782 on June 30, 2018. This equates to 22.04% of General Fund expenditures. This amount is slightly below the 25-33% range established in the Financial Plan. This is impacted by the short term cash allocation of the \$1.3 million incentive grant to the TPA Group/Amazon which will be returned in equivalent tax revenues over the next few years.

One note however; additional fund balance appropriations may be needed in FY 20 and FY 21 to “bridge the gap” between the financing demands of the downtown investments and corresponding private investment. This is expected to be a short-term issue and is a primary reason for establishing such a strong fund balance. Even so, it may require the City to dip below the 25% target until the tax revenues catch up with the downtown investments.

- **Cash reserves in enterprise funds** are healthy. The Water and Sewer Fund reserves are projected to be \$3,825,000 which represents 45.75% of operating expenditures (nearly twice the Financial Plan target of 25%). Available cash for appropriation in the Water and Sewer Fund (and still remain above the 25% reserve target) is \$3,175,000. Similarly, the Stormwater Fund includes cash reserves projected to be \$1,883,985 or 86.96% of operating expenditures (more than three times the Financial

Plan target of 25%). Available cash in the Stormwater Fund for appropriations (and still remaining above the 25% target) is \$1,425,000.

These are available resources but, while legally not required, it is accepted practice to limit the use of these funds to utility projects. Additionally, the use of these funds should be, to the greatest extent possible, used only for non-recurring expenses.

- In addition to the Fund Balance target, it should also be noted that a few **additional components of the Financial Plan** (mostly related to debt to tax base and debt to operating expenditures) will be difficult to maintain during this transition period (and perhaps longer). This in no way indicates a compromise in the City's financial health; it simply means that more assertive efforts to stimulate growth (especially Downtown) become the more important short-term policy. The only significant downside to these changes might be a lower bond rating and slightly higher borrowing costs. Of course, part of this can be addressed simply by telling our story (i.e., promoting our plan) to the rating agencies.
- Per the Financial Plan, a **contingency reserve** of 0.5% of the General Fund expenditures is again included in the FY 19 Budget.

7. **Consistent Revenue Growth.** We have been fortunate over the past few years to have experienced a steady increase in revenues. This, coupled with sound financial planning, have allowed the City move forward aggressively with various economic development initiatives City-wide. It has also allowed the City to play catch up in staffing and capital investment from years of limited resources. A few of the key revenue highlights of the FY 19 Budget are described below:

- The proposed FY 2019 **General Fund Budget** is **\$46,318,000**, which represents a 5.29% increase from the FY 2018 Budget (\$2,328,000 actual).
 - The projected **Tax Base** of the City for FY 19 is \$4,080,738,159 which represents an increase of \$100,675,426 or 3.07%. A 98% collection rate is assumed. For FY 19, one penny on the tax rate is projected to equal \$399,912.
 - Projected FY 19 **Property Tax revenue growth** is due solely to new private sector investment in our City (\$756,944). This is the third consecutive year of greater than \$750,000 in projected new tax revenues from private investment. This is the first time this has occurred in our City's history. The

projected Property Tax revenue for FY 19 is \$25,768,494 (55% of all General Fund revenues).

i. **Sales Tax revenue** is still projected to increase significantly (5% or \$455,000) but at a much slower rate the past two fiscal years (double digit growth). This increase is due to continued economic growth throughout Cabarrus County. Many local governments in our region are projecting slower sales tax growth. It is unclear if this is a short term trend or not. The projected Sales Taxes revenue for FY 19 is \$9,555,000 (20% of all General Fund revenues).

- The proposed FY 2019 **Water and Sewer Budget** is **\$18,362,000** which represents a 4.76% increase from the current year budget (\$834,800 actual increase). By comparison, the FY 2018 increase from FY 2017 was 7.94% (\$1,289,200) and the FY 2017 increase from FY 2016 was 3.59% (\$562,500). The growth in revenues is due solely to new growth in the system (i.e., new customers). No fee changes are recommended.
- **\$29,000 increase in Stormwater Fee revenues** due to revenues from growth and development.
- **\$50,000 increase in Investment Income.** This is the second straight year of a significant increase of investment income.
- **\$125,000 increase in Charges & Fees for Parks & Recreation** primarily due to the opening of the carousel.
- **\$66,250 increase in Utility Franchise Tax revenues.**

8. **Operating Expenditures.** Generally, the impacts of the “pause” described at the beginning of this budget message will be focused on the following: 1) no vehicle replacement, 2) limited growth in operating budgets, 3) limited new operating capital, and 4) minor, short-term cuts of non-essential operating expenses. This will require all City departments to hold the line on operating costs and prioritize within a set amount of funds. Departments will be given greater flexibility in directing funds to the most critical operating needs. This “pause” WILL NOT require us to do anything remotely detrimental to service delivery to our citizens, growth and prosperity of our City, or the well-being of our employees.

Looking Ahead – FY 2020 to FY 2023

In March 2018, City Council, with staff assistance, held a long range planning retreat. This retreat was focused primarily on prioritizing the major capital and operating investments in the General and Downtown funds for the next five years (FY 2019 through FY 2023). The goals of this retreat were to:

- Eliminate “Random.” That is, to evaluate out all potential projects and initiatives so as to not lose focus on what City Council views as the most important focal points of time and resources.
- Forge a pathway to make sure the major downtown revitalization project works financially.
- Define what the staff and City Council work program should look like for the next five years.
- Ensure that operations and service delivery do not suffer (at a minimum: maintain what we are doing – especially in the next few years).

Resulting from the retreat were a set of priorities, summarized below. The preliminary year of implementation is noted. The final decision of when a project, initiative, plan or staffing addition is added will be a function of each annual budget process. Of course, those labeled as FY 19 are included in this recommended budget.

Plans and Strategies. These were projects that needed more exploration before pursuing capital investment or employing a specific implementation strategy.

- Cannon Blvd. Corridor Plan (FY 19)
- Gem Theatre Long Term Plan (FY 19 – using downtown purchase financing proceeds)
- South Main Street Corridor Plan (FY 19)
- Downtown Retail Strategy (FY 19 – using downtown purchase financing proceeds)
- Eastside and Westside Park Master Plans (FY 19)
- Current Stadium Redevelopment Plan (FY 20)
- Cannon Memorial Study (FY 21)
- Open Space Acquisition Strategy (FY 22)
- First Street Crossing Plan (FY 22)
- Farmers Market Study (FY 23)

Capital Improvements.

- Bethpage Road Sidewalk (FY 20)
- Roxie Street Improvements (FY 21)
- Cannon Blvd/DE. Blvd Intersection Improvements (FY 21)
- Little Texas Phase II Sidewalk (FY 21)
- Village Park Phase 4 (FY 22)
- Eastside Park Phase 1 – approximately ½ of the site (FY 22)
- Westside Park Phase 1 – approximately 1/3 of the site (FY 22)
- Cannon Mills Office Cupola
- Community Center (FY 23)
- Kannapolis Parkway Street Lighting and Landscaping
- Bakers Creek Park Improvements
- Irish Buffalo Creek Greenway

Service Delivery Enhancements.

- Enhanced Summer Concert Series (4-year phase in: FY 19, FY 20, FY 22, FY 23)
- Street Litter Clean-Up Program - capital & new personnel (2 phases: FY 22 and FY 23)

Staffing Additions (29 full-time). This list does not include Water and Sewer Fund staffing which was not addressed at the City Council Retreat (with one exception - noted below).

- Eight (8) Police Officers (two in FY 19, two in FY 20, four in FY 21)
- Fire Marshal (FY 19)
- Streets Crew Supervisor (FY 19)
- Civil Engineer I (FY 19 – carried in the Water and Sewer Fund)
- Planner I (FY 19)
- Communication Multi-Media Specialist (FY 19)
- Three (3) Park Maintenance Tech IIIs (two in FY 19, one in FY 21)
- Downtown Parking Administrator (FY 20)
- Part-time Downtown Parking Ambassadors (FY 20)
- Youth Athletics Director (FY 20)
- Part-time Athletic Support Staff (FY 20)
- Six (6) Firefighters (three in FY 21, three in FY 23)
- Fire Accreditation Manager (FY 21)
- Engineering Tech (FY 21)

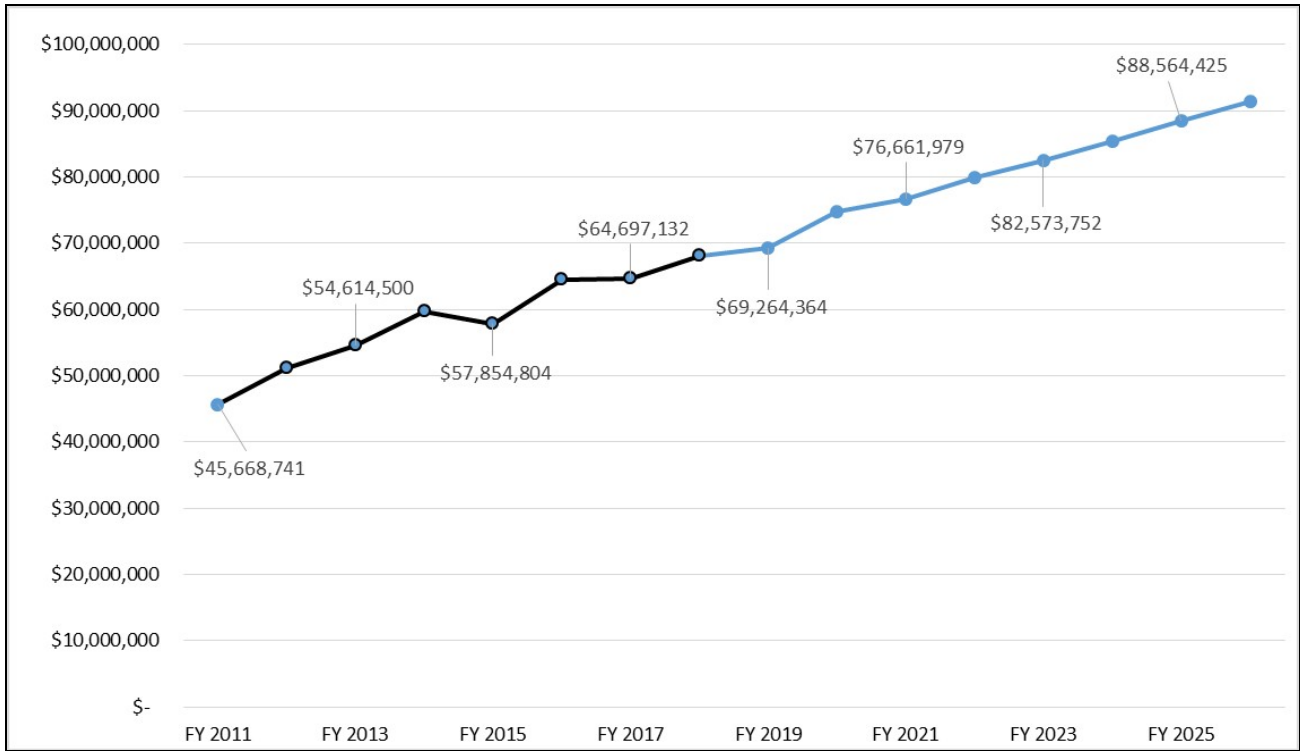
- Parks and Recreation Assistant Director (FY 21)
- Budget Analyst (FY 23)
- Fire Mechanic (To be determined –larger vehicle maintenance analysis needed)

Employee Retention and Recruitment. This was City Council’s highest priority at its March 2018 Retreat.

- *Employee Salary Adjustments.* It is likely that a combination Cost of Living Adjustment (COLA) and performance-based merit pay program will become the norm in future years for two purposes: to remain competitive with our neighboring jurisdictions and to more efficiently keep salaries in-line with the market.
- *Career Advancement Program.* To provide supplemental pay to employees with limited opportunities for upward mobility in certain departments (FY 19 and 20 start-up)
- *401k match to employee contribution.* 1% in FY 19 growing to 2% in FY 20 and 3% in FY 21.
- *Flex Dollar Program.* \$420 per employee in FY 19, growing to \$840 in FY 20 and \$1,260. In FY 21.
- *Updated Employee Compensation Study.* FY 19 for implementation in FY 20 subject to funding availability. The net cost of implementation of the most recent study in FY 16 was approximately \$300,000.
- *Updated Staffing Study.* FY 21 or FY 22. The last study was completed in FY 16. updated (internally) in FY 19.
- *Additional employee retention initiatives.* These may not necessarily be high cost efforts. The staff executive team will be exploring these ideas in FY 19 for implementation over the coming years.

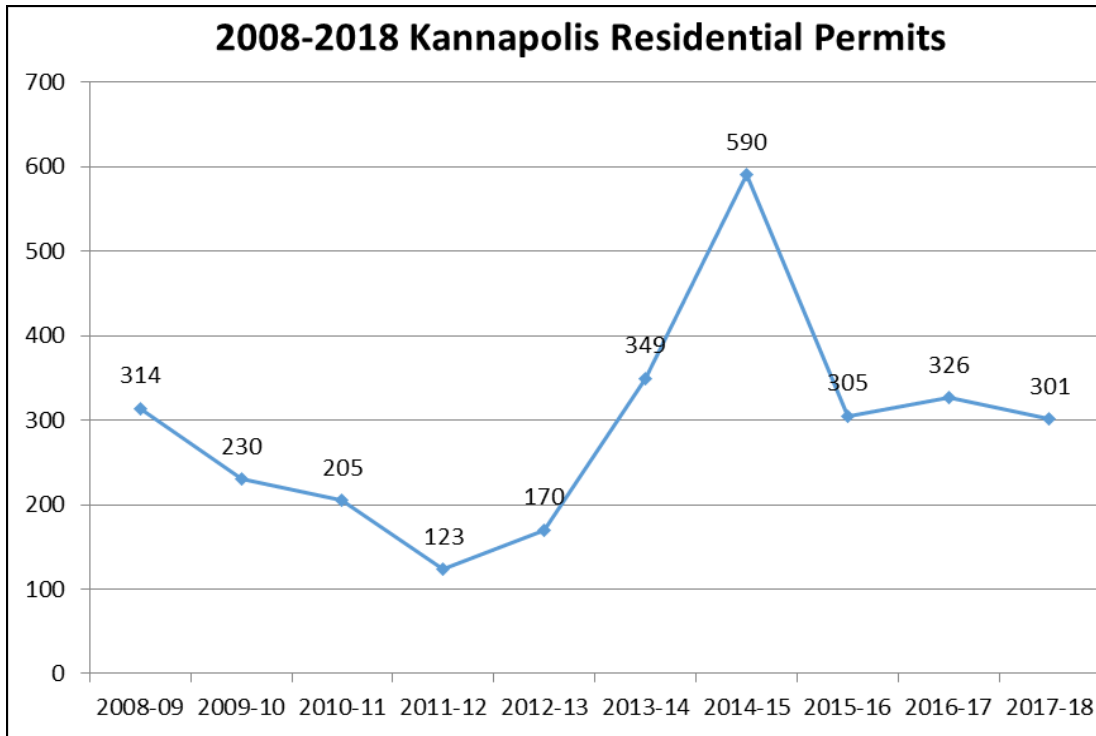
Growth in our local economy is the number one factor for our current and long-term success in our City and our region. While there is no way to predict the future, all indications are that we will continue to experience substantial growth and new private investment. Kannapolis is a dramatically different City in 2018 than it was 10-15 years ago – in a positive way. Our City’s economic well-being has significantly rebounded since the demise of Pillowtex and the more recent Great Recession. As depicted on the graph on the following page, the total City budget has increased by 50% since 2011 and is expected to nearly double by 2025.

Budget Growth Projections 2011 to 2026



The City’s positive growth trends are continuing. Over the past four years (April 2014 to March 2018) 1,522 residential permits were issued (including 368 apartment units). The private investment for this residential development was \$180,563,131. The average value of the homes permitted since April 2017 has been \$163,094, a substantially higher average than in past years. This residential growth is depicted in the graph on the following page.

Additionally, and perhaps more importantly, during the same four year period there was more than \$205 million in private commercial and industrial development permitted. For the sake of comparison, the tax base for the entire Town of Landis is approximately \$250 million. So we are essentially growing by “one Landis” every 2-3 years



*Note: 304 multi-family units were built in 2014-15. A similar spike is expected in FY 19.

With the construction of the LMG project downtown, other major multifamily projects, the completion of Amazon and several other non-residential projects planned, it is quite conceivable that we may top \$100 million in non-single family development investment in the first half of FY 19 alone.

Based on 2017 State estimates, Kannapolis was the 16th fastest growing municipality in the State, ahead of our historically explosive-growing neighbor Huntersville (19th). From 2016-2017, Kannapolis grew by more people (1,197) than Huntersville (1,057) and at a higher percentage rate – 2.5% vs. 1.9%. From 2010-2017, Kannapolis was 20th in the state in population growth at 14.5% (6,181 people). In terms of growth over this time period, Kannapolis was just behind Huntersville (20.2%), Charlotte (17.4%) and Concord (16.4%). The massive growth “wave” that impacted those three cities over the past decade has been teasing Kannapolis during that time; now it is likely going to fully arrive in Kannapolis over the next few years.

The reality is that these growth numbers are likely to pale in comparison to what Kannapolis will experience over the next decade. As depicted in the table on the following page, the City has 3,344 lots approved but not yet built upon. Assuming a minimum \$200,000 value per lot, these 3,344 lots will be transformed into \$668 million in new value to our City, resulting in \$4.2 million

CITY OF KANNAPOLIS - CURRENT AND PROPOSED RESIDENTIAL PROJECTS							
PROJECT NAME	STATUS	DEVELOPMENT TYPE	LOTS/UNITS APPROVED	LOTS/UNITS BUILT	LOTS/UNITS REMAINING	SF LOTS	MF UNITS
Macedonia Church Barr Road	Proposed	Mixed-Use	475	0	475	125	350
Mill Creek Crossing	Proposed	Mixed-Use	570	0	570	250	320
Stonewood Townhomes	Proposed	Single Family	35	0	35	35	0
Trinity Church/Mountain Vine	Proposed	Single Family	135	0	135	135	0
Rogers Lake Rd Townhomes	Under Construction	Single Family	9	0	9	9	0
Coldwater Ridge Apartments	Complete	Multi-family	60	60	0	0	60
Bridges of Cabarrus Apartments	In Review	Multi-family	144	0	144	0	144
The Reserve at Graces Point	In Review	Multi-family	200	0	200	0	200
Hawthorne at the Glen	In Review	Multi-family	224	0	224	0	224
Austin Corners	In Review	Single Family	144	0	144	144	0
Castlebrooke Manor	Under Construction	Single Family	230	100	130	230	0
Kellswater Bridge	Under Construction	Single Family	960	312	648	960	0
Waterford on the Rocky River	Under Construction	Single Family	278	267	11	278	0
Wellington Chase	Under Construction	Single Family	349	349	0	349	0
The Farm at Riverpointe	Under Construction	Single Family	805	438	367	805	0
Pelham Pointe	Under Construction	Single Family	113	113	0	113	0
Azalea Estates	Complete	Single Family	41	41	0	41	0
The Falls	Under Construction	Single Family	203	50	153	203	0
Summers Walk	In Review	Single Family	99	0	99	99	0
Totals			5074	1730	3344	3776	1298

in new property tax revenues. This could easily all happen in the next 5-10 years. Moreover, this does not include *new* development that is either in the planning stages or yet to come. It also does not include the corresponding commercial and industrial development. As much as \$400 million is projected for Downtown Kannapolis alone. Suffice it to say, Kannapolis’ future is very bright and the next couple of budget years are truly “bridge the gap” years as we make public investments that will spur new private sector growth and development.

This positive outlook should give City Council a high level of confidence in the course currently being charting.

Closing Thoughts

This recommended FY 2019 Budget is balanced in accordance with N.C. Statutes and it directly addresses the goals and priorities that the City Council has established over the past several years of long range planning and strategy development and more specifically at its 2018 Retreat. The preparation of the budget is always a group effort with a number of staff participating in its development. For each of those participating I am extremely thankful. I am very proud of the commitment to long hours that many of our staff put into the preparation of this budget. In particular, Deputy City Manager Eddie Smith, Finance Director Eric Davis, Budget Analyst Jason May and Human Resource Director Tina Cline was the core team guiding this effort. As always, the remainder of the Finance, Human Resources and City Manager’s departments and all of our

Department Heads and their management teams should be applauded for their contributions to this process – especially as it relates to budget management throughout the year.

I continue to be very appreciative of City Council’s support for City staff in the development and management of the annual budget as well as the implementation of City Council’s long term vision. City Council has had to make several complex decisions over the past few years. This will continue well into the future as we are faced with so many opportunities. Maximizing those opportunities is not easy and sometimes not without expense.

The firm financial foundation upon which City Council established several years ago has made the downtown effort possible. I am confident these dramatic changes will continue. Very few communities have the opportunities we have. Even fewer communities have the commitment and vision to take such bold steps to capitalize on them. We should all be proud of the place in which we find ourselves.

Without reservation, I respectfully recommend this proposed FY 2018-19 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, 2018 AND ENDING JUNE 30, 2019**

BE IT ORDAINED by the City Council of the City of Kannapolis, North Carolina, meeting in open session this 25th day of June, 2018, 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, 2018 and ending June 30, 2019:

Ad Valorem taxes	\$ 25,768,494
Sales taxes	9,555,000
Intergovernmental	6,460,108
Other	3,871,030
Appropriated Fund Balance	<u>663,368</u>
TOTAL	<u>\$46,318,000</u>

SECTION II - WATER AND SEWER FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2018 and ending June 30, 2019:

Charges for Services	\$16,632,000
Other Revenues	1,730,000
TOTAL	<u>\$18,362,000</u>

SECTION III – STORM WATER FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2018 and ending June 30, 2019:

Storm Water Fees	\$ 3,023,000
Miscellaneous	<u>0</u>
TOTAL	<u>\$ 3,023,000</u>

SECTION IV – ENVIRONMENTAL FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2018 and ending June 30, 2019:

User Fees	\$ 3,200,500
Transfer from Other Funds	613,700
Solid Waste Disposal Tax	<u>32,300</u>
TOTAL	<u>\$ 3,846,500</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, 2018 and ending June 30, 2019:

Motor Vehicle License Tax	\$ 760,000
Transfer from General Fund	<u>48,000</u>
TOTAL	<u>\$ 808,000</u>

SECTION VI – SEPARATION PAY FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2018 and ending June 30, 2019:

Transfer from General Fund	\$ 500,000
TOTAL	<u>\$ 500,000</u>

SECTION VII – DOWNTOWN FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2018 and ending June 30, 2019:

Property Leases	\$ 911,000
Transfer from General Fund	\$4,599,200
Miscellaneous	\$ 110,800
TOTAL	<u>\$5,621,000</u>

SECTION VIII - GENERAL FUND: A total of \$46,318,000 is hereby authorized to be expended from the departmental accounts of the General Fund as follows:

General Government	\$ 5,864,428
Planning & Zoning	1,120,192
Police	8,552,335
Fire	7,853,137
Parks and Recreation	2,536,001
Public Works, incl. Powell Bill	4,258,805
Other	7,263,445
Contingency	230,000
Debt Service	<u>8,639,657</u>
TOTAL	<u>\$46,318,000</u>

SECTION IX - WATER AND SEWER FUND: A total of \$18,362,000 is hereby authorized to be expended from the Water and Sewer Fund as follows:

General Management Services Fee	\$1,765,800
Billing and Collections – Water and Sewer	858,056
Distribution - Water and Sewer	2,731,807
WSACC – Sewage Treatment	3,120,555
Water Treatment Plant	3,006,790
Transfer to Other Funds	1,947,436
Debt Service	<u>4,931,556</u>
TOTAL	<u>\$18,362,000</u>

SECTION X – STORM WATER FUND: A total of \$3,023,000 is hereby authorized to be expended from the Storm Water Fund as follows:

Personnel	\$ 808,848
Operations	631,836
Debt Service	1,286,316
General Management Services Fee	<u>296,000</u>
TOTAL	<u>\$ 3,023,000</u>

SECTION XI – ENVIRONMENTAL FUND: A total of \$3,846,500 is hereby authorized to be expended from the Environmental Fund as follows:

Recycling Collection	\$ 717,005
Household Solid Waste Collection	2,288,000
Yard Waste Collection	609,459
Debt Service	<u>232,036</u>
TOTAL	<u>\$ 3,846,500</u>

SECTION XII – PUBLIC TRANSIT SYSTEM FUND: A total of \$808,000 is hereby authorized to be expended from the Public Transit System Fund as follows:

Contracted Services	\$ <u>808,000</u>
TOTAL	<u>\$ 808,000</u>

SECTION XIII - SEPARATION PAY FUND: A total of \$500,000 is hereby authorized to be expended from the Separation Pay Fund as follows:

Salaries-Separation Pay	\$ <u>500,000</u>
TOTAL	<u>\$ 500,000</u>

SECTION XIV - DOWNTOWN FUND: A total of \$5,621,000 is hereby authorized to be expended from the Downtown Fund as follows:

Operations	\$ 663,100
Debt Service	\$4,957,900
TOTAL	<u>\$5,621,000</u>

SECTION XV - TAX RATE ESTABLISHED: An Ad Valorem Tax Rate of \$0.63 per \$100 property valuation is hereby established as the official tax rate for the City of Kannapolis for the fiscal year 2018-2019. This rate is based on an estimated valuation of \$4,080,738,159 and an estimated 98 percent collection rate, which was at least the collection rate experienced during the 2016-2017 fiscal year. Allocation of the 2018-2019 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 25th day of June, 2018.


Milton D. Hinnant, Mayor

ATTEST:


Bridgette Bell, MMC, NCCMC
City Clerk

FY 2019 BUDGET SUMMARY

I. GENERAL FUND

REVENUES

The proposed FY 2019 General Fund Budget is \$46,318,000, which represents a 5.29% increase from the FY 2018 Budget (\$2,328,000 actual). The total ad valorem (property) tax revenue projected for FY 2019 is \$25,768,494 based upon an estimated tax base of \$4,080,738,159 (an increase of \$100,675,426 from FY 18) and a collection rate of 98%.

Property tax revenues are projected to rise by 3.07% or \$768,494 in FY 19. Each penny on the tax rate is now equal to approximately \$399,912 (up from \$396,825 in FY 18 and \$383,465 in FY 17).

OPERATING INCREASES:

- Finance \$7,000- Audit – This increase is due to the city’s current contract and Other Personnel Employee Benefits (OPEB) calculations required for Annual Audit.
- Information Technology \$13,560 – Network Administration – The 3% increase covers the contractual increase with Tech Edge for FY 19.
- Police Administration \$196,000 – Contracted Services – For FY 19, the regional Police Towers are requiring an update and City of Kannapolis’s portion is \$196,000 (one-time expense for FY 19).
- Planning \$162,594 – Contract Planning - Funding includes
 - \$200,000 – Unified Development Ordinance (partial funding in FY 18)
 - \$100,000 – Cannon Blvd Corridor plan
 - \$50,000 – North Main St. small area plan
- Parks \$40,000 – Contracted Services - \$20,000 for Master Plans of Eastside and Westside Parks each. These master plans are required for PARTF grant applications in FY 20.
- Parks \$191,500 – Contract Grounds Maintenance – For FY 19, all grounds maintenance for the city is moved to Parks from General Services. The funding level remains unchanged for FY 19, funding is only moved from one department to another.

- Recreation Program \$10,000 – Program Supplies – Funding needed for Run Kannapolis Program.
- Recreation Program \$10,000 – Summer Event Series - High Priority of Council Retreat

OPERATING DECREASES:

- Council \$39,500 – Elections – There are no municipal elections in FY 19.
- Economic Development \$478,387 – Economic Development Initiatives – This funding from FY 18 was a place holder number in case any large economic development projects came about and to provide additional capacity for FY 19.
- Economic Development \$2,000 – Irish Creek Collegiate Golf Tournament – This funding was part of the community support line item.
- Economic Development \$9,000 – Intimidators July 4th Sponsorship – This funding was part of the community support line item.
- Economic Development \$20,000 – Community Support – This funding was for additional grants to Community Groups above and beyond what the City was already providing.
- Economic Development \$1,000 – Charlotte Ventures Conference – This funding was part of the community support line item.
- Communications \$5,000 – HR Employee Guide – This funding was for a one-time expense in the FY 18 budget and is not necessary in the FY 19 budget.
- Communications \$5,000 – Planning Developers Guide - This funding was for a one-time expense in the FY 18 budget and is not necessary in the FY 19 budget.
- Communications \$3,500 – Groundbreaking Ceremonies - This funding was for a one-time expense in the FY 18 budget and is not necessary in the FY 19 budget.
- Communications \$1,000 – Budget in Brief (one-time expense)
- Communications \$24,000 – Connect CTY – This decrease is part of the attempt to bridge the gap over the next two to three years. During this time frame, city staff will be examining other avenues to alert citizens in a similar way to Connect CTY.
- General Services \$3,700 – Roll up door for Police Headquarters - This funding was for a one-time expense in the FY 18 budget and is not necessary in the FY 19 budget.

- General Services \$75,000 - Health Clinic move and up fit - This funding was for a onetime expense in the FY 18 budget and is not necessary in the FY 19 budget.
- General Services \$119,200 – Contracted Services – This decrease is part of the attempt to bridge the gap over the next two to three years. This funding paid for maintenance contracts, primarily for the City Hall/Police Headquarters building. City staff has and continues to explore ways of providing maintenance in-house and funding continues to be provided for any necessary repairs or replacements.
- General Services \$2,000 – R&M: Vehicles - For FY 19, all grounds maintenance for the city is moved to Parks from General Services. The funding level remains unchanged for FY 19, funding is only moved from one department to another.
- General Services \$3,000 – R&M: Equipment - For FY 19, all grounds maintenance for the city is moved to Parks from General Services. The funding level remains unchanged for FY 19, funding is only moved from one department to another.
- General Services \$2,000 – Motor Fuel - For FY 19, all grounds maintenance for the city is moved to Parks from General Services. The funding level remains unchanged for FY 19, funding is only moved from one department to another.
- General Services \$2,500 – Small Equipment and Tools - For FY 19, all grounds maintenance for the city is moved to Parks from General Services. The funding level remains unchanged for FY 19, funding is only moved from one department to another.
- General Services \$5,000 – Cleaning Supplies – In FY 18, funding was moved from Parks to General Services for cleaning supply purchases. The hope was to take advantage of economies of scale in purchasing items such as paper towels, toilet paper, and garbage bags. Funding is moved back to Parks for FY 19.
- General Services \$2,000 – Uniforms - For FY 19, all grounds maintenance for the city is moved to Parks from General Services. The funding level remains unchanged for FY 19, funding is only moved from one department to another.
- Police Admin \$5,000 – FY 18 Budget provided funding for CALEA accreditation (onetime expense).
- Police Admin \$52,000 – Telephone- Staff tried to identify all telephone line items affected by the Windstream Settlement. Unfortunately, this line item was not reduced in FY 18, but funding is reduced in FY 19 to the appropriate levels.
- Police Support Services \$3,650 – Travel & Training – Funding for Polygraph training was included in FY18 (one-time expense).

- Fire Admin \$25,000 Contracted Services – This funding covers the expenses related to the Odell VFD contract. Reduction is related to an overestimation in FY 18 budget.
- Fire Emergency Services \$3,600 – Funding covered uniforms expenses for new firefighters hired in FY18. No new firefighters are included in the FY 19 budget.
- Fire Emergency Services \$18,000 – Funding was provided in the FY 18 budget for a FEMA grant match. The grant was not awarded and no FEMA grants are slated for application in FY 19.
- PW Engineering \$75,000 – Contract – Engineering – As the City of Kannapolis continues to grow, the city is relying more and more on city staff for engineering services. FY 19 budget includes a Civil Engineers I and this reduction is related to this new hire.
- PW Street lighting \$145,000 – Capital - FY 18 budget included funding for the second phase of light installation along Watson Crick and Laureate Way. This project is slated to be completed by the end of the fiscal year and no further lights are planned along this corridor during construction of the SEV and other downtown economic development projects.

II. WATER & SEWER FUND

REVENUES

The proposed FY 2019 Water and Sewer Budget is \$18,362,000 which represents a 4.76% increase from the current year budget (\$834,800 actual increase). By comparison, the FY 2018 increase from FY 2017 was 7.94% (\$1,289,200) and the FY 2017 increase from FY 2016 was 3.59% (\$562,500).

Proposed Water and Sewer Fee and Charge Schedule (Tier One = less than 7,000 gallons)

Charge	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	Proposed FY 19
Variable Water Rate	\$5.40	\$5.40	\$5.75	\$5.75	\$5.75	\$5.75	\$6.15	\$6.15
Variable Sewer Rate	\$5.30	\$5.30	\$5.65	\$5.65	\$5.65	\$5.65	\$6.05	\$6.05
Fixed Water Charge	\$6.00	\$6.00	\$6.95	\$6.95	\$6.95	\$6.95	\$6.95	\$6.95
Fixed Sewer Charge	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80

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

Proposed Monthly Impact by Usage (Tier One = less than 7,000 gallons)

Usage	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	Proposed FY 19	FY 18 to FY 19 % Change	FY 18 to FY 19 Actual \$ Change
2000 gallons	\$31.20	\$31.20	\$33.55	\$33.55	\$33.55	\$33.55	\$35.15	\$35.15	+ 0.0%	+ \$0.00
4000 gallons	\$52.60	\$52.60	\$56.35	\$56.35	\$56.35	\$56.35	\$59.55	\$59.55	+ 0.0%	+ \$0.00
5000 gallons	\$63.30	\$63.30	\$67.75	\$67.75	\$67.75	\$67.75	\$71.75	\$71.75	+ 0.0%	+ \$0.00

OPERATING INCREASES

- Billing & Collections \$40,000 – Banking Fees – This increase is for a proposed lock box and e-box services, streamlining the process of utility payment deposits.
- Filter Plant \$42,250 – Bulk Water Purchase – This increase is based on Albemarle Water purchase contract.
- Filter Plant \$28,500 – R&M: Equipment – This line item has a \$15,000 reduction due to one-time expenses funding in FY 18. However, \$43,500 is funded in FY 19 for additional repairs identified by Risk Manager.
- Filter Plant \$5,800 – R&M: Water Tank – This funding increase is due to a contractual increase.
- Filter Plant \$40,000 – Contract Grounds Maintenance – For FY 19, Contract Grounds Maintenance expenses are no longer found in General Services. This increase covers the cost for grounds maintenance around elevated towers, the damn, and other areas around the filter plant.
- Sewage Treatment \$77,264 – Sewage Treatment Variable – Funding is provided for a 3% increase by WSACC and organic growth.
- Sewage Treatment \$15,000 – Concord Northlite Sewer – Funding is provided to cover the organic increase for sewage treatment.

OPERATING DECREASES

- Billing & Collections \$19,000 – Contracted Services - FY 18 funded a one-time usage survey in the Customer Service Department. No funding necessary in FY 19.

- Filter Plant \$30,000 – R&M Building & Grounds – Funding in FY 18 covered the onetime expenses related to updates at the Filter Plant. No additional funding is provided in the FY 19 proposed budget.
- Water Treatment Plan \$5,000 – R&M Lift Station – Funding was provided in the FY 18 budget for one-time repairs. No additional funding is provided in the FY 19 proposed budget.

III. STORMWATER FUND

REVENUES

The proposed FY 2018 Stormwater Fund Budget is **\$3,023,000**, which represents a 0.97% increase from the current year budget (\$29,000 actual). The slow growth in Stormwater for FY 19 is due to a small overestimation of revenues in FY 18. No fee increased proposed for FY 19 according to the 10 year Financial Plan

OPERATING

- No proposed changes to operating line with the exception of the increase of the General Management Service Fee, an increase of \$14,000.
- \$67,236 is included in the Capital Line for FY 19. This funding can be used for a small capital purchase in FY 19 or can be combined with FY 20 funding for a larger capital project.
- No New Debt Service Projects for FY 19

IV. ENVIRONMENTAL FUND

REVENUES

The proposed FY 2019 Environmental Fund Budget is **\$3,846,500** which represents an 8.62% increase from the FY 18 budget (\$305,200 actual). The FY 19 budget includes a \$3.75 fee increase per month per household. This increase provides \$769,500 (17,100 household x \$3.75 x 12 months). The remaining \$31,000 is due to organic growth in the fund. The fee increase decreases the transfer from General Fund by \$641,300, adding capacity in the General Fund for projects related to downtown revitalization effort.

OPERATING INCREASES

- \$10,000 – Container Purchases – Increase provides funding for a third round of container purchases to keep up with new housing permits and construction in city.
- \$5,000 – Telephone – This is a new line item for FY 19.
- \$2,000 – Office Supplies – This is a new line item for FY 19.
- \$5,000 – Small Equipment and Tools – This is a new line item for FY 19.
- \$31,700 – Solid Waste – Funding increase is due to Waste Management Contract.
- \$35,000 – Bulk Containers – This increase is caused by an increase in the number of containers and increase in monthly fees.
- \$20,000 – Landfill - Tipping fees from the county are slated to increase in FY 19.
- \$257,005 – Recycling – For FY 19, Waste Management has a contractual increase. In addition to this increase funding is provided for the projected Recycling increase due to the recent Chinese recycling import ban.
- \$50,000 – Yard Waste – Funding is provided for Tipping fees related to yard waste collected by city staff.

OPERATING DECREASES

- \$15,000 – Motor Fuel – FY 19 is the second year of Yard Waste collection by city staff. This decrease is based on the funding needs seen during the first year of this transition.
- \$68,800 – Contracted Services – The FY 18 budget possessed funding increases for projected increases in e-waste and risk manager recommendations related to the e-waste process. Projection for FY 19 are six e-waste collections. Funding is reduced based on this projection.

V. SEPARATION PAY FUND

REVENUES

The proposed FY 19 Separation Pay Fund Budget is **\$500,000** which represents a 7.53% increase from the FY 18 budget (\$35,000 actual).

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 2019. Three (3) former employees will be coming off separation pay rolls in FY 2019 and nine (9) current employees are eligible to receive separation pay benefits in FY 2019.

Twenty-seven (27) former employees currently receive separation pay benefits.

VI. TRANSIT FUND

REVENUES

An increase of \$15 to the Vehicle License Fee is proposed in the FY 19 budget. This increase provide \$570,000 in new revenue and makes the Transit Fund almost self-sufficient (General Fund still transfers \$48,000 to the transit fund – down from \$408,000 in FY 18).

OPERATING

Transit Fund has nearly doubled in cost over the past three years FY 16 \$478,200 to FY 19 \$810,000

FY 19 proposed budget is \$810,000, an increase of 35.12% from FY 18 (\$210,000 actual).

Four areas driving the budget increases:

- CCX cost (including estimated NASCAR and Panther Games extra service) with the start of the new blue line service, Charlotte Area Transit (CATS) is no longer providing the express route from Concord to Downtown Charlotte. This service will now be provided by transit and run from Kannapolis and Concord to the start of the blue line at UNCC.
- Paratransit Service Growth
- Fixed Route Hourly Rate increase of \$3.04 (single largest increase year over year in 10 years of the contract)
- Compliance Position Adjustment

VII. DOWNTOWN/COLLEGE STATION FUND

REVENUES

\$4,599,200 in revenue comes from a transfer from the General Fund generally to cover debt service obligations.

Key revenues include:

- *Residential Rent/Leases* (\$96,000, including an increase of \$26,000 from FY 18) *Special Event Fees* (\$75,800, a decrease of \$19,200 from FY 18).
- *Commercial Rent/Leases* (\$815,000, an increase of \$115,000 (college station rent)
- *Short-term Building Rental* (\$30,000, an increase of \$22,500 or 300% from FY 18)

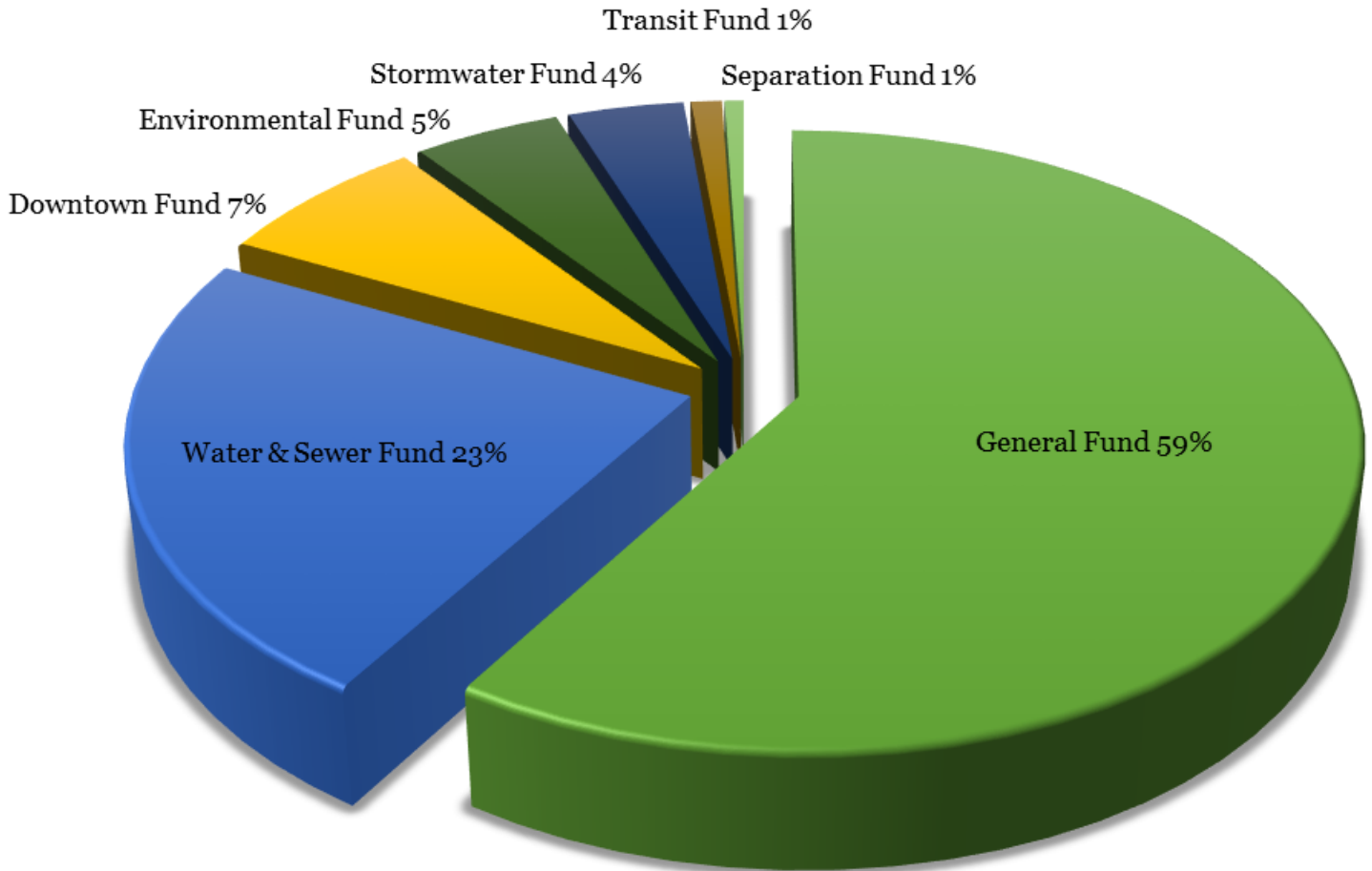
OPERATING

No increases are planned in the Fund for FY 19.

Key Reductions/Decreases:

- \$65,000 – R&M Buildings – For FY 19, funding necessary for Repair and Maintenance of Building is reduced due to construction of demonstration project and Sports Entertainment Venue.
- \$22,000 – Contract Grounds Maintenance – Due to construction in FY 19, no bathroom cleaning contract or flowers along West Ave in included in the FY 19 proposed budget.
- \$87,400 – Revitalization Initiatives – All stadium expenses will be funded through the capital project account for FY 19 and going forward.

City of Kannapolis FY 19 Fund Comparison





CITY OF KANNAPOLIS FINANCIAL POLICIES

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

Operating Budget Policies

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

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

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

Investment Policy

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

Reserve Policy

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

Debt Policy

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

- The financing period is no longer than the estimated life of the improvement.

- The cost of the improvement including the interest is reasonable.
- The projected revenue increases to be used to pay the debt are not excessive.
- The improvement will benefit both current and future citizens of the City.

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

Capital Improvement Policy

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

BUDGET PROCESS

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

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

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

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

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

FORMULATE HISTORICAL DATA

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

PREPARATION OF DEPARTMENTAL REQUEST

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

CONSOLIDATE PRELIMINARY BUDGET

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

EVALUATE SERVICE PRIORITIES AND OBJECTIVES

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

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

BALANCE PROPOSED BUDGET

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

LEGISLATIVE REVIEW

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

BUDGET ADOPTION

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

**CITY OF KANNAPOLIS
BUDGET PREPARATION CALENDAR
FISCAL YEAR 2018-2019**

- 1/8/18** Budget Staff begin producing the FY 2018 Base Budget. *(Munis level 1 open)*
- 1/8/18** Budget Calendar is given to the City Council in open session.
- 2/2/18** Department Heads and staff provided budget entry information and budget process changes are discussed.
- 2/28/18** Departments receives base budgets. Base budget details the budget requests needed from Department Heads, as well as the forecasted budget amounts for all recurring line items. Debt Service requirements are due to Finance Director from Deputy Finance Director. *(Munis level 2 open)* **Budget request are due by 3/16/18.**
- 3/19/18-3/30/18** Preliminary Budget meetings held with Department Heads to discuss One Time operation requests and any modification to recurring line items. City Manager & Deputy City Manager attending. *(Munis level 3 open)*
- 4/2/18-4/6/18** Preliminary Budget balanced by Finance Department Staff *(Munis level 4 open)*
- 4/9/18** Preliminary Budget presented to City Manager *(Possibly not balanced)*
- 4/9/18-4/27/18** Management Budget Discussions
- 5/29/18** Preliminary Budget is submitted to City Council in open session. (Budget Notebooks completed internally by 5/25/18.)
- 5/29/18** **Preliminary Budget is made available for public review.** *(Munis level 5 open)*
- 5/29/18-6/11/18** City staff makes final revisions to the budget
- 6/11/18** City Council holds Public Hearing on the proposed budget.
- 6/25/18** **City Council adopts the 2018 - 2019 fiscal year budget ordinance, and fee schedule for the City of Kannapolis.**
- 6/25/18-6/29/18** 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/College Station Fund** is an Enterprise Fund and accounts for the operations of the newly purchased downtown properties purchased by the City of Kannapolis. FY 16 was the first year for this fund. During FY 18, the City purchased a commercial property for the location of the RCCC Cosmetology School. In addition to the Downtown properties purchased, and the operations and management of those properties, this fund will account for all activity related to the newly named College Station properties.

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

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

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

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

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

The major expenditures by function are shown as follows:

- *General Government:* Expenditures for the Governing Body; City Manager; Human Resource Director; Legal Services; Finance Administration; Information Technology;

Economic Development; City Memberships; and General Services.

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

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

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

**CITY OF KANNAPOLIS
REVENUE ASSUMPTIONS**

Certain methods, techniques and approaches have been used to aid the City in estimating future revenues. By analyzing current trends and their underlying forces, the City can make realistic projections of revenues. The following are some assumptions concerning revenues estimated in the City of Kannapolis 2018-2019 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 \$4,080,738,159 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 98.00%. The collection remained level from last year's 98.00%. The prior year tax budget amount is based upon previous historical trends. **Estimate – General Fund – Current year tax - \$25,768,494; prior year tax - \$473,550.**

Utility Tax

The City shares in the taxes levied by the State on various utilities. Revenues are based on estimated receipts from the N.C. Department of Revenue and historical models. Each city's share is based on the actual receipts from electric, telephone, and natural gas services and cable TV within their municipal boundaries, as a proportion of total state-wide receipts except for cable TV which is paid directly to the City by the cable company, Time Warner Cable. Any significant local rate increases or decreases approved during the year will cause receipts to change. **Appropriation – General Fund - \$2,716,250.**

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 \$220,500.**

Powell Bill

One and three quarters (1¾) cents per gallon of the State gasoline tax is distributed to municipalities to be earmarked for street construction and maintenance. Seventy five percent (75%) is based on per capita and the remaining twenty five percent (25%) is based on number of miles of streets maintained. The State provides the estimated value to place on each. Using this formula, 223.8 miles of street times \$1,624.40 and 43,000 population times \$20.15 equals the **Estimate – Powell Bill revenues \$1,305,930.**

Local Option Sale Tax

Revenue projections are based on anticipated retail sales and historical trends. State G.S. 105, Article 39 or 1% rate was established whereby counties and municipalities receive the net proceeds of the tax collections within the county less the cost to the State of collecting and administering the tax (point of sale). The net proceeds are distributed based on a per capita basis in Rowan County and an ad-valorem tax basis in Cabarrus County. The *Per Capita Basis* is calculated based on the ratio of the City's population to the sum of the total population of the taxing county and all the cities within the county. The *Ad-Valorem Basis* is calculated in a similar manner except that the total property tax levy is used in place of population. G.S. 105, Article 40 or ½ of 1% rate and G.S. 105, Article 42 or ½ of 1% was established with net proceeds placed in a State wide pool. Net proceeds are distributed on a per capita and ad-valorem tax basis. Staff is recommending a 7.3% increase from the FY2015 budget amount based on State estimates provided by the North Carolina League of Municipalities (NCLM). **Estimate –General Fund \$9,555,000**

REVENUES

FORECAST RATIONALE

Investment Income

Investment or interest income revenues are projected on the basis of estimated average available cash balances at an anticipated realistic rate of return. **Estimate General Fund \$250,000; Water & Sewer Fund \$30,000.**

Planning and Zoning Fees

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

Recreation Fees and Charges

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

Vehicle License Tax

The City receives \$30.00 per vehicle (\$10.00 for the General Fund and \$20.00 for the Transit Fund) located in the City and required by the State to register for a license plate. Projections are based on comparisons of past operating data. **Estimate – General Fund \$380,000; Transit Fund \$760,000.**

Street Lighting Fees and Charges

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

City Code Violation Revenues

Projections are based on comparisons of past operating data. **Estimate – General Fund \$36,000.**

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 \$70,000; Building Rental \$90,000.**

Fire Fees and Charges

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

Police Officer Court Cost Reimbursements

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

Enterprise Fund Management Fees

Charges for services by the General Fund to the Water and Sewer Fund and the Stormwater Fund within the City. Funding is projected by estimating cost of services provided on historical trend information. **Estimate – General Fund \$2,059,800**

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 \$16,302,000; Wholesale \$330,000.**

REVENUES

Taps and Connections

FORECAST RATIONALE

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 \$657,000.**

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 \$591,000.**

Solid Waste Fee

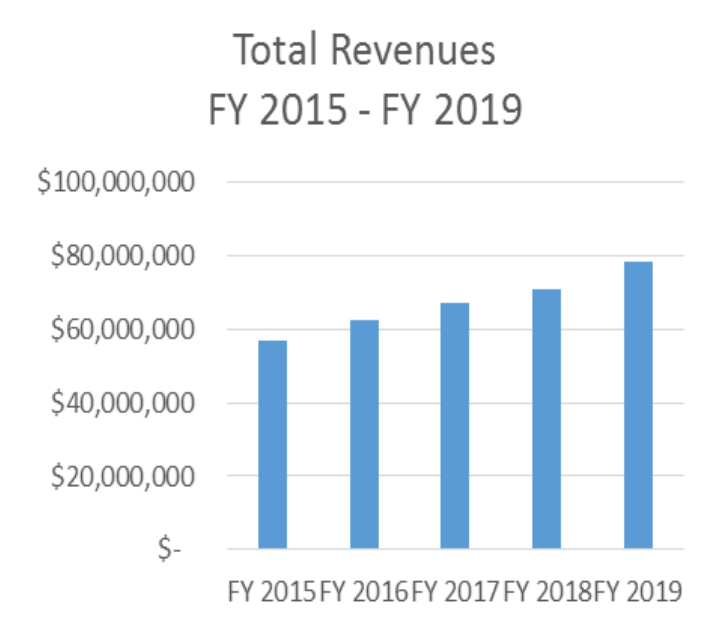
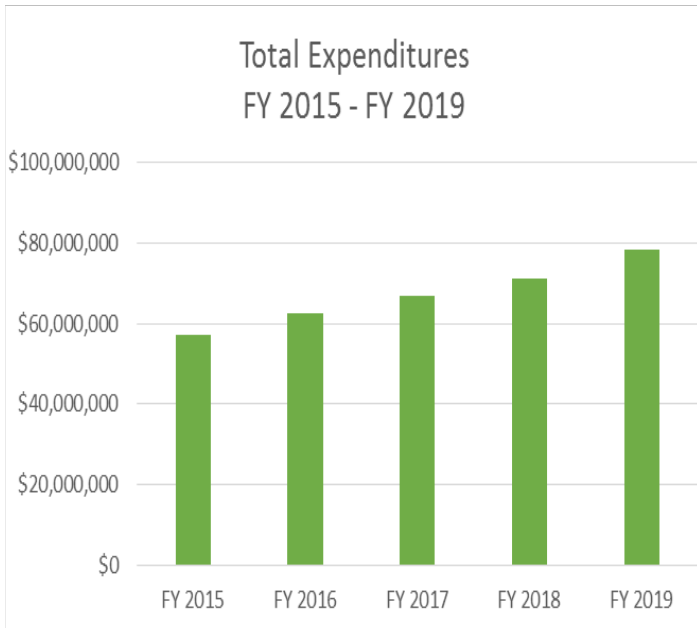
A new fee was added in 2007 for solid waste pickup for commercial dumpster containers located at apartment complexes and mobile home parks. These dumpster pickups were considered residential pickup in past years and were not charged a fee. This designation was changed to commercial pickup and a fee added. Estimate is based on prior year collections. **Estimate – General Fund \$32,300**

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 \$1,963,428.**

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 2019 Expanded Budget Summaries

	FY 2019 General Fund Budget	FY 2019 Water & Sewer Budget	FY 2019 Stormwater Budget	FY 2019 Environmental Budget	FY 2019 Separation Pay Budget	FY 2019 Transit Fund Budget	FY 2019 Downtown Budget	FY 2019 Total All Funds
SOURCE OF FUNDS								
AD VALOREM TAXES	\$ 25,768,494	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,768,494
SALES TAXES	\$ 9,555,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,555,000
INTERGOVERNMENTAL	\$ 6,460,108	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,460,108
INVESTMENT INCOME	\$ 250,000	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 280,000
OTHER	\$ 3,904,398	\$ 1,043,000	\$ -	\$ 32,300	\$ -	\$ -	\$ -	\$ 4,979,698
CHARGES FOR SERVICES	\$ -	\$ 16,632,000	\$ 3,023,000	\$ 3,200,500	\$ -	\$ -	\$ 1,021,800	\$ 23,877,300
TAP/CONNECTION FEES	\$ -	\$ 657,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 657,000
VEHICLE LICENSE TAX	\$ 380,000	\$ -	\$ -	\$ -	\$ -	\$ 760,000	\$ -	\$ 1,140,000
FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TRANSFERS	\$ -	\$ -	\$ -	\$ 613,700	\$ 500,000	\$ 48,000	\$ 4,599,200	\$ 5,760,900
TOTAL SOURCES	\$ 46,318,000	\$ 18,362,000	\$ 3,023,000	\$ 3,846,500	\$ 500,000	\$ 808,000	\$ 5,621,000	\$ 78,478,500

	FY 2019 General Fund Budget	FY 2019 Water & Sewer Budget	FY 2019 Stormwater Budget	FY 2019 Environmental Budget	FY 2019 Separation Pay Budget	FY 2019 Transit Fund Budget	FY 2019 Downtown Budget	FY 2019 Total All Funds
USES OF FUNDS								
GENERAL GOVERNMENT	\$ 5,864,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,864,428
COMMUNITY DEVELOPMENT	\$ 1,120,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,120,192
PUBLIC SAFETY	\$ 16,405,472	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,405,472
PARKS AND RECREATION	\$ 2,536,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,536,001
PUBLIC WORKS	\$ 4,258,805	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,258,805
OTHER	\$ 1,992,545	\$ -	\$ 2,727,000	\$ 3,846,500	\$ 500,000	\$ 808,000	\$ 663,100	\$ 10,537,145
DEBT SERVICE	\$ 8,639,657	\$ 4,931,556	\$ -	\$ -	\$ -	\$ -	\$ 4,957,900	\$ 18,529,113
DISTRIBUTION	\$ -	\$ 2,731,807	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,731,807
FILTER PLANT	\$ -	\$ 3,006,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,006,790
SEWAGE TREATMENT	\$ -	\$ 3,120,555	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,120,555
BILLING AND COLLECTION	\$ -	\$ 858,056	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 858,056
TRANSFER OTHER FUNDS	\$ 5,500,900	\$ 3,713,236	\$ 296,000	\$ -	\$ -	\$ -	\$ -	\$ 9,510,136
TOTAL USES	\$ 46,318,000	\$ 18,362,000	\$ 3,023,000	\$ 3,846,500	\$ 500,000	\$ 808,000	\$ 5,621,000	\$ 78,478,500

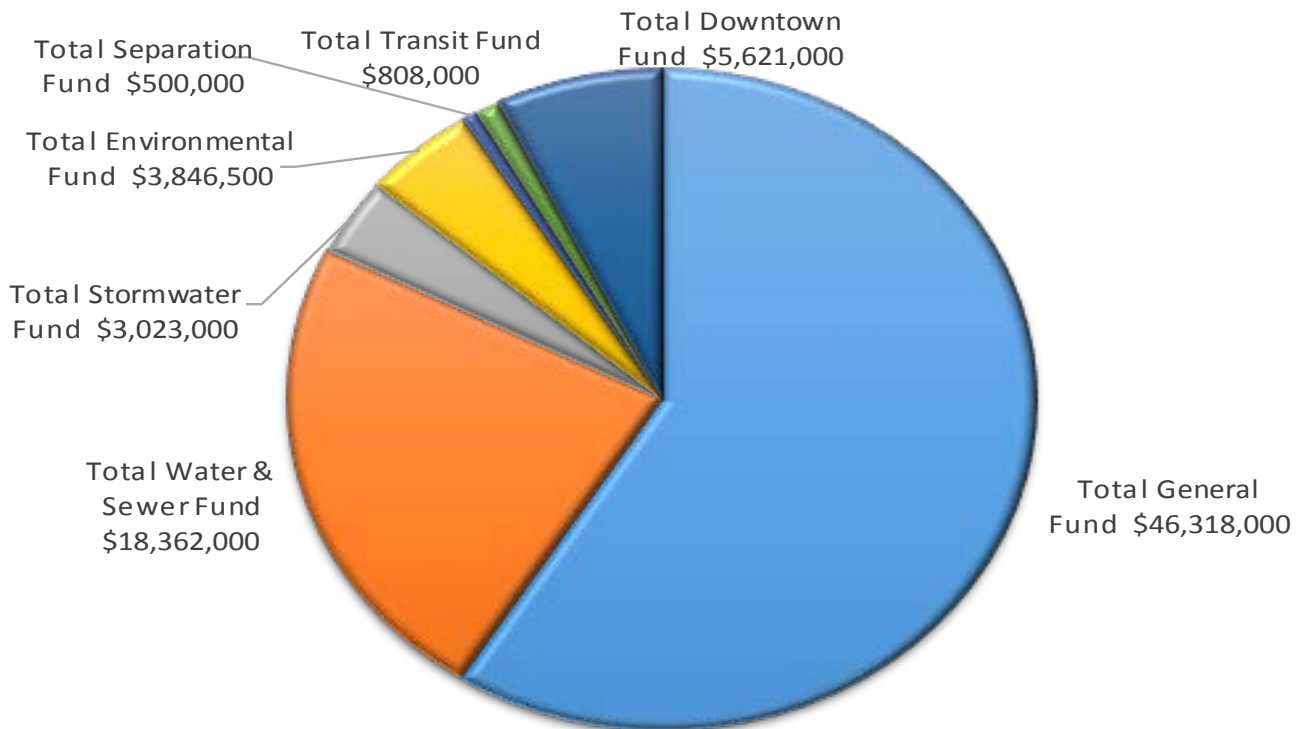
City of Kannapolis FY 19 Consolidated Budget Summaries

REVENUES	Actual FY 2016	Actual FY 2017	Budgeted FY 2018	Manager Proposed FY 2019	Adopted FY 2019
GENERAL FUND	\$38,395,013	\$41,600,800	\$43,990,000	\$46,318,000	\$46,318,000
WATER & SEWER FUND	\$15,675,500	\$16,238,000	\$17,527,200	\$18,362,000	\$18,362,000
STORMWATER FUND	\$2,025,000	\$2,340,000	\$2,994,000	\$3,023,000	\$3,023,000
ENVIRONMENTAL FUND	\$3,741,695	\$3,787,700	\$3,541,300	\$3,846,500	\$3,846,500
TRANSIT FUND	\$478,200	\$445,000	\$598,000	\$808,000	\$808,000
SEPARATION PAY FUND	\$365,000	\$435,300	\$465,000	\$500,000	\$500,000
DOWNTOWN FUND	\$1,872,825	\$2,197,000	\$2,083,700	\$5,621,000	\$5,621,000
TOTAL REVENUES	\$62,553,233	\$67,043,800	\$71,199,200	\$78,478,500	\$78,478,500
LESS INTER-FUND TRANSFERS	\$3,013,850	\$3,031,500	\$3,074,200	\$9,214,136	\$9,214,136
GRAND TOTAL REVENUES	\$59,539,383	\$64,012,300	\$68,125,000	\$69,264,364	\$69,264,364

Expenditures	Actual FY 2016	Actual FY 2017	Budgeted FY 2018	Manager Proposed FY 2019	Adopted FY 2019
GENERAL FUND	\$38,395,013	\$41,600,800	\$43,990,000	\$46,318,000	\$46,318,000
WATER & SEWER FUND	\$15,675,500	\$16,238,000	\$17,527,200	\$18,362,000	\$18,362,000
STORMWATER FUND	\$2,025,000	\$2,340,000	\$2,994,000	\$3,023,000	\$3,023,000
ENVIRONMENTAL FUND	\$3,741,695	\$3,787,700	\$3,541,300	\$3,846,500	\$3,846,500
TRANSIT FUND	\$478,200	\$445,000	\$598,000	\$808,000	\$808,000
SEPARATION PAY FUND	\$365,000	\$435,300	\$465,000	\$500,000	\$500,000
DOWNTOWN FUND	\$1,872,825	\$2,197,000	\$2,083,700	\$5,621,000	\$5,621,000
Grand Total Expenditures	\$62,553,233	\$67,043,800	\$71,199,200	\$78,478,500	\$78,478,500

City of Kannapolis Revenue Summary

Revenues	Actual FY 2017	Budget FY 2018	Projected FY 2018	Manager Proposed FY 2019	Adopted FY 2019
Ad Valoren Taxes	\$ 24,158,300	\$ 25,000,000	\$ 25,000,000	\$ 25,768,494	\$ 25,768,494
Sales Taxes	\$ 7,763,900	\$ 9,100,000	\$ 9,100,000	\$ 9,555,000	\$ 9,555,000
Intergovernmental	\$ 6,326,400	\$ 6,371,000	\$ 6,371,000	\$ 6,460,108	\$ 6,460,108
Other	\$ 3,352,200	\$ 3,519,000	\$ 3,519,000	\$ 3,871,030	\$ 3,871,030
Fund Balance	\$ -	\$ -	\$ -	\$ 663,368	\$ 663,368
Total General Fund	\$ 41,600,800	\$ 43,990,000	\$ 43,990,000	\$ 46,318,000	\$ 46,318,000
Total Water & Sewer Fund	\$ 16,238,000	\$ 17,527,200	\$ 17,527,200	\$ 18,362,000	\$ 18,362,000
Total Stormwater Fund	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000	\$ 3,023,000	\$ 3,023,000
Total Environmental Fund	\$ 3,787,700	\$ 3,541,300	\$ 3,541,300	\$ 3,846,500	\$ 3,846,500
Total Separation Fund	\$ 445,000	\$ 465,000	\$ 465,000	\$ 500,000	\$ 500,000
Total Transit Fund	\$ 435,300	\$ 598,000	\$ 598,000	\$ 808,000	\$ 808,000
Total Downtown Fund	\$ 2,197,000	\$ 2,083,700	\$ 2,083,700	\$ 5,621,000	\$ 5,621,000
Less Interfund Transfers	\$ 3,031,500	\$ 3,074,200	\$ 3,074,200	\$ 9,214,136	\$ 9,214,136
Grand Total All Funds	\$ 64,012,300	\$ 68,125,000	\$ 68,125,000	\$ 69,264,364	\$ 69,264,364



CITY OF KANNAPOLIS REVENUE DETAIL ANALYSIS

Revenues	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Ad Valorem Taxes - Current Year	23,708,300	\$ 24,538,000	\$ 24,538,000	\$ 25,294,944	\$ 25,294,944
Ad Valorem Taxes - Prior Year	450,000	\$ 462,000	\$ 462,000	\$ 473,550	\$ 473,550
Total Ad Valorem Taxes	24,158,300	\$ 25,000,000	\$ 25,000,000	\$ 25,768,494	\$ 25,768,494
1% Sales Tax (State)	3,513,900	\$ 4,100,000	\$ 4,100,000	\$ 4,100,000	\$ 4,100,000
1/2% Sales Tax (Local)	4,250,000	\$ 5,000,000	\$ 5,000,000	\$ 5,455,000	\$ 5,455,000
Total Sales Tax	7,763,900	\$ 9,100,000	\$ 9,100,000	\$ 9,555,000	\$ 9,555,000
Fire District Sales Tax	\$ 75,000.0	\$ 80,000.0	\$ 80,000.0	\$ 80,000.0	\$ 80,000.0
Franchise Tax	\$ 2,650,000	\$ 2,650,000	\$ 2,650,000	\$ 2,716,250	\$ 2,716,250
Beer & Wine Tax	\$ 210,000	\$ 210,000	\$ 210,000	\$ 220,500	\$ 220,500
ABC Funds	\$ 75,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Cabarrus Contributions	\$ 1,511,400	\$ 1,513,000	\$ 1,513,000	\$ 1,512,428	\$ 1,512,428
Build America Bond Subsidy Pay	\$ 451,000	\$ 451,000	\$ 451,000	\$ 451,000	\$ 451,000
CDBG Administration Revenues	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Rowan County Contributions	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Powell Bill Funds	\$ 1,280,000	\$ 1,293,000	\$ 1,293,000	\$ 1,305,930	\$ 1,305,930
Total Intergovernmental	\$ 6,326,400	\$ 6,371,000	\$ 6,371,000	\$ 6,460,108	\$ 6,460,108
Vehicle License	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000
Vehicle Rental Tax	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Buildings Rental	\$ 100,000	\$ 100,000	\$ 100,000	\$ 90,000	\$ 90,000
Tower Rental	\$ 55,000	\$ 55,000	\$ 55,000	\$ 70,000	\$ 70,000
Miscellaneous Revenue	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000
Investment Income	\$ 150,000	\$ 200,000	\$ 200,000	\$ 250,000	\$ 250,000
Enterprise Fund Management Fee Reimbursement	\$ 1,781,200	\$ 1,898,000	\$ 1,898,000	\$ 2,059,800	\$ 2,059,800
Police - Charges and Fees	\$ 60,000	\$ 60,000	\$ 60,000	\$ 64,230	\$ 64,230
Officer Court Reimbursement	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
False Alarm Fees	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000
Fire - Technical Services - Charges and Fees	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Street Lighting Fees and Charges	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Code Enforcement - Charges and Fees	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
City Code Violations	\$ 30,000	\$ 30,000	\$ 30,000	\$ 36,000	\$ 36,000
Parks - Charges and Fees	\$ 300,000	\$ 300,000	\$ 300,000	\$ 425,000	\$ 425,000
Recreation Programs - Charges and Fees	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000
Recreation Programs - Donations	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Total Other	\$ 3,352,200	\$ 3,519,000	\$ 3,519,000	\$ 3,871,030	\$ 3,871,030
Appropriated Fund Balance	\$ -	\$ -	\$ -	\$ 663,368	\$ 663,368
Total Fund Balance Appropriation	\$ -	\$ -	\$ -	\$ 663,368	\$ 663,368
Total General Fund	\$ 41,600,800	\$ 43,990,000	\$ 43,990,000	\$ 46,318,000	\$ 46,318,000

REVENUE DETAIL ANALYSIS – WATER AND SEWER FUND

Revenues	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Charges and Fees	\$ 14,693,000	\$ 15,982,200	\$ 15,982,200	\$ 16,302,000	\$ 16,302,000
Wholesale Water Sales	\$ 365,000	\$ 300,000	\$ 300,000	\$ 330,000	\$ 330,000
Tap Fees	\$ 85,000	\$ 85,000	\$ 85,000	\$ 100,000	\$ 100,000
Connection Fees	\$ 525,000	\$ 550,000	\$ 550,000	\$ 557,000	\$ 557,000
Reconnection Fees	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Penalties	\$ 400,000	\$ 435,000	\$ 435,000	\$ 441,000	\$ 441,000
Miscellaneous Revenue	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Investment Income	\$ 5,000	\$ 10,000	\$ 10,000	\$ 30,000	\$ 30,000
Appropriated Fund Balance	\$ -	\$ -	\$ -	\$ 437,000	\$ 437,000
Total Water and Sewer Fund	\$ 16,238,000	\$ 17,527,200	\$ 17,527,200	\$ 18,362,000	\$ 18,362,000

REVENUE DETAIL ANALYSIS – STORMWATER FUND

Revenues	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Charges and Fees	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000	\$ 3,023,000	\$ 3,023,000
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from Water & Sewer Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Total Stormwater Fund	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000	\$ 3,023,000	\$ 3,023,000

REVENUE DETAIL ANALYSIS – ENVIRONMENTAL FUND

Revenues	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Solid Waste Disposal Tax	\$ 28,500	\$ 30,000	\$ 30,000	\$ 32,300	\$ 32,300
Charges and Fees	\$ 1,778,370	\$ 2,393,000	\$ 2,393,000	\$ 3,200,500	\$ 3,200,500
Transfers from General Fund	\$ 1,309,825	\$ 1,000,000	\$ 1,000,000	\$ 353,700	\$ 353,700
Transfers from Water & Sewer Fund	\$ 625,000	\$ 364,700	\$ 364,700	\$ 260,000	\$ 260,000
Total Environmental Fund	\$ 3,741,695	\$ 3,787,700	\$ 3,787,700	\$ 3,846,500	\$ 3,846,500

REVENUE DETAIL ANALYSIS – SEPARATION PAY FUND

Revenues	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Transfer from General Fund	\$ 365,000	\$ 445,000	\$ 445,000	\$ 500,000	\$ 500,000
Total Separation Pay Revenues	\$ 365,000	\$ 445,000	\$ 445,000	\$ 500,000	\$ 500,000

REVENUE DETAIL ANALYSIS – TRANSIT FUND

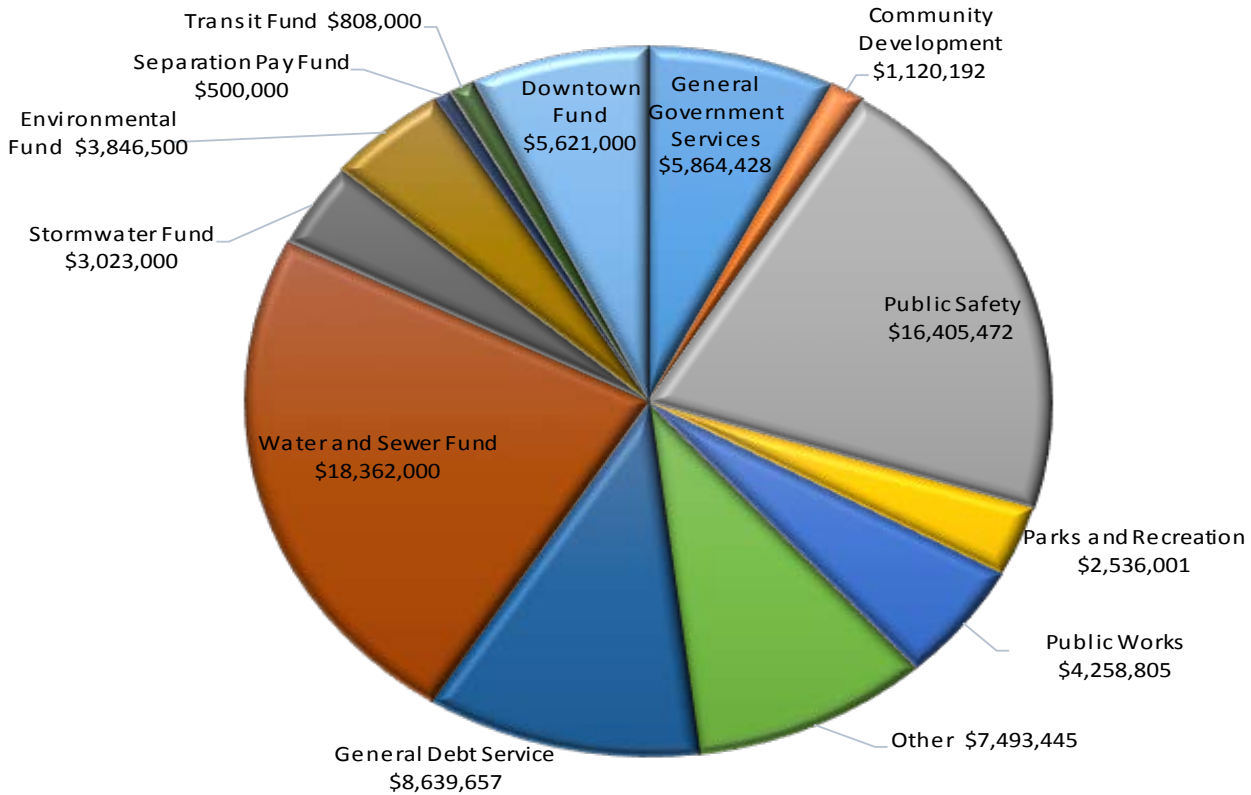
Revenues	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Vehicle License Tax	\$ 163,000	\$ 190,000	\$ 190,000	\$ 760,000	\$ 760,000
Transfer from General Fund	\$ 315,200	\$ 245,300	\$ 245,300	\$ 48,000	\$ 48,000
Total Transit Fund Revenues	\$ 478,200	\$ 435,300	\$ 435,300	\$ 808,000	\$ 808,000

REVENUE DETAIL ANALYSIS – DOWNTOWN FUND

Revenues	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Common Area Maintenance Fee	\$ 15,000	\$ 15,000	\$ 15,000	\$ 5,000	\$ 5,000
Building Rental	\$ -	\$ 15,000	\$ 15,000	\$ 30,000	\$ 30,000
Commercial Rent/Lease	\$ 740,000	\$ 700,000	\$ 700,000	\$ 815,000	\$ 815,000
Residential Rent/Lease	\$ 65,000	\$ 50,000	\$ 50,000	\$ 96,000	\$ 96,000
Special Event Fees	\$ -	\$ 75,800	\$ 75,800	\$ 75,800	\$ 75,800
Miscellaneous Revenue	\$ 29,000	\$ -	\$ -	\$ -	\$ -
Sale of Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers from General Fund	\$ 1,023,825	\$ 1,341,200	\$ 1,341,200	\$ 4,599,200	\$ 4,599,200
Total Downtown Fund Revenues	\$ 1,872,825	\$ 2,197,000	\$ 2,197,000	\$ 5,621,000	\$ 5,621,000

**CITY OF KANNAPOLIS
EXPENDITURE SUMMARY**

Expenditures	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
General Government Services	\$ 5,714,074	\$ 7,208,481	\$ 7,208,481	\$ 5,864,428	\$ 5,864,428
Community Development	\$ 756,321	\$ 889,432	\$ 889,432	\$ 1,120,192	\$ 1,120,192
Public Safety	\$ 15,877,455	\$ 16,016,484	\$ 16,016,484	\$ 16,405,472	\$ 16,405,472
Parks and Recreation	\$ 1,947,810	\$ 1,990,345	\$ 1,990,345	\$ 2,536,001	\$ 2,536,001
Public Works	\$ 4,715,317	\$ 4,544,280	\$ 4,544,280	\$ 4,258,805	\$ 4,258,805
Other	\$ 4,574,723	\$ 5,111,724	\$ 5,111,724	\$ 7,493,445	\$ 7,493,445
General Debt Service	\$ 8,015,100	\$ 8,229,254	\$ 8,229,254	\$ 8,639,657	\$ 8,639,657
Total General Fund	\$ 41,600,800	\$ 43,990,000	\$ 43,990,000	\$ 46,318,000	\$ 46,318,000
Water and Sewer Fund	\$ 16,238,000	\$ 17,527,200	\$ 17,527,200	\$ 18,362,000	\$ 18,362,000
Stormwater Fund	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000	\$ 3,023,000	\$ 3,023,000
Environmental Fund	\$ 3,787,700	\$ 3,541,300	\$ 3,541,300	\$ 3,846,500	\$ 3,846,500
Separation Pay Fund	\$ 445,000	\$ 465,000	\$ 465,000	\$ 500,000	\$ 500,000
Transit Fund	\$ 435,300	\$ 598,000	\$ 598,000	\$ 808,000	\$ 808,000
Downtown Fund	\$ 2,197,000	\$ 2,083,700	\$ 2,083,700	\$ 5,621,000	\$ 5,621,000
Grand Total All Funds	\$ 67,043,800	\$ 71,199,200	\$ 71,199,200	\$ 78,478,500	\$ 78,478,500



CITY OF KANNAPOLIS EXPENDITURE DETAIL ANALYSIS

Expenditures	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
City Council	\$ 190,347	\$ 219,147	\$ 219,147	\$ 190,247	\$ 190,247
City Manager - Administration	\$ 782,097	\$ 796,928	\$ 796,928	\$ 877,148	\$ 877,148
Economic Development	\$ 524,850	\$ 919,337	\$ 919,337	\$ 364,050	\$ 364,050
Communications	\$ 159,500	\$ 183,500	\$ 183,500	\$ 145,000	\$ 145,000
Human Resources	\$ 451,663	\$ 449,346	\$ 449,346	\$ 468,047	\$ 468,047
City Attorney	\$ 311,140	\$ 326,216	\$ 326,216	\$ 343,803	\$ 343,803
Finance	\$ 844,947	\$ 854,201	\$ 854,201	\$ 888,370	\$ 888,370
Information Technology	\$ 1,025,484	\$ 1,346,781	\$ 1,346,781	\$ 1,121,060	\$ 1,121,060
General Services	\$ 1,424,046	\$ 2,113,025	\$ 2,113,025	\$ 1,466,703	\$ 1,466,703
Total General Government	\$ 5,714,074	\$ 7,208,481	\$ 7,208,481	\$ 5,864,428	\$ 5,864,428
Police - Administration	\$ 922,283	\$ 823,939	\$ 823,939	\$ 991,424	\$ 991,424
Police - Support Services	\$ 2,918,829	\$ 2,881,141	\$ 2,881,141	\$ 2,975,698	\$ 2,975,698
Police - Field Operations	\$ 4,877,314	\$ 4,879,018	\$ 4,879,018	\$ 4,585,213	\$ 4,585,213
Total Police	\$ 8,718,426	\$ 8,584,098	\$ 8,584,098	\$ 8,552,335	\$ 8,552,335
Fire - Administration	\$ 784,258	\$ 935,453	\$ 935,453	\$ 907,207	\$ 907,207
Fire - Emergency Services	\$ 6,033,083	\$ 6,146,985	\$ 6,146,985	\$ 6,409,440	\$ 6,409,440
Fire - Technical Services	\$ 341,688	\$ 347,948	\$ 347,948	\$ 536,490	\$ 536,490
Total Fire	\$ 7,159,029	\$ 7,430,386	\$ 7,430,386	\$ 7,853,137	\$ 7,853,137
Public Works - Engineering	\$ 1,216,295	\$ 1,163,738	\$ 1,163,738	\$ 1,101,646	\$ 1,101,646
Public Works - Street and Highways	\$ 823,000	\$ 828,000	\$ 828,000	\$ 683,000	\$ 683,000
Public Works - Signs and Markings	\$ 400,744	\$ 138,300	\$ 138,300	\$ 138,300	\$ 138,300
Public Works - Operations Center	\$ 189,900	\$ 502,823	\$ 502,823	\$ 398,359	\$ 398,359
Powell Bill	\$ 2,085,378	\$ 1,911,419	\$ 1,911,419	\$ 1,937,500	\$ 1,937,500
Total Public Works	\$ 4,715,317	\$ 4,544,280	\$ 4,544,280	\$ 4,258,805	\$ 4,258,805
Planning	\$ 756,321	\$ 889,432	\$ 889,432	\$ 1,120,192	\$ 1,120,192
Total Planning	\$ 756,321	\$ 889,432	\$ 889,432	\$ 1,120,192	\$ 1,120,192
Parks and Recreation - Parks	\$ 1,421,810	\$ 1,424,345	\$ 1,424,345	\$ 1,950,001	\$ 1,950,001
Parks and Recreation - Recreation Programs	\$ 310,000	\$ 350,000	\$ 350,000	\$ 370,000	\$ 370,000
Stadium	\$ 216,000	\$ 216,000	\$ 216,000	\$ 216,000	\$ 216,000
Total Parks and Recreation	\$ 1,947,810	\$ 1,990,345	\$ 1,990,345	\$ 2,536,001	\$ 2,536,001
Non - Departmental	\$ 1,543,223	\$ 2,037,524	\$ 2,037,524	\$ 1,992,545	\$ 1,992,545
Transfers	\$ 3,031,500	\$ 3,070,200	\$ 3,070,200	\$ 5,500,900	\$ 5,500,900
Total Other	\$ 4,574,723	\$ 5,107,724	\$ 5,107,724	\$ 7,493,445	\$ 7,493,445
Debt Service Payments (Principal and Interest)	\$ 8,015,100	\$ 8,229,254	\$ 8,229,254	\$ 8,639,657	\$ 8,639,657
Total Debt Service	\$ 8,015,100	\$ 8,229,254	\$ 8,229,254	\$ 8,639,657	\$ 8,639,657
Total General Fund Expenditures	\$ 41,600,800	\$ 43,990,000	\$ 43,990,000	\$ 46,318,000	\$ 46,318,000

CITY OF KANNAPOLIS
EXPENDITURE DETAIL ANALYSIS - *continued*

Expenditures	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Water & Sewer Fund					
Water & Sewer - Billing & Collections	\$ 745,644	\$ 813,152	\$ 813,152	\$ 858,056	\$ 858,056
Water & Sewer - Distribution	\$ 2,810,590	\$ 2,715,375	\$ 2,715,375	\$ 2,731,807	\$ 2,731,807
Water & Sewer - Filter Plant	\$ 2,927,066	\$ 2,869,396	\$ 2,869,396	\$ 3,006,790	\$ 3,006,790
Water & Sewer - Sewage Treatment	\$ 2,824,500	\$ 3,026,687	\$ 3,026,687	\$ 3,120,555	\$ 3,120,555
General Management Services	\$ 1,466,110	\$ 1,616,000	\$ 1,616,000	\$ 1,765,800	\$ 1,765,800
Transfer to Capital Projects	\$ 625,000	\$ 114,290	\$ 114,290	\$ 1,947,436	\$ 1,947,436
Debt Service	\$ 4,276,590	\$ 6,372,300	\$ 6,372,300	\$ 4,931,556	\$ 4,931,556
Total Water and Sewer Fund	\$ 15,675,500	\$ 17,527,200	\$ 17,527,200	\$ 18,362,000	\$ 18,362,000
Total Stormwater	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000	\$ 3,023,000	\$ 3,023,000
Total Environmental	\$ 3,787,700	\$ 3,541,300	\$ 3,541,300	\$ 3,846,500	\$ 3,846,500
Total Separation Fund	\$ 445,000	\$ 465,000	\$ 465,000	\$ 500,000	\$ 500,000
Total Transit Fund	\$ 435,300	\$ 435,300	\$ 598,000	\$ 808,000	\$ 808,000
Total Downtown Fund	\$ 2,197,000	\$ 2,083,700	\$ 2,083,700	\$ 5,621,000	\$ 5,621,000
Total All Funds	\$ 66,481,300	\$ 71,036,500	\$ 71,199,200	\$ 78,478,500	\$ 78,478,500

Comparison of Expenditures by Fund by Major Category

FY2019 BUDGET

EXPENDITURES	GENERAL FUND	WATER & SEWER FUND	STORMWATER FUND	ENVIRONMENTAL FUND	SEPARATION PAY FUND	TRANSIT FUND	DOWNTOWN FUND	TOTAL
PERSONNEL	\$ 20,132,338	\$ 3,228,703	\$ 808,848	\$ 291,459	\$ -	\$ -	\$ -	\$ 24,461,348
OPERATING	\$ 25,989,662	\$ 14,893,297	\$ 2,146,916	\$ 3,555,041	\$ 500,000	\$ 808,000	\$ 5,621,000	\$ 53,513,917
CAPITAL	\$ 196,000	\$ 240,000	\$ 67,236	\$ -	\$ -	\$ -	\$ -	\$ 503,236
TOTAL	\$ 46,318,000	\$ 18,362,000	\$ 3,023,000	\$ 3,846,500	\$ 500,000	\$ 808,000	\$ 5,621,000	\$ 78,478,500
POSITIONS	290	55	16	4	-	-	-	365

FY2018 BUDGET

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

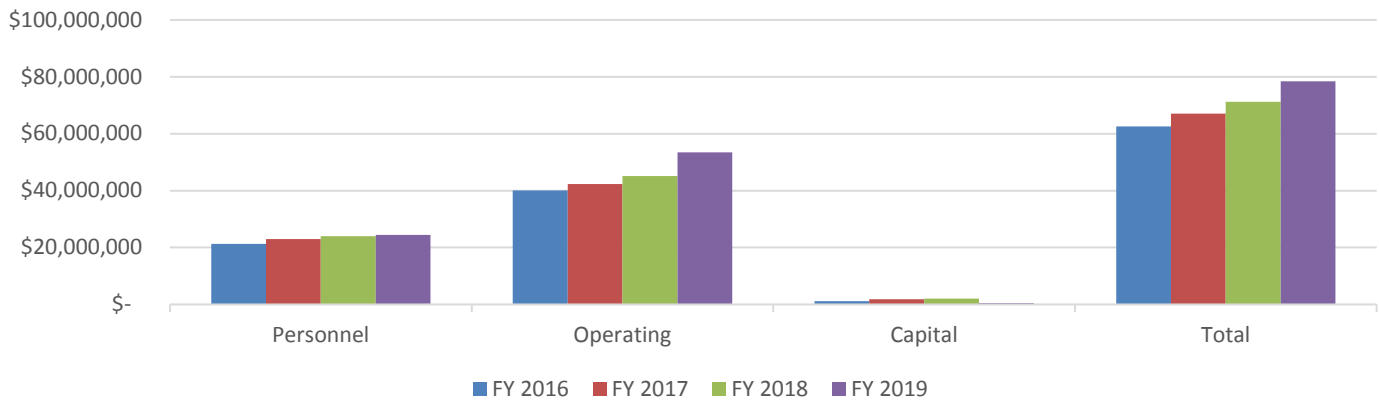
FY2017 BUDGET

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

FY2016 BUDGET

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

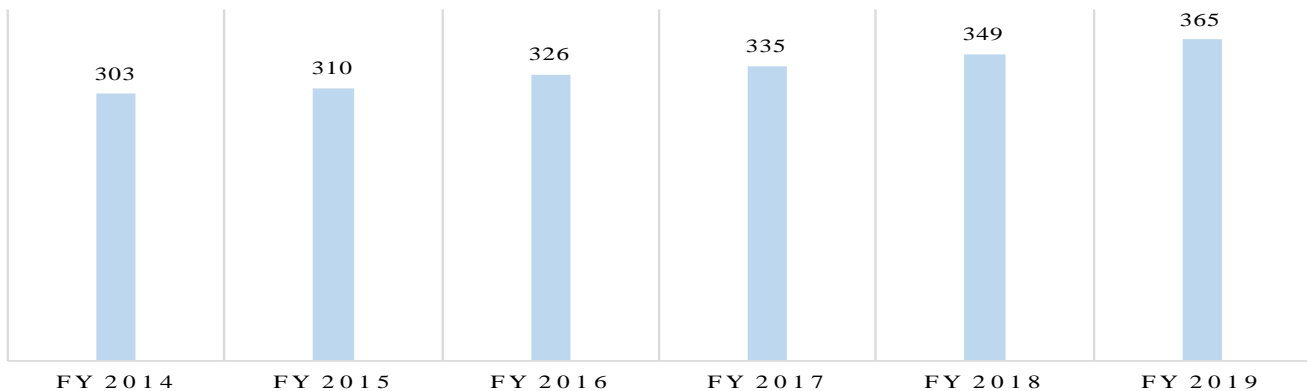
Comparison of Expenditure By Major Category



CITY OF KANNAPOLIS STAFFING COMPARISON (FULL TIME EMPLOYEES)

DEPARTMENT	ACTUAL FY2015	ACTUAL FY2016	ACTUAL FY2017	ACTUAL FY2018	CHANGE/ ADDITIONS	BUDGET FY2019
GOVERNING BODY	7	7	7	7	-	7
CITY MANAGER	9	6	6	6	1	7
HUMAN RESOURCES	4	5	5	5	-	5
LEGAL SERVICES	2	2	2	2	-	2
GENERAL SERVICES	-	4	5	7	-	7
PLANNING & ZONING	1	8	8	8	1	9
FINANCE	8	8	8	8	-	8
TOTAL GENERAL GOVERNMENT	31	40	41	43	2	45
PUBLIC SAFETY						
POLICE	104	109	111	112	2	114
FIRE	86	87	90	94	1	95
TOTAL PUBLIC SAFETY	190	196	201	206	3	209
TOTAL PARKS AND RECREATION	11	8	9	10	2	12
TOTAL PUBLIC WORKS	18	21	21	22	2	24
<i>Including POWELL BILL</i>						
TOTAL GENERAL FUND	250	265	272	281	9	290
WATER & SEWER FUND						
BILLING AND COLLECTIONS	7	7	8	8	-	8
WATER TREATMENT PLANT	9	11	11	11	3	14
DISTRIBUTION	30	29	29	29	4	33
TOTAL WATER & SEWER	46	47	48	48	7	55
TOTAL STORMWATER FUND	13	13	15	16	0	16
TOTAL ENVIRONMENTAL	1	1	0	4	0	4
TOTAL TRANSIT	-	-	-	-	-	-
TOTAL SEPERATION PAY	-	-	-	-	-	-
TOTAL DOWNTWON	-	-	-	-	-	-
TOTAL ALL FUNDS	310	326	335	349	16	365

FULL TIME EMPLOYEES BY FISCAL YEAR



CITY OF KANNAPOLIS

CITY DEBT, LEGAL DEBT LIMIT, AND LEGAL DEBT MARGIN FY 2019

CITY OF KANNAPOLIS CITY DEBT, LEGAL DEBT LIMIT, AND LEGAL DEBT MARGIN FY 2019

GENERAL FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
Existing Debt at June 30, 2018	\$ 57,028,071	\$ 4,707,777	\$ 2,822,178	\$ 7,529,955
New Proposed Debt for FY 2019	\$ 11,430,000	\$ 277,426	\$ 832,277	\$ 1,109,703
Total General Fund Debt	\$ 68,458,071	\$ 4,985,202	\$ 3,654,455	\$ 8,639,658

The \$68,458,071 in the General Fund Debt is 2% of assessed value of property. The legal limit is 8.00%; City Policy established a debt limit of 2%.

WATER & SEWER FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
Existing Debt at June 30, 2018	\$ 51,072,388	\$ 2,800,665	\$ 2,130,890	\$ 4,931,555
New Proposed Debt for FY 2019	\$ -	\$ -	\$ -	\$ -
Total Water & Sewer Debt	\$ 51,072,388	\$ 2,800,665	\$ 2,130,890	\$ 4,931,555

STORMWATER FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
Existing Debt at June 30, 2018	\$ 9,353,106	\$ 940,627	\$ 345,689	\$ 1,286,316
New Proposed Debt for FY 2019	\$ -	\$ -	\$ -	\$ -
Total Stormwater Fund	\$ 9,353,106	\$ 940,627	\$ 345,689	\$ 1,286,316

ENVIRONMENTAL FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
Existing Debt at June 30, 2018	\$ 976,445	\$ 206,289	\$ 25,746	\$ 232,035
New Proposed Debt for FY 2019	\$ -	\$ -	\$ -	\$ -
Total Environmental Fund Debt	\$ 976,445	\$ 206,289	\$ 25,746	\$ 232,035

DOWNTOWN FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
Existing Debt at June 30, 2018	\$ 20,953,662	\$ 1,384,225	\$ 897,680	\$ 2,281,905
New Proposed Debt for FY 2019	\$ 62,000,000	\$ -	\$ 2,675,995	\$ 2,675,995
Total Downtown Fund Debt	\$ 82,953,662	\$ 1,384,225	\$ 3,573,675	\$ 4,957,900

TOTAL DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
Total City Existing Debt	\$ 139,383,672	\$ 10,039,584	\$ 6,222,183	\$ 16,261,767
Total City New Debt Proposed	\$ 73,430,000	\$ 277,426	\$ 3,508,272	\$ 3,785,698
Total City Debt For FY 2019	\$ 212,813,672	\$ 10,317,009	\$ 9,730,455	\$ 20,047,465

Assessed Value \$ **4,080,738,159** Taxable Property for Ad Valorem Tax located in City.

Legal Debt Limit \$ **326,459,053** The Legal Debt Limit is by law 8.00% of assessed value of Taxable property located in the City

City Debt Subject to Debt Margin \$ **68,458,071** Note; the City's Revenue Bonds (Water & Sewer, Stormwater, Environmental, and Downtown Debt) are excluded from this calculation.

City Legal Debt Margin \$ **258,000,982**

**CITY OF KANNAPOLIS
FUND BALANCE ANALYSIS
FUND BALANCE SUMMARY FOR ALL FUNDS FY 2019**

	General Fund	Water & Sewer Fund	Stormwater Fund	Environmental Fund	Separation Pay Fund	Transit Fund	Downtown Fund	Total
ACTUAL BALANCE JUNE 30, 2017	\$ 9,916,782	\$ 8,135,504	\$ 960,449	\$ 508,832	\$ 806,058	\$ 456,560	\$ 671,208	\$ 21,455,393
PROJECTED REVENUES FY 2018	\$ 43,990,000	\$ 17,527,200	\$ 2,994,000	\$ 3,541,300	\$ 465,000	\$ 598,000	\$ 2,083,700	\$ 71,199,200
PROJECTED EXPENDITURES FY2018	\$ 41,990,000	\$ 15,824,642	\$ 2,772,308	\$ 3,482,463	\$ 386,746	\$ 574,451	\$ 1,872,825	\$ 66,903,435
PROJECTED BALANCE JUNE 30, 2018	\$ 11,916,782	\$ 9,838,062	\$ 1,182,146	\$ 567,669	\$ 884,312	\$ 480,109	\$ 882,083	\$ 25,751,151
BUDGETED REVENUES FY 2019	\$ 46,318,000	\$ 18,362,000	\$ 3,023,000	\$ 3,846,500	\$ 500,000	\$ 808,000	\$ 5,621,000	\$ 78,478,500
BUDGETED EXPENDITURES FY 2019	\$ 46,318,000	\$ 18,362,000	\$ 3,023,000	\$ 3,846,500	\$ 500,000	\$ 808,000	\$ 5,621,000	\$ 78,478,500
PROJECTED BALANCE JUNE 30, 2019	\$ 11,916,782	\$ 9,838,062	\$ 1,182,146	\$ 567,669	\$ 884,312	\$ 480,109	\$ 882,083	\$ 25,751,151

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

Analysis of General Fund Revenues and Expenditures

	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Revenues					
Ad Valorem Taxes	\$ 24,158,300	\$ 25,000,000	\$ 25,000,000	\$ 25,768,494	\$ 25,768,494
Sales Taxes	\$ 7,763,900	\$ 9,100,000	\$ 9,100,000	\$ 9,555,000	\$ 9,555,000
Intergovernmental	\$ 6,326,400	\$ 6,371,000	\$ 6,371,000	\$ 6,460,108	\$ 6,460,108
Other	\$ 3,352,200	\$ 3,519,000	\$ 3,519,000	\$ 3,871,030	\$ 3,871,030
Appropriated Fund Balance	\$ -	\$ -	\$ -	\$ 663,368	\$ 663,368
Total Revenues	\$ 38,395,013	\$ 43,990,000	\$ 43,990,000	\$ 46,318,000	\$ 46,318,000
Expenditures					
General Government	\$ 5,714,074	\$ 7,208,481	\$ 7,208,481	\$ 5,864,428	\$ 5,864,428
Community Development	\$ 756,321	\$ 889,432	\$ 889,432	\$ 1,120,192	\$ 1,120,192
Public Safety	\$ 15,877,455	\$ 16,016,484	\$ 16,016,484	\$ 16,405,472	\$ 16,405,472
Parks & Recreation	\$ 1,947,810	\$ 1,990,345	\$ 1,990,345	\$ 2,536,001	\$ 2,536,001
Public Works	\$ 4,715,317	\$ 4,544,280	\$ 4,544,280	\$ 4,258,805	\$ 4,258,805
Other	\$ 4,574,723	\$ 5,111,724	\$ 5,111,724	\$ 7,493,445	\$ 7,493,445
General Debt Service	\$ 8,015,100	\$ 8,229,254	\$ 8,229,254	\$ 8,639,657	\$ 8,639,657
Total Expenditures	41,600,800	43,990,000	43,990,000	46,318,000	46,318,000

Analysis of Water and Sewer Fund Revenues and Expenditures

	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Revenues					
Charges and Fees	\$ 14,693,000	\$ 15,982,200	\$ 15,982,200	\$ 16,302,000	\$ 16,302,000
Wholesale Water Sales	\$ 365,000	\$ 300,000	\$ 300,000	\$ 330,000	\$ 330,000
Tap Fees	\$ 85,000	\$ 85,000	\$ 85,000	\$ 100,000	\$ 100,000
Connection Fees	\$ 525,000	\$ 550,000	\$ 550,000	\$ 557,000	\$ 557,000
Reconnection Fees	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Penalties	\$ 400,000	\$ 435,000	\$ 435,000	\$ 441,000	\$ 441,000
Miscellaneous Revenue	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Investment Income	\$ 5,000	\$ 10,000	\$ 10,000	\$ 30,000	\$ 30,000
	\$ -	\$ -	\$ -	\$ 437,000	\$ 437,000
Total Revenues	\$ 16,238,000	\$ 17,527,200	\$ 17,527,200	\$ 18,362,000	\$ 18,362,000
Expenditures					
Billing & Collections	\$ 836,495	\$ 813,152	\$ 813,152	\$ 858,056	\$ 858,056
Distribution	\$ 2,935,425	\$ 2,715,375	\$ 2,715,375	\$ 2,731,807	\$ 2,731,807
Filter Plant	\$ 2,938,688	\$ 2,869,396	\$ 2,869,396	\$ 3,006,790	\$ 3,006,790
Sewage Treatment	\$ 2,921,500	\$ 3,026,687	\$ 3,026,687	\$ 3,120,555	\$ 3,120,555
General Management Fee	\$ 1,539,416	\$ 1,616,000	\$ 1,616,000	\$ 1,765,800	\$ 1,765,800
Transfer to Other Funds	\$ 364,700	\$ 114,290	\$ 114,290	\$ 1,947,436	\$ 1,947,436
Debt Services	\$ 4,701,776	\$ 6,372,300	\$ 6,372,300	\$ 4,931,556	\$ 4,931,556
Total Expenditures	\$ 16,238,000	\$ 17,527,200	\$ 17,527,200	\$ 18,362,000	\$ 18,362,000

Analysis of Stormwater Fund Revenues and Expenditures

	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Revenues					
Charges and Fees	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000	\$ 3,023,000	\$ 3,023,000
Transfers from other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000	\$ 3,023,000	\$ 3,023,000
Expenditures					
Personnel	\$770,343	\$801,158	\$801,158	\$808,848	\$808,848
Operations	\$534,548	\$564,642	\$564,642	\$564,600	\$564,600
Debt Service	\$682,325	\$1,284,900	\$1,284,900	\$1,286,316	\$1,286,316
Capital Outlay	\$111,000	\$61,300	\$61,300	\$67,236	\$67,236
General Management Services	\$241,784	\$282,000	\$282,000	\$296,000	\$296,000
Total Expenditures	\$2,340,000	\$2,994,000	\$2,994,000	\$3,023,000	\$3,023,000

Analysis of Environmental Fund Revenues and Expenditures

	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Revenues					
Solid Waste Disposal Tax	\$30,000	\$32,010	\$32,010	\$32,300	\$32,300
Charges and Fees	\$2,393,000	\$2,400,000	\$2,400,000	\$3,200,500	\$3,200,500
Transfers from General Fund	\$1,000,000	\$995,000	\$995,000	\$353,700	\$353,700
Transfers from Water & Sewer Fund	\$364,700	\$114,290	\$114,290	\$260,000	\$260,000
Total Revenues	\$3,787,700	\$3,541,300	\$3,541,300	\$3,846,500	\$3,846,500
Expenditures					
Personnel	\$0	\$255,800	\$255,800	\$291,459	\$291,459
Operations	\$3,787,700	\$3,032,100	\$3,032,100	\$3,323,005	\$3,323,005
Debt Service	\$0	\$253,400	\$253,400	\$232,036	\$232,036
Total Expenditures	\$3,787,700	\$3,541,300	\$3,541,300	\$3,846,500	\$3,846,500

Analysis of Separation Fund Revenues and Expenditures

	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Revenues					
Transfer from General Fund	\$ 444,999	\$ 464,998	\$ 464,999	\$ 500,000	\$ 500,000
Total Revenues	\$ 444,999	\$ 464,998	\$ 464,999	\$ 500,000	\$ 500,000
Expenditures					
Personnel (Payments to Retirees)	\$ 444,999	\$ 464,998	\$ 464,999	\$ 500,000	\$ 500,000
Total Expenditures	\$ 444,999	\$ 464,998	\$ 464,999	\$ 500,000	\$ 500,000

Analysis of Transit Fund Revenues and Expenditures

	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Revenues					
Vehicle License Tax	\$ 190,000	\$ 190,000	\$ 190,000	\$ 760,000	\$ 760,000
Transfer from General Fund	\$ 245,300	\$ 408,000	\$ 408,000	\$ 48,000	\$ 48,000
Total Revenues	\$ 435,300	\$ 598,000	\$ 598,000	\$ 808,000	\$ 808,000
Expenditures					
Contracted Services	\$ 435,300	\$ 598,000	\$ 598,000	\$ 808,000	\$ 808,000
Total Expenditures	\$ 435,300	\$ 598,000	\$ 598,000	\$ 808,000	\$ 808,000

Analysis of Downtown Fund Revenues and Expenditures

	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Revenues					
Common Area Maintenance Fee	\$ 15,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Building Rental	\$ 15,000	\$ 7,500	\$ 7,500	\$ 30,000	\$ 30,000
Commercial Rent/Lease	\$ 700,000	\$ 700,000	\$ 700,000	\$ 815,000	\$ 815,000
Residential Rent/Lease	\$ 50,000	\$ 70,000	\$ 70,000	\$ 96,000	\$ 96,000
Special Event Fees	\$ 75,800	\$ 95,000	\$ 95,000	\$ 75,800	\$ 75,800
Miscellaneous Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers from General Fund	\$ 1,341,200	\$ 1,206,200	\$ 1,206,200	\$ 4,599,200	\$ 4,599,200
Total Revenues	\$ 2,197,000	\$ 2,083,700	\$ 2,083,700	\$ 5,621,000	\$ 5,621,000
Expenditures					
Operations	\$ 955,800	\$ 877,500	\$ 877,500	\$ 663,100	\$ 663,100
Debt Service	\$ 1,241,200	\$ 1,206,200	\$ 1,206,200	\$ 4,957,900	\$ 4,957,900
Total Expenditures	\$ 2,197,000	\$ 2,083,700	\$ 2,083,700	\$ 5,621,000	\$ 5,621,000

GENERAL FUND

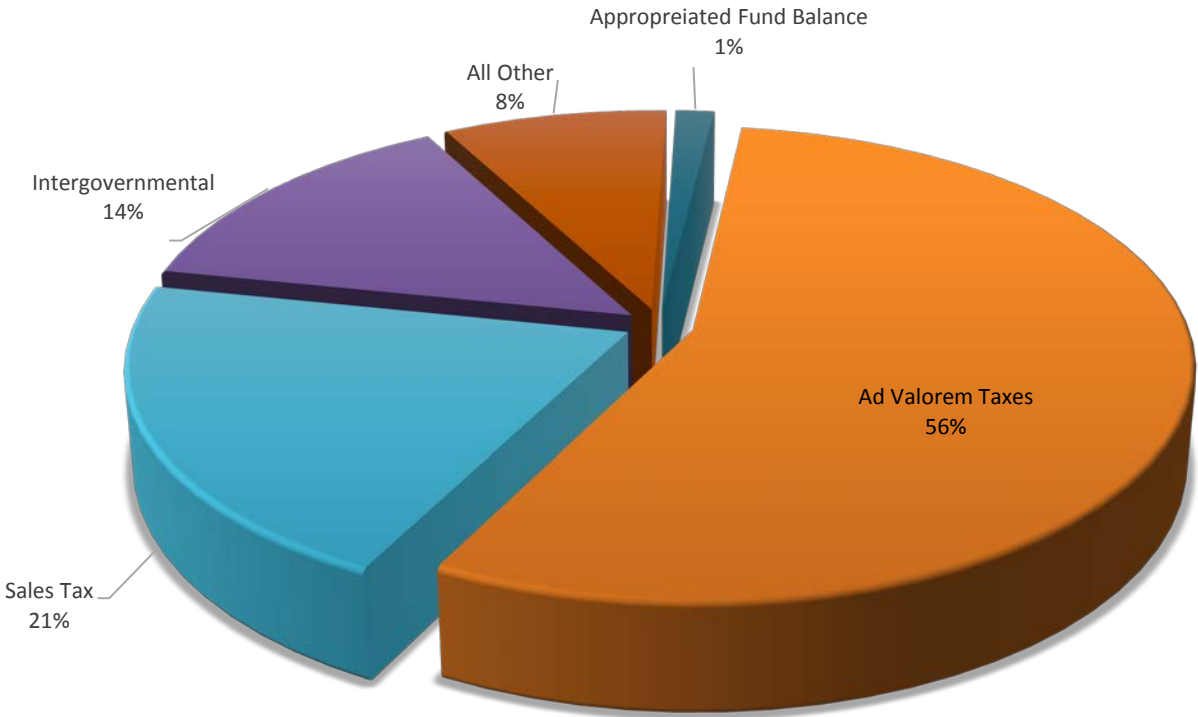
The General Fund (GF) is the largest fund with the City and represents most of the financial resources of the City. General Fund revenue includes monies collected from property taxes, licenses and permits, local taxes and other types of revenue. This fund usually includes most of the basic operating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

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

CITY OF KANNAPOLIS
REVENUE DETAIL ANALYSIS - GENERAL FUND

Revenues	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Ad Valorem Taxes - Current Year	23,708,300	\$ 24,538,000	\$ 24,538,000	\$ 25,294,944	\$ 25,294,944
Ad Valorem Taxes - Prior Year	450,000	\$ 462,000	\$ 462,000	\$ 473,550	\$ 473,550
Total Ad Valorem Taxes	24,158,300	\$ 25,000,000	\$ 25,000,000	\$ 25,768,494	\$ 25,768,494
1% Sales Tax (State)	3,513,900	\$ 4,100,000	\$ 4,100,000	\$ 4,100,000	\$ 4,100,000
1/2% Sales Tax (Local)	4,250,000	\$ 5,000,000	\$ 5,000,000	\$ 5,455,000	\$ 5,455,000
Total Sales Tax	7,763,900	\$ 9,100,000	\$ 9,100,000	\$ 9,555,000	\$ 9,555,000
Fire District Sales Tax	\$ 75,000.0	\$ 80,000.0	\$ 80,000.0	\$ 80,000.0	\$ 80,000.0
Franchise Tax	\$ 2,650,000	\$ 2,650,000	\$ 2,650,000	\$ 2,716,250	\$ 2,716,250
Beer & Wine Tax	\$ 210,000	\$ 210,000	\$ 210,000	\$ 220,500	\$ 220,500
ABC Funds	\$ 75,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Cabarrus Contributions	\$ 1,511,400	\$ 1,513,000	\$ 1,513,000	\$ 1,512,428	\$ 1,512,428
Build America Bond Subsidy Pay	\$ 451,000	\$ 451,000	\$ 451,000	\$ 451,000	\$ 451,000
CDBG Administration Revenues	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Rowan County Contributions	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Powell Bill Funds	\$ 1,280,000	\$ 1,293,000	\$ 1,293,000	\$ 1,305,930	\$ 1,305,930
Total Intergovernmental	\$ 6,326,400	\$ 6,371,000	\$ 6,371,000	\$ 6,460,108	\$ 6,460,108
Vehicle License	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000
Vehicle Rental Tax	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Buildings Rental	\$ 100,000	\$ 100,000	\$ 100,000	\$ 90,000	\$ 90,000
Tower Rental	\$ 55,000	\$ 55,000	\$ 55,000	\$ 70,000	\$ 70,000
Miscellaneous Revenue	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000
Investment Income	\$ 150,000	\$ 200,000	\$ 200,000	\$ 250,000	\$ 250,000
Enterprise Fund Management Fee Reimbursement	\$ 1,781,200	\$ 1,898,000	\$ 1,898,000	\$ 2,059,800	\$ 2,059,800
Police - Charges and Fees	\$ 60,000	\$ 60,000	\$ 60,000	\$ 64,230	\$ 64,230
Officer Court Reimbursement	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
False Alarm Fees	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000
Fire - Technical Services - Charges and Fees	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Street Lighting Fees and Charges	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Code Enforcement - Charges and Fees	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
City Code Violations	\$ 30,000	\$ 30,000	\$ 30,000	\$ 36,000	\$ 36,000
Parks - Charges and Fees	\$ 300,000	\$ 300,000	\$ 300,000	\$ 425,000	\$ 425,000
Recreation Programs - Charges and Fees	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000
Recreation Programs - Donations	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Total Other	\$ 3,352,200	\$ 3,519,000	\$ 3,519,000	\$ 3,871,030	\$ 3,871,030
Appropriated Fund Balance	\$ -	\$ -	\$ -	\$ 663,368	\$ 663,368
Total Fund Balance Appropriation	\$ -	\$ -	\$ -	\$ 663,368	\$ 663,368
Total General Fund	\$ 41,600,800	\$ 43,990,000	\$ 43,990,000	\$ 46,318,000	\$ 46,318,000

GENERAL FUND REVENUE ESTIMATE FOR FY 2019
\$43,990,000

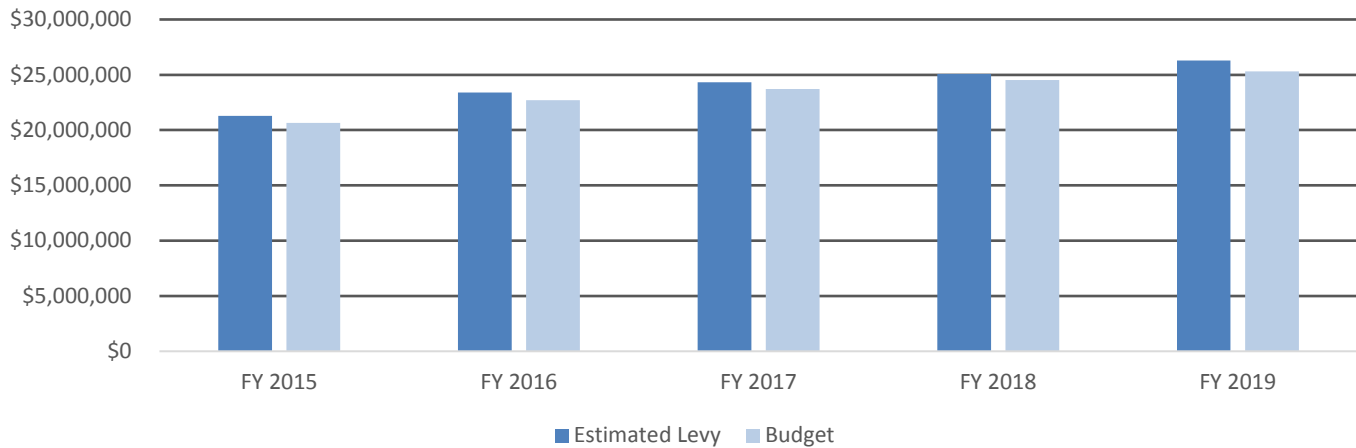


All other includes Vehicle License Fees, Vehicle Rental Tax, Enterprise Fund Management Fees, Investment Income, and all departmental fees.

PROPERTY TAX

The anticipated property assessment for FY 2019 will be approximately \$4,080,738,159. The tax levy at sixty three cents will be \$26,294,382 for FY 2019. The tax levy for FY 18 was \$25,082,401 and property value is \$3,980,062,733. The projected budget estimate for FY 2019 is \$25,294,944 for property tax compared to \$24,538,000 for the FY 2018, an increase of \$756,944. The difference between the levy and the budget estimate is a statutory requirement that the budgeted property tax cannot be more than the current estimated levy times last year's collection percentage (FY 2018 was 98%). It is estimated that \$2,325,698 of the \$26,294,382 levy is related to the incremental increase in value of the TIF district since forming in 2007.

<u>Property Tax</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Increase</u>
Estimated Levy	\$21,281,363	\$23,404,948	\$24,316,229	\$25,082,401	\$26,294,382	\$1,211,981
Budget	\$20,642,940	\$22,702,800	\$23,708,324	\$24,538,000	\$25,294,944	\$756,944



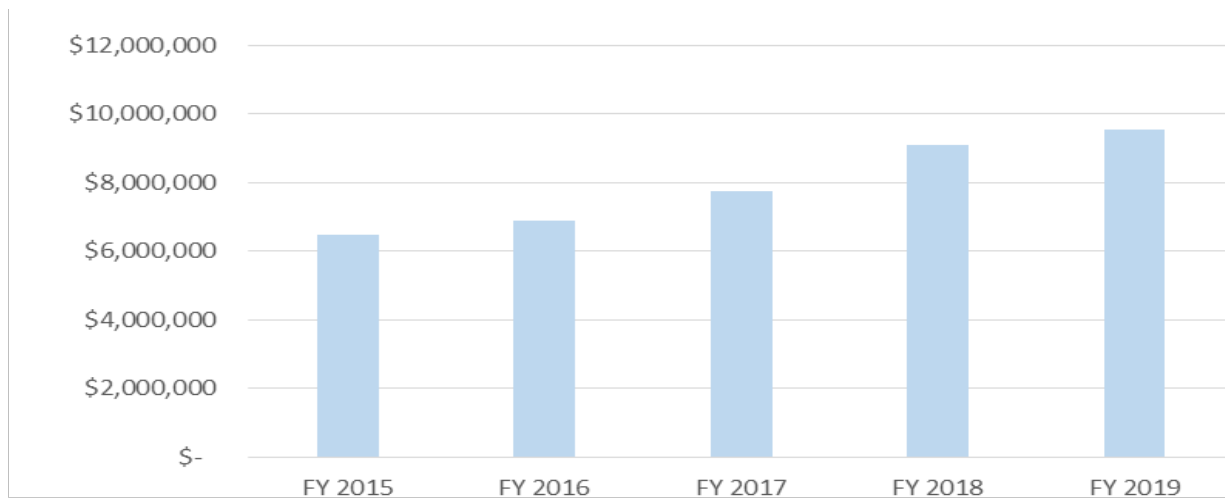
SALES TAX

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 FY 2018 we were allocated approximately 7.91 % of the sales tax returned to Cabarrus County by the State. The FY 2019 allocation percentage is 8.10% per the Cabarrus County Finance office. The 2 sales tax revenues reflect an anticipated 5.0% growth for FY 19. Rowan County allocates sales tax using the population method. We expect that the City's allocation in Rowan will remain at approximately 5% for FY2019.

Rowan County allocates sales tax using the population method. We expect that the City's allocation in Rowan will remain at approximately 5% for FY2019.

	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
ONE CENT SALES TAX	\$3,513,900	\$4,100,000	\$4,100,000	\$4,100,000	\$4,100,000
HALF CENT SALES TAX	\$4,250,000	\$5,000,000	\$5,000,000	\$5,455,000	\$5,455,000
TOTAL GENERAL FUND	\$7,763,900	\$9,100,000	\$9,100,000	\$9,555,000	\$9,555,000

SALES TAX BUDGETS

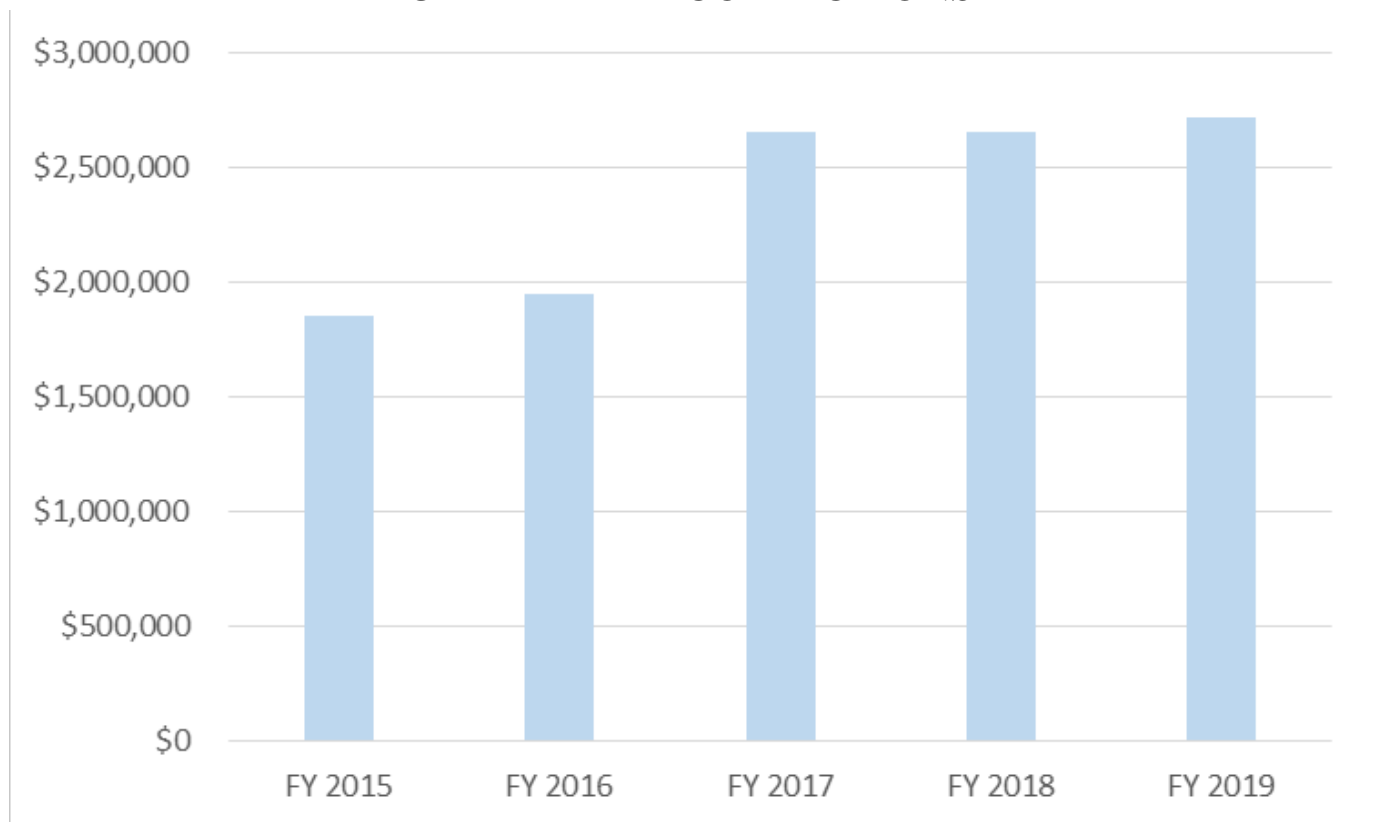


Utility Taxes

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

	Actual FY 2016	Actual FY 2017	Budgeted FY 2018	Manager Proposed FY 2019	Adopted FY 2019
UTILITY TAX REVENUES	\$1,950,000	\$2,650,000	\$2,650,000	\$2,716,250	\$2,716,250

UTILITY TAX COLLECTIONS



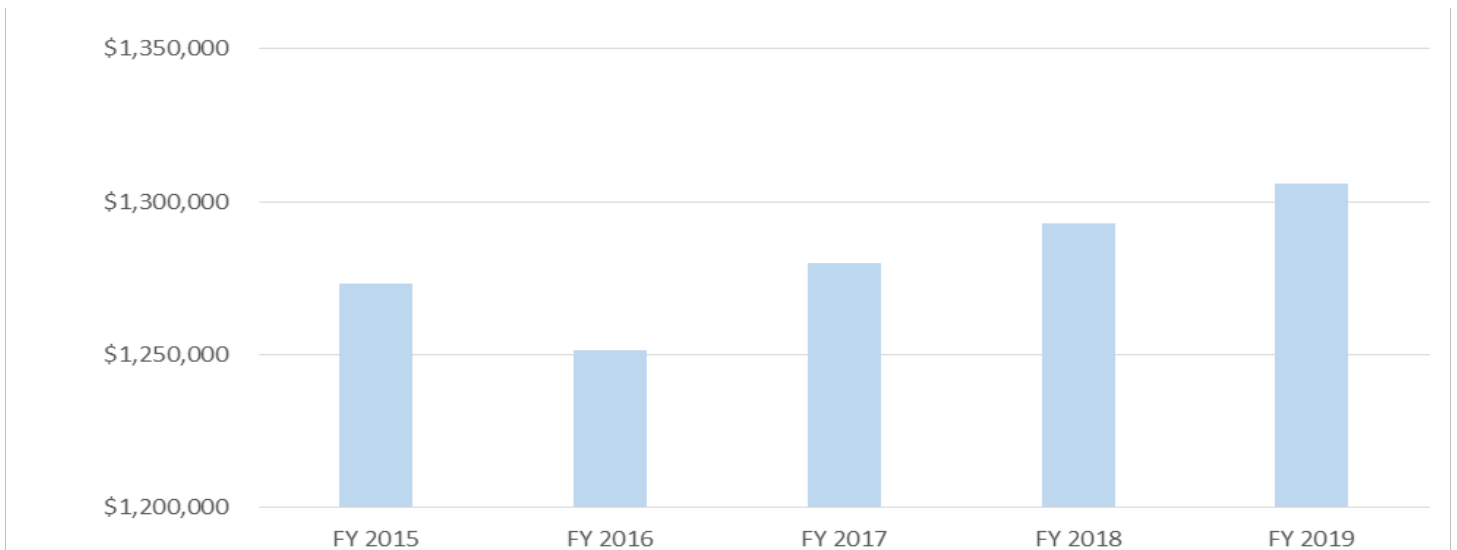
The City receives franchise tax from utilities which furnish electricity and cable TV. The City receives a sales tax for telephone services and an excise tax for piped natural gas services.

State Powell Bill Street Funds

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

	Actual FY 2016	Actual FY 2017	Budgeted FY 2018	Manager Proposed FY 2019	Adopted FY 2019
POWELL BILL FUNDS	\$1,251,500	\$1,280,000	\$1,293,000	\$1,305,930	\$1,305,930

POWELL BILL FUNDS RECEIVED

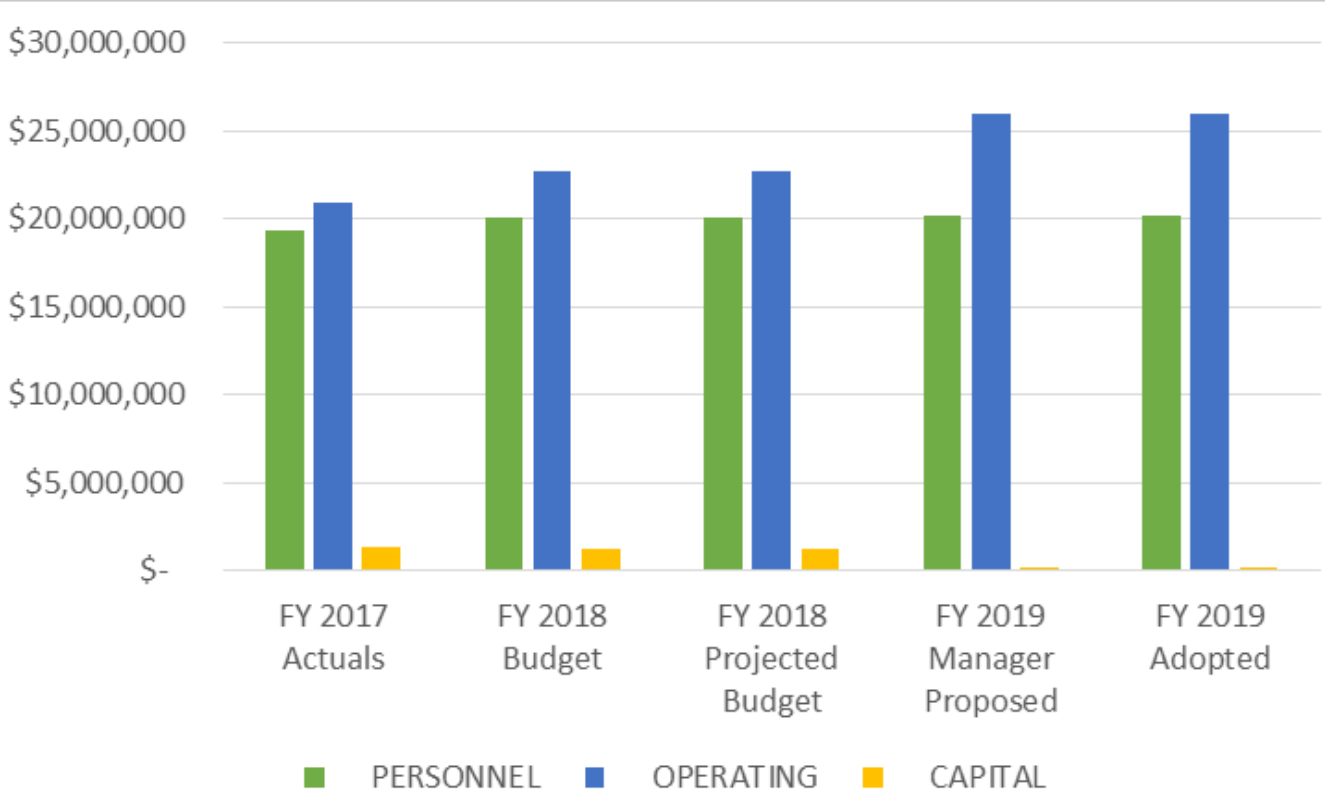


The City will receive from the State approximately \$20.15 per citizen and \$1624.41 per mile of City maintained streets next year. These rates are the same as FY 18.

GENERAL FUND EXPENDITURES

BUDGET & STAFFING SUMMARY

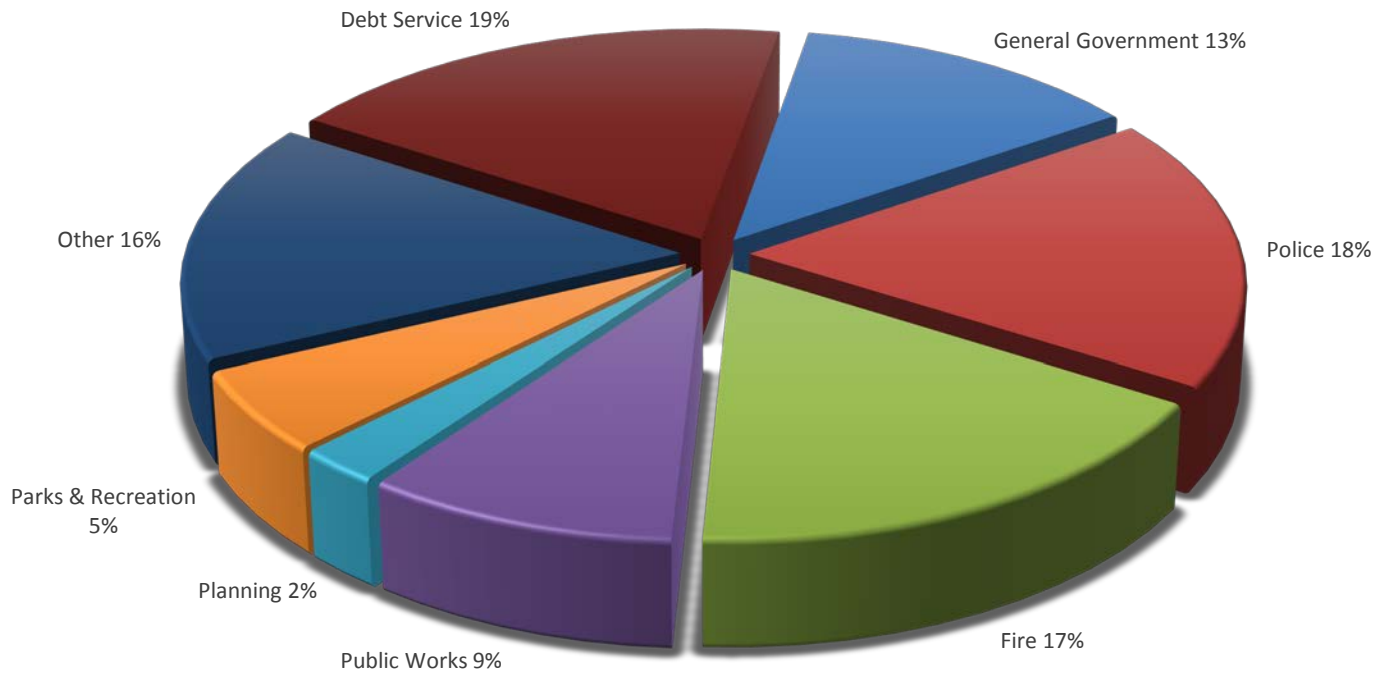
EXPENDITURES	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
PERSONNEL	\$ 19,324,475	\$ 20,092,522	\$ 20,092,522	\$ 20,132,338	\$ 20,132,338
OPERATING	\$ 20,881,575	\$ 22,666,597	\$ 22,666,597	\$ 25,989,662	\$ 25,989,662
CAPITAL	\$ 1,394,750	\$ 1,230,881	\$ 1,230,881	\$ 196,000	\$ 196,000
TOTAL	\$ 41,600,800	\$ 43,990,000	\$ 43,990,000	\$ 46,318,000	\$ 46,318,000
POSITIONS	272	281	281	290	290



CITY OF KANNAPOLIS EXPENDITURE DETAIL ANALYSIS

Expenditures	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
City Council	\$ 190,347	\$ 219,147	\$ 219,147	\$ 190,247	\$ 190,247
City Manager - Administration	\$ 782,097	\$ 796,928	\$ 796,928	\$ 877,148	\$ 877,148
Economic Development	\$ 524,850	\$ 919,337	\$ 919,337	\$ 364,050	\$ 364,050
Communications	\$ 159,500	\$ 183,500	\$ 183,500	\$ 145,000	\$ 145,000
Human Resources	\$ 451,663	\$ 449,346	\$ 449,346	\$ 468,047	\$ 468,047
City Attorney	\$ 311,140	\$ 326,216	\$ 326,216	\$ 343,803	\$ 343,803
Finance	\$ 844,947	\$ 854,201	\$ 854,201	\$ 888,370	\$ 888,370
Information Technology	\$ 1,025,484	\$ 1,346,781	\$ 1,346,781	\$ 1,121,060	\$ 1,121,060
General Services	\$ 1,424,046	\$ 2,113,025	\$ 2,113,025	\$ 1,466,703	\$ 1,466,703
Total General Government	\$ 5,714,074	\$ 7,208,481	\$ 7,208,481	\$ 5,864,428	\$ 5,864,428
Police - Administration	\$ 922,283	\$ 823,939	\$ 823,939	\$ 991,424	\$ 991,424
Police - Support Services	\$ 2,918,829	\$ 2,881,141	\$ 2,881,141	\$ 2,975,698	\$ 2,975,698
Police - Field Operations	\$ 4,877,314	\$ 4,879,018	\$ 4,879,018	\$ 4,585,213	\$ 4,585,213
Total Police	\$ 8,718,426	\$ 8,584,098	\$ 8,584,098	\$ 8,552,335	\$ 8,552,335
Fire - Administration	\$ 784,258	\$ 935,453	\$ 935,453	\$ 907,207	\$ 907,207
Fire - Emergency Services	\$ 6,033,083	\$ 6,146,985	\$ 6,146,985	\$ 6,409,440	\$ 6,409,440
Fire - Technical Services	\$ 341,688	\$ 347,948	\$ 347,948	\$ 536,490	\$ 536,490
Total Fire	\$ 7,159,029	\$ 7,430,386	\$ 7,430,386	\$ 7,853,137	\$ 7,853,137
Public Works - Engineering	\$ 1,216,295	\$ 1,163,738	\$ 1,163,738	\$ 1,101,646	\$ 1,101,646
Public Works - Street and Highways	\$ 823,000	\$ 828,000	\$ 828,000	\$ 683,000	\$ 683,000
Public Works - Signs and Markings	\$ 400,744	\$ 138,300	\$ 138,300	\$ 138,300	\$ 138,300
Public Works - Operations Center	\$ 189,900	\$ 502,823	\$ 502,823	\$ 398,359	\$ 398,359
Powell Bill	\$ 2,085,378	\$ 1,911,419	\$ 1,911,419	\$ 1,937,500	\$ 1,937,500
Total Public Works	\$ 4,715,317	\$ 4,544,280	\$ 4,544,280	\$ 4,258,805	\$ 4,258,805
Planning	\$ 756,321	\$ 889,432	\$ 889,432	\$ 1,120,192	\$ 1,120,192
Total Planning	\$ 756,321	\$ 889,432	\$ 889,432	\$ 1,120,192	\$ 1,120,192
Parks and Recreation - Parks	\$ 1,421,810	\$ 1,424,345	\$ 1,424,345	\$ 1,950,001	\$ 1,950,001
Parks and Recreation - Recreation Programs	\$ 310,000	\$ 350,000	\$ 350,000	\$ 370,000	\$ 370,000
Stadium	\$ 216,000	\$ 216,000	\$ 216,000	\$ 216,000	\$ 216,000
Total Parks and Recreation	\$ 1,947,810	\$ 1,990,345	\$ 1,990,345	\$ 2,536,001	\$ 2,536,001
Non - Departmental	\$ 1,543,223	\$ 2,037,524	\$ 2,037,524	\$ 1,992,545	\$ 1,992,545
Transfers	\$ 3,031,500	\$ 3,070,200	\$ 3,070,200	\$ 5,500,900	\$ 5,500,900
Total Other	\$ 4,574,723	\$ 5,107,724	\$ 5,107,724	\$ 7,493,445	\$ 7,493,445
Debt Service Payments (Principal and Interest)	\$ 8,015,100	\$ 8,229,254	\$ 8,229,254	\$ 8,639,657	\$ 8,639,657
Total Debt Service	\$ 8,015,100	\$ 8,229,254	\$ 8,229,254	\$ 8,639,657	\$ 8,639,657
Total General Fund Expenditures	\$ 41,600,800	\$ 43,990,000	\$ 43,990,000	\$ 46,318,000	\$ 46,318,000

GENERAL FUND EXPENDITURE FOR FY 2019
\$46,318,000



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

Other includes Transfers to other Funds and Non-Departmental.

FISCAL YEAR 2019
DEPARTMENT: COUNCIL

MISSION STATEMENT:

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

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
PERSONNEL	\$ 85,547	\$ 77,047	\$ 77,047	\$ 87,047	\$ 87,047
OPERATING	\$ 115,700	\$ 142,100	\$ 142,100	\$ 103,200	\$ 103,200
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 201,247	\$ 219,147	\$ 219,147	\$ 190,247	\$ 190,247
POSITIONS	7	7	7	7	7

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$87,047
Operating Expenses	\$103,200
Total Budget	\$190,247

Increases:

- \$600 – Dues and Subscriptions

Reductions/Decreases:

- \$39,500 – Elections

Items of Interest:

- \$31,200 - NC League of Municipalities
- \$4,000 - National League of Cities
- \$8,000 - Metropolitan Mayor's Coalition
- \$8,300 - Cabarrus/South Rowan MPO
- \$6,600 - UNC School of Government
- \$1,500 - Rowan Chamber of Commerce
- \$2,000 - Cabarrus Chamber of Commerce
- \$2,500 - Alliance for Innovation
- Elections expenses are found in budget every other year

FISCAL YEAR 2019

DEPARTMENT: CITY MANAGER

MISSION STATEMENT:

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017	FY 2018	FY 2018	FY 2019	FY 2019
	Actuals	Budget	Projected Budget	Manager Proposed	Adopted
PERSONNEL	\$ 723,597	\$ 737,428	\$ 737,428	\$ 817,648	\$ 817,648
OPERATING	\$ 58,500	\$ 59,500	\$ 59,500	\$ 59,500	\$ 59,500
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 782,097	\$ 796,928	\$ 796,928	\$ 877,148	\$ 877,148
POSITIONS	6	7	7	7	7

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 2018-2019.
2. Fully implement the 5-Year Financial Management Plan to maximize resources and facilitate the growth and change coming to the City.
3. Fully implement the 10-Year Personnel and Operating Plan.
 - a. Continue to strive towards a fully staffed professional Fire Department.
 - b. Catch up on personnel needs in other departments and strive to maintain the necessary staffing to stay ahead of the growth impacts.
4. Support the City’s workforce.
 - a. Continue improving city’s health and wellness program to promote healthier lifestyles and maximize illness/injury prevention.
 - b. Continue developing and implement a revised pay plan with competitive pay and benefits.
 - c. Implement a communications plan for consistently disseminating information to all employees.

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$817,648
Operating Expenses	\$59,500
Total Budget	\$877,148

Personnel includes: City Manager, Deputy City Manager, Communications Director, Director of Business and Community Affairs, City Clerk, Community Development Block Grant Administrator, Communication Multi Media Specialist

Increases:

- None

Reductions/Decreases:

- None

Items of Interest:

- Communication Multi Media Specialist is a new position for FY 19.

FISCAL YEAR 2019

DEPARTMENT: COMMUNITY & ECONOMIC DEVELOPMENT

MISSION STATEMENT:

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
PERSONNEL	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING	\$ 524,850	\$ 919,337	\$ 919,337	\$ 364,050	\$ 364,050
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 524,850	\$ 919,337	\$ 919,337	\$ 364,050	\$ 364,050
POSITIONS	0	0	0	0	0

Accomplishments:

- Finalized downtown infrastructure and streetscape plans and began construction.
- Signed Memorandum of Understanding for development adjacent to future Sports & Entertainment Venue.
- Finalized agreement with Amazon to locate 1 million square foot distribution facility in Kannapolis, a \$50M investment.
- Acquired and redeveloped shopping center to house the Rowan-Cabarrus Community College facility for its cosmetology and other programs.
- Continued corridor improvement initiative – awarded \$20,000 in matching grants to property owners for improvements.
- Continued support of the development of the North Carolina Research Campus.
- Redesigned economic development marketing material.

Action Plan:

- Commence construction of the sports and entertainment venue.
- Finalize agreement with developer for redevelopment of ballpark blocks.
- Select a developer to redevelop the Block 8 Main Street parcel.
- Complete the sale of the City’s parcel in Gateway Business Park to a developer.
- Consider redevelopment options for Wyrick mobile home park site.
- Respond to requests for incentives and support for economic development projects.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$0
Operating Expenses	\$364,050
Total Budget	\$364,050

Personnel includes: No personnel cost are paid from this department.

Increases:

- \$200 – EDC Contributions

Reductions/Decreases:

- \$478,387 – Economic Development Initiatives
- \$45,100 – Incentive Grants
- \$2,000 – Irish Creek Collegiate Golf Tournament
- \$9,000 – Intimidators July 4th Sponsorship
- \$20,000 – Community Support
- \$1,000 – Charlotte Ventures Conference

Items of Interest:

- \$6,750 – 600 Festival
- \$21,500 – Cabarrus Arts Council
- \$1,000 – Chamber of Commerce Annual Meeting
- \$270,000 – Incentive grants (Childers Klein and Gordon Foods)
- \$9,800 – Rowan County EDC dues
- \$55,000 – Cabarrus County EDC dues

FISCAL YEAR 2019

DEPARTMENT: COMMUNICATIONS

MISSION STATEMENT:

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
PERSONNEL	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING	\$ 159,500	\$ 183,500	\$ 183,500	\$ 145,000	\$ 145,000
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 159,500	\$ 183,500	\$ 183,500	\$ 145,000	\$ 145,000
POSITIONS	0	0	0	0	0

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$0
Operating Expenses	\$145,000
Total Budget	\$145,000

Personnel includes: No personnel cost are paid from this department.

Increases:

- None

Reductions/Decreases:

- \$5,000 – HR Employee Guide
- \$5,000 – Planning Developers Guide
- \$3,500 – Groundbreaking Ceremonies
- \$1,000 – Budget in Brief
- \$24,000 – Connect CTY

Items of Interest:

- \$21,500 – Special Events Mailers
- \$25,000 – Economic Development Marketing
- \$3,500 – One Academy program
- \$4,500 – Travel & Training
- \$12,000 – Outreach Education Programs
- \$30,000 – Saturday Group Implementation
- \$48,000 – Kannapolis Matters

FISCAL YEAR 2019

DEPARTMENT: Human Resources

MISSION STATEMENT:

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017	FY 2018	FY 2018	FY 2019	FY 2019
	Actuals	Budget	Projected Budget	Manager Proposed	Adopted
PERSONNEL	\$ 360,863	\$ 366,546	\$ 366,546	\$ 383,247	\$ 383,247
OPERATING	\$ 90,800	\$ 82,800	\$ 82,800	\$ 84,800	\$ 84,800
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 433,208	\$ 449,346	\$ 449,346	\$ 468,047	\$ 468,047
POSITIONS	5	5	5	5	5

ACCOMPLISHMENTS:

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

PERFORMANCE INDICATORS:

ACTIVITY	2014	2015	2016	2017	2018
*Applications Processed	1408	2052	1419	1912	
*Applications Referred within one week of closing date	94%	100%	100%	100%	
*Average # of Days from Application to Hire	50.46	49	47.6	47.2	
*Hiring Percentage	3.27%	2.44%	2.32%	2.39%	
**Percentage of New Hires Successfully Completing Probation	92.3%	90%	88%	91.8%	

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

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

ACTION PLAN:

In addition to on-going operations of the department:

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$383,247
Operating Expenses	\$84,800
Total Budget	\$468,047

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

Increases:

- \$2,000 – Contracted Services

Reductions/Decreases:

- None

Items of Interest:

- Advertising covers all cost of advertising for the city
- Contracted Services covers EAP, pre-employment background checks, and OPEB reports

FISCAL YEAR 2019

DEPARTMENT: LEGAL SERVICES

MISSION STATEMENT:

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017	FY 2018	FY 2018	FY 2019	
	Actuals	Budget	Projected Budget	Manager Proposed	FY 2019 Adopted
PERSONNEL	\$ 228,440	\$ 241,516	\$ 241,516	\$ 259,103	\$ 259,103
OPERATING	\$ 82,700	\$ 84,700	\$ 84,700	\$ 84,700	\$ 84,700
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 311,140	\$ 326,216	\$ 326,216	\$ 343,803	\$ 343,803
POSITIONS	2	2	2	2	2

ACCOMPLISHMENTS:

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

ACTION PLAN:

1. Continue to provide the services identified above.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$259,103
Operating Expenses	\$84,700
Total Budget	\$343,803

Personnel Includes: City Attorney, Administrative Assistant

Increases:

- None

Reductions/Decreases:

- None

Items of Interest:

- None

FISCAL YEAR 2019**DEPARTMENT: FINANCE****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017	FY 2018	FY 2018	FY 2019	FY 2019
	Actuals	Budget	Projected Budget	Manager Proposed	Adopted
PERSONNEL	\$ 602,847	\$ 614,701	\$ 614,701	\$ 641,870	\$ 641,870
OPERATING	\$ 242,100	\$ 239,500	\$ 239,500	\$ 246,500	\$ 246,500
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 844,947	\$ 854,201	\$ 854,201	\$ 888,370	\$ 888,370
POSITIONS	8	8	8	8	8

ACCOMPLISHMENTS:

1. The Finance Department has received the GFOA's *Distinguished Budget Award* for the FY2018 budget. This is the seventeenth 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 FY2017. This is the twenty-second year the City has received this award.
3. Successfully implemented the accounting and budgeting modules into the new Munis software platform.
4. The Finance Department has been able to reposition and task key personnel due to gained efficiencies realized with the implementation of the new Munis software platform.

PERFORMANCE INDICATORS:

ACTIVITY	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Number of Funds Accounted for on General Ledger	24	21	21	23	26
Number of Accounts Payable checks and EFT issued	6,040	7,105	7459	3599	3765
Number of Purchase Orders processed	331	310	329	519	509
Number of Payroll Checks issued	5	0	0	0	0
Number of Direct Deposit of Payroll checks	10,256	10,456	10,637	10,659	11,703
Number of Financing applications filed with the LGC	1	2	1	1	1
Number of Financing achieved through area banks	0	1	0	1	1
Number of Accounting entries processed (JE & BA)	871	635	696	805	681
Number of Bank Statements Reconciled	96	84	108	96	109

ACTION PLAN:

1. Obtain the Budget Presentation award from the GFOA for the fiscal year beginning July 1, 2018.
2. Obtain the Financial reporting award from the GFOA for the fiscal year ending June 30, 2018.
3. Successfully implement the HR Management and Payroll components of the Munis software platform prior to December 31st.

4. Issue limited obligation bonds for the purchase and renovation of downtown properties.
5. Develop a financial plan that will outline the available square footage for private use in the new City Hall/Police Headquarters.
6. Revise the General Management Service fee allocation plan between the City's operational funds for use with the FY 20 budget preparation.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$641,870
Operating Expenses	\$246,500
Total Budget	\$888,370

Personnel includes: Finance Director, Deputy Finance Director, Senior Accountant (3), Purchasing Agent, Accounts Payable, Budget & Management Analyst

Increases:

- \$7,000- Audit

Reductions/Decreases:

- None

Items of Interest:

- Tax collection is the per listing fee the city pays Cabarrus County for providing and receiving tax bill notification
- Budget Includes:
 - \$165,000 for Tax Collection
 - \$44,000 for Audit

FISCAL YEAR 2019

DEPARTMENT: INFORMATION TECHNOLOGY

MISSION STATEMENT:

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017	FY 2018	FY 2018	FY 2019	
	Actuals	Budget	Projected Budget	Manager Proposed	FY 2019 Adopted
PERSONNEL	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING	\$ 1,025,484	\$ 1,107,500	\$ 1,107,500	\$ 1,121,060	\$ 1,121,060
CAPITAL	\$ -	\$ 239,281	\$ 239,281	\$ -	\$ -
TOTAL	\$ 1,025,484	\$ 1,346,781	\$ 1,346,781	\$ 1,121,060	\$ 1,121,060
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

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

ACTION PLAN:

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$0
Operating Expenses	\$1,121,060
Capital Machinery	\$0
Total Budget	\$1,121,060

Personnel includes: Chief Information Officer, IT techs (2), Part-time IT Tech

Increases:

- \$13,560 – Network Administration

Reductions/Decreases:

- none

Items of Interest:

- \$100,000 – Budget for Laptop and Desktop replacement
- \$465,560 for Network Administration (3% increase over FY 18 Contract amount)
- All annual maintenance for IT are located in the Information Technology budget

FISCAL YEAR 2019**DEPARTMENT: GENERAL SERVICES****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017	FY 2018	FY 2018	FY 2019	FY 2019
	Actuals	Budget	Projected Budget	Manager Proposed	Adopted
PERSONNEL	\$ 668,346	\$ 705,825	\$ 705,825	\$ 506,403	\$ 506,403
OPERATING	\$ 730,700	\$ 1,251,200	\$ 1,251,200	\$ 960,300	\$ 960,300
CAPITAL	\$ 25,000	\$ 66,000	\$ 66,000	\$ -	\$ -
TOTAL	\$ 1,424,046	\$ 2,023,025	\$ 2,023,025	\$ 1,466,703	\$ 1,466,703
POSITIONS	4	5	5	7	7

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:

Expense Summary	
Personnel Expenses	\$506,403
Operating Expenses	\$960,300
Capital Machinery	\$0
Total Budget	\$1,466,703

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

Increases:

- \$17,000 – Water & Sewer
- \$8,000 – Rentals – Laundry Services

Reductions/Decreases:

- \$3,700 – Roll up door for Police Headquarters
- \$75,000 - Health Clinic move and upfit
- \$119,200 – Contracted Services
- \$2,000 – R&M: Vehicles (funding moved to Parks for Grounds Maintenance)
- \$3,000 – R&M: Equipment (funding moved to Parks for Grounds Maintenance)
- \$2,000 – Motor Fuel (funding moved to Parks for Grounds Maintenance)
- \$2,500 – Small Equipment and Tools (funding moved to parks for Ground Maintenance)

- \$5,000 – Cleaning Supplies
- \$2,000 – Uniforms (funding moved to Parks for Grounds Maintenance)

Items of Interest:

- Grounds Maintenance employees and equipment are moved to Parks and Rec.
- Postage covers the cost of all postage for the city with the exceptions of Billing and Police
- Budget Includes:
 - \$121,300 for Building and Grounds maintenance
 - \$498,000 for Utilities
 - \$100,000 for equipment rentals (copier through City Hall and satellite offices)
 - \$18,000 for Laundry Services in Laureate Center
 - \$40,000 for Cleaning supplies
 - \$105,500 for Contracted Services
 - No Capital

FISCAL YEAR 2019
DEPARTMENT: POLICE

MISSION STATEMENT:

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017	FY 2018	FY 2018	FY 2019	FY 2019
	Actuals	Budget	Projected Budget	Manager Proposed	Adopted
PERSONNEL	\$ 6,858,608	\$ 6,904,598	\$ 6,904,598	\$ 7,199,785	\$ 7,199,785
OPERATING	\$ 1,189,318	\$ 1,107,200	\$ 1,107,200	\$ 1,260,550	\$ 1,260,550
CAPITAL	\$ 670,500	\$ 574,300	\$ 574,300	\$ 92,000	\$ 92,000
TOTAL	\$ 8,718,426	\$ 8,586,098	\$ 8,586,098	\$ 8,552,335	\$ 8,552,335
POSITIONS	111	112	112	114	114

ACCOMPLISHMENTS:

- Maintained the agency’s international accreditation status for 18 consecutive years and began the transition to the sixth edition accreditation standards.
- 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.
- Successfully filled the newly allocated Evidence Custodian position thereby creating better coordination and efficiencies within both the evidence and property control, and training functions.
- Continued to utilize innovative technologies such as Leads Online and CellBrite in the investigation of criminal activity.
- Provided the necessary documentation to the city’s Human Resources Director for personnel reaching thresholds in the department’s Career Development Plan. Policy was previously adopted by City Council and pay incentives were approved as part of this year’s budget.
- Completed the fifth Kannapolis Police Department Citizen Academy.
- Continued to centralize off-site storage of equipment and property at the city owned storage warehouse. Currently we have equipment only stored at two off-site locations.
- Continued programmed replacement of agency equipment to include Tasers, wireless digital patrol vehicle camera systems, and speed measuring devices.
- Evaluated and updated plan on the use of agency bicycles by agency personnel. While this is an evolving process the focus remained on three core areas: improve effective of police personnel at special events occurring in the city, increase visibility in all areas of the city by tracking areas covered and develop contacts with businesses and residents to improve or foster new relationships.
- Consolidated the purchasing of all new police vehicles and the installation of emergency equipment and graphics with one turnkey vendor. Thereby streamlining the process to reduce delays and costs associated with bring new vehicles on-line.
- Successfully increased the agency’s participation with the Community through events like National Night Out.
- Began the transition to National Incident Based Reporting (NIBR) standards.
- Began the process of upgrading agency mobile field reporting to a web-based application.
- Worked closely with community partners to address the rising opioid crisis through both education, enforcement, and aggressive investigation techniques.
- Provided situational awareness and crisis response/active shooter training to areas churches and healthcare facilities.

PERFORMANCE INDICATORS:

ACTIVITY	FY 2014	FY 2015	FY 2016	FY 2017
Homicide	1	0	2	2
Deaths Investigations*	51	55	59	98
Assault Investigations	34	34	38	48

* Death Investigations include any medically unattended death reported to the police department to include suicides and drug overdoses.

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. Work with the Human Resources Director on the development of a Career Development Plan for Supervisors which also implements pay incentives for levels of achievement within the plan.
5. Continue to conduct a spring session of the Kannapolis Police Department Citizen Academy.
6. Implement the use of dedicated programs designed to increase operational effectiveness and efficiencies of personnel and reduce agency liability.
7. Reduce the impact of illegal drug trafficking through aggressive enforcement and interdiction efforts
8. Evaluate and update plan on the use of agency bicycles by departmental personnel as needed. This plan and implementation focuses on three core areas: improve effective of police personnel at special events occurring in the city, increase visibility in all areas of the city by tracking areas covered and develop contacts with businesses and residents to improve or foster new relationships.
9. Evaluate the need to re-apply for the Watch for Me NC program throughout the city. Due to the redevelopment of the downtown area many crosswalks were not available to pedestrians and the reapplication process may need to be delayed until 2020. The Watch for ME NC program requires submission of an application on an annual basis. Selection is made by NCDOT officials and is based is on the number of identified problem areas within a jurisdiction and the educational/enforcement efforts of the law enforcement agency. This will incorporate tracking and reporting all agency activities related to the program to NCDOT and/or the Governors Highway Safety Program.
10. Purchase and/or upfit existing patrol rifles and sighting systems utilized by agency personnel.
11. Expand the agency's use of social media efforts with the community.
12. Expand the agency's use of crime analysis capabilities through the expanded use of programs such as Leads on Line and Lexis/Nexis Accurint.
13. Evaluate and upgrade agency surveillance equipment to include a comprehensive review of the facility camera systems for interview rooms and high liability areas.
14. Upgrade agency technology infrastructure to ensure redundant backup in emergencies.
15. Complete enhanced emergency public safety radio system upgrades.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Police – Administration

Expense Summary	
Personnel Expenses	\$590,824
Operating Expenses	\$400,600
Capital Machinery	\$0
Total Budget	\$991,424

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

Increases:

- \$196,000 – Contracted Services (Kannapolis’s portion of Radio Tower Upgrades)

Reductions/Decreases:

- \$5,000 – CALEA accreditation funding was included in FY 18 budget
- \$52,000 – Telephone (Reduction due to Windstream billing resolution)

Capital:

- None

Items of Interest:

- Telephone funding reduced due to Windstream settlement
- Equipment Rental covers text messaging service
- Contracted services includes:
 - Kannapolis portion of Project Safe Coordinator position
 - Investigative software programming
- Consultants covers the Police Legal Support
- Public Safety Supplies cover several ad hoc expenses – JCSU recruitment, flowers, plaques, interpreters
- Budget Includes:
 - \$20,000 for Public Safety Supplies
 - \$65,000 for Contracted Services
 - \$12,500 for Consultants

Police – Support Services

Expense Summary	
Personnel Expenses	\$2,650,448
Operating Expenses	\$325,250
Capital Machinery	\$0
Total Budget	\$2,975,698

Personnel includes: Lieutenant (1), Sergeants (4), Investigators (10), Training Officer (1), School Resource Officers (2), DARE Officer (1), Communications Center Manager (1), Telecommunicator Shift Supervisors (4), Telecommunicator (12), Records Supervisor (1), Records Clerks (2), and Administrative Assistant (1). 19 Sworn, 21 Civilian

Increases:

- None

Reductions/Decreases:

- \$3,650 – Travel & Training (Polygraph training included in FY18)

Capital:

- None

Items of Interest:

- R&M: Office Equipment line item removed for FY 19
- Contracted Services funds the City's portion for maintenance of the Radio Network Services for the County
- Budget Includes:
 - \$26,000 for Public Safety Supplies
 - \$15,000 for Uniforms (40 employees)
 - \$133,100 for Contracted Services
 - \$32,000 for Special Expenses

Police – Field Operations

Expense Summary	
Personnel Expenses	\$3,958,513
Operating Expenses	\$534,700
Capital Machinery	\$92,000
Total Budget	\$4,585,213

Personnel includes: Lieutenants (4), Sergeants (9), Police Officers (53), and Part-Time St. Office Assistant (1). 62 Sworn, 1 Part-time Civilian

Increases:

- None

Reductions/Decreases:

- None

Capital:

- \$92,000 – Two Police Cruisers (\$45,800 each) for two new patrol officers (Expanding fleet)

Items of Interest:

- Two (2) Patrol Officers are included in the proposed budget
- Equipment Rental funds texting communications for Patrol Officers
- Budget Includes:
 - \$70,500 for uniforms (62.5 FTEs)
 - \$95,000 for Public Safety Supplies
 - \$140,000 for Motor Fuel
 - \$150,000 for R&M: Vehicles

FISCAL YEAR 2019
DEPARTMENT: FIRE

MISSION STATEMENT:

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017	FY 2018	FY 2018	FY 2019	FY 2019
	Actuals	Budget	Projected Budget	Manager Proposed	Adopted
PERSONNEL	\$ 5,965,429	\$ 6,253,136	\$ 6,253,136	\$ 6,716,987	\$ 6,253,136
OPERATING	\$ 988,200	\$ 1,147,750	\$ 1,147,750	\$ 1,101,150	\$ 1,147,750
CAPITAL	\$ 205,400	\$ 29,500	\$ 29,500	\$ 35,000	\$ 29,500
TOTAL	\$ 7,159,029	\$ 7,430,386	\$ 7,430,386	\$ 7,853,137	\$ 7,430,386
POSITIONS	92	94	94	95	94

ACCOMPLISHMENTS:

1. Started construction on two new fire stations
2. Place the new Ladder 54 in service
3. Purchased and received new Engine 31
4. Moved Station #2 personnel into temporary facility
5. Hired Training Chief and three new Firefighters
6. Conducted the first annual Fire Citizens Academy

PERFORMANCE INDICATORS: (as of July 1, 2018)

ACTIVITY	Calendar Year 2015	Calendar Year 2016	Calendar Year 2017
Reported Incidents	7,859	8,643	9,055
Response to In-City Incidents within 6 Minutes	79%	75%	82%
15 Firefighters to Working Fires in 9 Minutes	44%	65%	65%
Work Orders Completed	87%	85%	84%
Save rate for CPR Incidents	40%	46%	42%
Business Inspections	1,185	1,109	687
Provide 98% of the children with safety lecture	100%	100%	100%
Personnel training hours	22,816	29,214	31,376

ACTION PLAN:

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Fire – Administrative Services

Expense Summary	
Personnel Expenses	\$402,607
Operating Expenses	\$504,600
Capital Machinery	\$0
Total Budget	\$907,207

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

Increases:

- none

Reductions/Decreases:

- \$25,000 Contracted Services (Odell VFD contract)

Capital:

- None

Items of Interest:

- Utilities for all fire stations are found in this department
- Contracted Services covers the contract with Odell VFD
- Budget includes:
 - \$77,000 for Utilities
 - \$95,000 for Telephones
 - \$275,000 for Contracted Services

Fire – Emergency Services

Expense Summary	
Personnel Expenses	\$5,879,840
Operating Expenses	\$529,600
Capital Machinery	\$0
Total Budget	\$6,409,440

Personnel Includes: Division Chief (1), Battalion Chief (3), Fire Captain (21), Fire Engineer (21), Firefighter (36), PT- Firefighter (6), Reserve Firefighter (15), and Quality Assurance Coordinator (1).

Increases:

- none

Reductions/Decreases:

- \$3,600 – Uniforms expense for new firefighters hired in FY18
- \$18,000 – Contracted Services for FEMA grant match

Capital:

- None

Items of Interest:

- Contracted Services has had zero expenses over the past three years. Line item up to be cut
- Budget includes:
 - \$233,600 for R&M: Vehicles
 - \$23,000 for R&M: Equipment
 - \$24,000 for Telephones
 - \$55,000 for Motor Fuel
 - \$15,000 for Small Equipment and Tools
 - \$112,000 for Public Safety Supplies
 - \$11,000 for Cleaning Supplies
 - \$44,000 for Uniforms (83 FTEs)

Fire – Technical Services

Expense Summary	
Personnel Expenses	\$434,540
Operating Expenses	\$66,950
Total Budget	\$536,490

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

Increases:

- None

Reductions/Decreases:

- None

Capital:

- None

Items of Interest:

- Two reclassifications are included in proposed budget
- New Position: Fire Marshal (no new uniform funding is included in the budget)
- Budget Includes:
 - \$8,500 for Telephone
 - \$5,000 for R&M: Vehicles
 - \$15,000 for Public Safety Supplies
 - \$6,400 for Uniforms (8 FTEs)

FISCAL YEAR 2019**DEPARTMENT: PUBLIC WORKS****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017	FY 2018	FY 2018	FY 2019	FY 2019
	Actuals	Budget	Projected Budget	Manager Proposed	Adopted
PERSONNEL	\$ 1,129,567	\$ 1,445,780	\$ 1,445,780	\$ 1,568,305	\$ 1,568,305
OPERATING	\$ 3,023,800	\$ 2,725,500	\$ 2,725,500	\$ 2,650,500	\$ 2,650,500
CAPITAL	\$ 566,950	\$ 373,000	\$ 373,000	\$ 40,000	\$ 40,000
TOTAL	\$ 4,720,317	\$ 4,544,280	\$ 4,544,280	\$ 4,258,805	\$ 4,258,805
POSITIONS	17	18	18	20	20

ACCOMPLISHMENTS:

1. Reviewed and/or provided construction observation for 26 commercial site plans.
2. Reviewed and/or provided construction observation for 20 residential subdivisions.
3. Reviewed and/or provided construction observation for 17 City Projects.
4. Reviewed 19 minor plats.
5. Reviewed and/or provided construction observation for 5 CMAQ projects.
6. Reviewed the Flood Plain Management associated with 6 projects.
7. Researched, developed, and produced first City Land Development Standards Manual.
8. Coordinated with NCDOT on transportation improvement projects including the review of 8 NCDOT projects.
9. Provided engineering assistance for multiple right-of-way and encroachment agreements.
10. Conducted 312 water & sewer availability inspections.
11. Provided driveway construction inspection for 279 sites.
12. Reviewed and met with developers for 8 future sites considering conditional rezoning.
13. Assessed prioritized Transportation Improvement Projects.
14. Managed project information for the CIP program.
15. Assisted with Infrastructure Audit.
16. Maintained Stormwater Permit Tracking Process.
17. Managed Stormwater BMP data.
18. Managed with other departments to update Water and Sewer GIS mapping data.
19. Provided assistance with other Department's mapping needs.
20. Coordinated with WSACC staff on current and planned infrastructure improvements.

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 2013	FY 2014	FY 2015	FY 2016	FY 2017
Streets - Private Development (by linear feet)	4,275	1,104	1,944	2,085	1,631
Water - Private Development (by linear feet)	5,802	4,380	14,479	12,958	16,681
Sewer - Private Development (by linear feet)	6,223	2,991	12,618	8,642	11,607

ACTION PLAN:

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

Administration & Engineering

Expense Summary	
Personnel Expenses	\$895,846
Operating Expenses	\$305,800
Capital Machinery	\$0
Total Budget	\$1,101,646

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

Increases:

- none

Reductions/Decreases:

- \$75,000 – Contract - Engineering

Capital:

- none

Items of Interest:

- Budget Includes:
 - \$10,500 for Telephone
 - \$225,000 for Contract Engineering (\$100,000 reduction from FY 18)
 - \$12,000 for Travel and Training

Street Lighting

Expense Summary	
Personnel Expenses	\$0
Operating Expenses	\$683,000
Total Budget	\$683,000

No Personnel included in this Division.

Increases:

- None

Reductions/Decreases:

- \$145,000 – Capital (FY 18 budget included funding for the second phase of light installation along Watson Crick and Laureate Way)

Capital:

- None

Items of Interest:

- Budget Includes:
 - \$613,000 for Electricity
 - \$35,000 for Contracted Services (installation of new lights)
 - \$35,000 for Contract – New Lights (purchase of new lights)

Operation Center

Expense Summary	
Personnel Expenses	\$0
Operating Expenses	\$138,300
Total Budget	\$138,300

No Personnel included in this Division.

Increases:

- None

Reductions/Decreases:

- None

Capital:

- None

Items of Interest:

- No changes to budget from FY 18 budget
- Budget includes:
 - \$68,000 for Utilities
 - \$50,000 for Telephone (Covers Windstream and TWC)
 - \$10,000 for Equipment Rental
 - \$20,300 for Contracted Services

Signs and Markings

Expense Summary	
Personnel Expenses	\$172,459
Operating Expenses	\$225,900
Capital Machinery	\$0
Total Budget	\$398,359

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

Increases:

- None

Reductions/Decreases:

- None

Capital:

- None

Items of Interest:

- Contracted Services covers the cost for mowing and litter clean-up along Cannon Blvd and Kannapolis Parkway
- Budget Includes:
 - \$95,000 for sign supplies
 - \$100,000 for Contracted Services

ACCOMPLISHMENTS:

1. The Sign Shop has maintained and repaired all signs throughout the City in a timely manner; making and installing over 1,759 signs this year.
2. The decorative 12-inch sign frames that were painted on Dale Earnhardt Blvd. and Lane Street were changed to a more durable powder coated frame this year.
3. Constructed and replaced the 9-inch decorative street signs on Kannapolis Pkwy to 12-inch street signs along with changing 30-inch stop signs to 36-inch stop signs.
4. Cut limbs at 118+ locations
5. Constructed all Parks & Recreation concert banners along with Jiggy with the Piggy signage/banners that totaled over 200.
6. Replaced 147 stop signs on the replacement schedule.
7. Upgraded the NCRC street signs to incorporate the new City logo along with powder coated frames.
8. Began a “Warning Sign” replacement schedule and replaced 108 signs.
9. Installed 66 “Watch for Walker” signs for the Walking Outreach Program along with crosswalk markings two (2) Jackson Street and one (1) Pine Street.
10. Constructed and installed temporary “Wayfinding” signs for the Downtown Revitalization Project, 30 signs total.

ACTIVITY	FY2013	FY2014	FY2015	FY2016	FY 2017
Street Name Signs Installed or Repaired	203	98	336	182	239
Information Signs Installed or Repaired	884	1369	836	1794	1,520

ACTION PLAN:

1. Continue replacing 10% of the street signs in the eastern section of the City.
2. Upgrade all 30-inch stop signs intersecting multi-lane roads to 36-inch stop signs based on MUTCD standards and 3(A) schedule.
3. Continue to GPS locate all City-maintained signs with the Trimble unit.
4. Clean and paint all maintained medians within the City.
5. Replace 105 stop signs that are scheduled for replacement this year.
6. Replace 30 warning signs that are scheduled for replacement this year.
7. Continue forwarding repair requests within 24-hours of receipt of request.
8. Continue NCRC street light checks and work with a contractor on LED replacements.
9. Ensure signs and markings are maintained in good condition with the following priorities and procedures:
 - a) Stop sign damage will be repaired immediately upon notification, day or night.
 - b) Repairs due to damage for all signage, other than stop signs, will be completed within two working days after notification.
 - c) Routine, systematic inspection and replacement of all signs will continue on a scheduled basis.
 - d) New installations for new developments will be fabricated and installed promptly.
 - e) New installations for new developments will be fabricated and installed promptly.

Street Maintenance

Expense Summary	
Personnel Expenses	\$600,000
Operating Expenses	\$1,297,500
Capital Machinery	\$40,000
Total Budget	\$1,937,500

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

Increases:

- None

Reductions/Decreases:

- None

Capital:

- \$40,000 – Crew cab truck for Crew Supervisor position (expanding fleet)

Items of Interest:

- New position: Crew Supervisor
- Contract resurfacing funding was increased \$100,000 in FY 18
- Contracted services funding has increased \$125,000 over the past two fiscal years
- Budget includes:
 - \$45,000 for R&M: Vehicles
 - \$40,000 for R&M: Equipment
 - \$200,000 for R&M: Streets (repairs to existing streets, pothole repair)
 - \$350,000 for Contracted Services (small street repaving projects)
 - \$600,000 for Contract – Resurfacing (Covers the annual resurfacing plan)

ACCOMPLISHMENTS:

1. Completed ten (10) cycles of scheduled right-of-way mowing which includes an estimated 500,000 LF of maintenance every 2-3 weeks.
2. Completed sixteen (16) cycles of finish mowing and sidewalk maintenance which includes an estimated 54,329 feet (10.3 miles) before April 2018 and 98,439 feet (18.6 miles) after April 2018 with the additions of Kannapolis Schools’ walking loops’ sidewalk maintenance.
3. Completed three (3) maintenance cycles on unpaved street sections. The road sections were graded with additional aggregate added as necessary and compacted. The ditches were cleaned as needed.
4. Continued to track the number of pavement repairs per streets.
5. Completed majority of utility cut repairs within 48-hours after receiving work order from Water Resources and Stormwater Departments.
6. Identified potential areas for potholes and made the necessary repairs. Continued with preventive pothole program – regular scheduled route.
7. Continued preventive maintenance on shoulder cutting in the southwest part of the City.
8. Sidewalk repairs and handicap ramp upgrades have been contracted out; approximately 2,500 LF of sidewalks have been replaced and 36 handicap ramps have been upgraded.

We focused on proper sub-grade preparation and made extremely large quality asphalt patches in areas where streets were badly failing. We also paved the following streets in-house:

1. Cooper (wedging 655 LF) and Cooper resurfacing 924 LF
2. South Harding from Cannon to Lowe 1,200 LF; from 1st Street to Lowe 560 LF;
3. Intersection of Northside and Gurley 200 LF
4. Daybreak 260 LF
5. Cripple Creek 120 LF
6. Alma 230 LF
7. Wentworth 200 LF
8. Walker 685 LF
9. Lee from Lawrence to William 938 LF; from William to Walker 715 LF
10. Robinhood 710 LF
11. Wren 550 LF
12. South Walnut 500 LF

Total LF = 8,447, Contractor 7,109 LF

PERFORMANCE INDICATORS:

ACTIVITY	FY 2014	FY 2015	FY 2016	FY 2017
Reconstruction Resurfacing (miles)	1.6	3.65	1.8	2.94
Utility Cuts Repaired	163	201	262	281
Pavement Repairs (includes potholes)	1,190	4,615	7,370	5,322
Asphalt Used (in tons)	1,851	1,793	2,954	3,883
Sidewalk Repairs (feet)	100	-	-	2,500
Shoulder Work (feet)	35,034	141,868	127,478	135,784
Mowing (miles) ROW tractors ran	-	2,836	2,782	4,546
Sidewalk Maintenance Cleaning (Feet)	-	-	231,049	1,000,519

ACTION PLAN:

1. Complete a minimum of six (6) cycles of scheduled mowing.
2. Complete three (3) maintenance cycles on unpaved street sections.
3. Continue to track the number of pavement repairs per streets.
4. Complete utility cut repairs within 48-hours after receiving work order from Water & Sewer and Stormwater Divisions.
5. Identify potential areas for potholes and make the necessary repairs before potholes occur.
6. Add more shoulder maintenance for erosion control.
7. Continue education through ITRE training programs.
8. Pave 6-8 roads in-house.
9. Help Stormwater after mowing season with maintenance on storm drain issues.

FISCAL YEAR 2019
DEPARTMENT: PLANNING

MISSION STATEMENT:

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017	FY 2018	FY 2018	FY 2019	FY 2019
	Actuals	Budget	Projected Budget	Manager Proposed	Adopted
PERSONNEL	\$ 581,721	\$ 577,976	\$ 577,976	\$ 646,142	\$ 646,142
OPERATING	\$ 174,600	\$ 311,456	\$ 311,456	\$ 474,050	\$ 474,050
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 756,321	\$ 889,432	\$ 889,432	\$ 1,120,192	\$ 1,120,192
POSITIONS	8	8	8	9	9

ACCOMPLISHMENTS:

1. Zoning approval issued for 330 new single family homes
2. Zoning approval issued for \$114,818,022 in non-residential construction
3. Major non-residential development projects included: Glen Afton Warehouse distribution facility (\$6,234,300); Cabarrus Manor Assisted Living Facility (\$6,655,026); Amazon Fulfillment Center (\$31,639,000)
4. Code Enforcement cases: Minimum Housing (68); Motor Vehicle (193); Non-residential building (7); Public Nuisance (1819); Zoning (119)
5. Completion and adoption of “Move Kannapolis Forward 2030 Comprehensive Plan” by City Council
6. Implementation of Accela electronic plan review software
7. Staff support for Planning & Zoning Commission meetings (12 meetings); Board of Adjustment (14 meetings)
8. GIS (including mapping and data management) support for multiple departments
9. Online posting of agendas, staff reports and minutes for Planning and Zoning Commission (P & Z) and Board of Adjustment (BOA) meetings

ACTION PLAN:

1. Refine implementation of Accela electronic plan review software
2. Review and streamline development plan review process
3. Purchase code enforcement software to enable field data entry and lookup capabilities
4. Begin comprehensive update of UDO
5. Update Planning Department website to allow for public access to project and case information
6. Begin Cannon Boulevard Corridor Plan and North Main Street Small Area Plan
7. Support downtown redevelopment efforts
8. Enhance online GIS mapping capabilities for City Departments and public use
9. Provide training to Planning and Zoning Commission and Board of Adjustment members

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$646,142
Operating Expenses	\$474,050
Capital Machinery	\$0
Total Budget	\$1,120,192

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

Increases:

- \$162,594 – Contract Planning

Reductions/Decreases:

- None

Capital:

- None

Items of Interest:

- New Position: Planner I
- Contract Planning
 - \$200,000 – Unified Development Ordinance (partial funding in FY 18)
 - \$100,000 – Cannon Blvd Corridor plan
 - \$50,000 – North Main St. small area plan
- Budget Includes:
 - \$80,000 Demolition Expenditures
 - \$350,000 Contract – Planning
 - \$14,000 – Travel & Training

FISCAL YEAR 2019**DEPARTMENT: PARKS AND RECREATION****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017	FY 2018	FY 2018	FY 2019	FY 2019
	Actuals	Budget	Projected Budget	Manager Proposed	Adopted
PERSONNEL	\$ 939,510	\$ 983,066	\$ 983,066	\$ 1,305,801	\$ 1,305,801
OPERATING	\$ 410,400	\$ 367,200	\$ 367,200	\$ 1,201,200	\$ 1,201,200
CAPITAL	\$ 71,900	\$ 93,800	\$ 93,800	\$ 29,000	\$ 29,000
TOTAL	\$ 1,421,810	\$ 1,444,066	\$ 1,444,066	\$ 2,536,001	\$ 2,536,001
POSITIONS	9	9	9	14	14

ACCOMPLISHMENTS:

1. Achieved National Accreditation (CAPRA) for the department through the National Recreation and Park Association.
2. Completed Phase III of Village Park to include the state's only double decker carousel and added tiered water feature.
3. Acquired 33 acres on the eastside of the City on Lake Fisher for a future park site.
4. Reached over 55,000 people with Special Event programming at Village Park and Veterans Park, including 7 movies, 7 concerts, 1 ballet performance, 7 Thursdays on Main lunch concerts, 4 Thursdays on Main evening concerts, 3 literary arts programs, 4 jazz concerts, and 12 co-sponsored events.
5. Tenth summer of splash pad operation with almost 20,000 paid admissions and over 30,000 through the gate.
6. Ninth year of operation for the Rotary Express train ride. Summer season train riders reached almost 47,000 for the season.
7. Winterland Express ridership was over 15,200 with an estimated 5,000 touring the park light display.
8. Received over \$40,000 in sponsorships to support the Summer Entertainment Series.
9. As of June 30, 2017, we have sold and installed over 2,250 bricks for Veterans Park.
10. Planted over 200 shrubs as part of the Village Park landscape improvement plan and to repair winter damage.
11. Developed usage agreement with Kannapolis City Schools for usage of indoor facilities to develop additional recreational programming.
12. Operated 2 Adult Athletic Leagues with over 400 participants. Includes Men's Fall 2017 League with 10 teams and Men's Spring 2018 Softball League with 12 teams.
13. Offered 231 programs and events; including 68 youth programs, 9 adult programs, 13 athletic programs, 26 senior programs, 31 family programs, 30 special events and 54 downtown programs.
14. Improved maintenance operations for the Kannapolis Cemetery.
15. Managed 1528 reservations; 788 shelter reservations and 740 athletic field reservations.
16. Spread over 5,000 bales of pine needles around park properties.
17. Installed over 1,000 flowers in City parks.
18. Fifth summer of beer/wine sales adding over \$15,000 to special event revenues.
19. Held Christmas Tree Lighting program in Village Park with over 1,000 in attendance. That same night kicked off the 9th year of the Winterland Express and Celebration of Lights.

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

ACTION PLAN:

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Parks – Parks

Expense Summary	
Personnel Expenses	\$1,305,801
Operating Expenses	\$615,200
Capital Machinery	\$29,000
Total Budget	\$1,950,001

Personnel: Parks and Recreation Director (1), Park Managers (2), Recreation Program Coordinators (3), Grounds Manager, Grounds Engineer III (2), Park Maintenance Tech III (5), and Ground Engineer III (2)

Increases:

- \$2,000 – R&M: Vehicles (funding moved to Parks from General Services for Grounds Maintenance)
- \$3,000 – R&M: Equipment (funding moved to Parks from General Services for Grounds Maintenance)
- \$2,000 – Motor Fuel (funding moved to Parks from General Services for Grounds Maintenance)
- \$2,500 – Small Equipment and Tools (funding moved to Parks from General Services for Grounds Maintenance)
- \$5,000 – Cleaning Supplies
- \$2,000 – Uniforms (funding moved to Parks from General Services for Grounds Maintenance)
- \$40,000 – Contracted Services
- \$191,500 – Contract Grounds Maintenance (funding moved to Parks from General Services for Grounds Maintenance)

Reductions/Decreases:

- None

Capital:

- \$29,000 – Small pickup for new Park Maintenance Technician III (Expanding fleet)

Items of Interest:

- Grounds Maintenance for all city properties moved from General Services to Parks for FY 2019
- Two (2) new positions - Two (2) Park Maintenance Technician III
- Contracted Services increase provides funding for Eastside and Westside Parks Master Plans. These master plans are required to apply for PARTF grants.
- Budget Includes:
 - \$100,000 for R&M: Building and Grounds
 - \$97,000 for Utilities
 - \$36,000 for Telephones
 - \$50,000 for Concession Supplies
 - \$10,000 Contracted Services
 - \$10,000 Travel & Training

Parks – Programming

Expense Summary	
Personnel Expenses	\$0
Operating Expenses	\$370,000
Total Budget	\$370,000

Increases:

- \$10,000 – Program Supplies
- \$10,000 – Summer Event Series

Reductions/Decreases:

- None

Capital:

- None

Items of Interest:

- Increase to Program Supplies covers expenses related to Run Kannapolis
- Summer Concert Series funding has increase \$85,000 over the past two years
- Budget includes:
 - \$80,000 for Program Supplies
 - \$250,000 for Summer Concert Series
 - \$40,000 for Kannapolis Christmas

Parks – Stadium

Expense Summary	
Personnel Expenses	\$0
Operating Expenses	\$216,000
Total Budget	\$216,000

Increases:

- None

Reductions/Decreases:

- None

Capital:

- None

Items of Interest:

- None

FISCAL YEAR 2019**DEPARTMENT: NON-DEPARTMENTAL****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017	FY 2018	FY 2018	FY 2019	FY 2019
	Actuals	Budget	Projected Budget	Manager Proposed	Adopted
PERSONNEL	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING	\$ 1,543,223	\$ 2,037,524	\$ 2,037,524	\$ 1,992,545	\$ 1,992,545
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 1,543,223	\$ 2,037,524	\$ 2,037,524	\$ 1,992,545	\$ 1,992,545
POSITIONS	0	0	0	0	0

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$0
Operating Expenses	\$1,992,545
Total Budget	\$1,992,545

Increases:

- \$9,190 – HSA/HRA
- \$5,000 – Contingency Appropriation
- \$2,000 – Insurance – Public Officials
- \$109,300 – Insurance – General Liability

Reductions/Decreases:

- \$92,256 – Special Expenses
- \$76,000 – Insurance - Buildings

Capital:

- None

Items of Interest:

- \$114,659 - Special Expenses includes the 1% 401K match for FY 19 (anticipating a 65% participation rate)
- \$190,872 – Special Expenses includes the first half of Flexible Spending Plan (\$420 per employee)
- Several Insurance policies were moved from Insurance Buildings to Insurance General Liability in FY 18. FY 19 Budget figures reflect this movement and the organic increases for these line items.

FISCAL YEAR 2019
DEPARTMENT: GENERAL DEBT SERVICE

MISSION STATEMENT:

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
PERSONNEL	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING	\$ 8,015,100	\$ 8,229,254	\$ 8,229,254	\$ 8,639,657	\$ 8,639,657
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 8,015,100	\$ 8,229,254	\$ 8,229,254	\$ 8,639,657	\$ 8,639,657
POSITIONS	0	0	0	0	0

THE GENERAL FUND DEBT IS AS FOLLOWS:

Fiscal Year 2019 GENERAL FUND DEBT SERVICE						
	PRINCIPAL BALANCE (as of 7/1/2018)	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	REMAINING TERM (including FY 2019)	INTEREST RATE
PNC REFINANCE - VILLAGE PARK BUILDING	\$156,800	\$52,267	\$2,875	\$55,141	5 YEARS	2.00%
JPMorgan Chase Bank - KGBus Park	\$200,000	\$50,000	\$9,610	\$59,610	4 YEARS	2.60%
BB&T - WAYFINDING SIGNS	\$236,837	\$66,686	\$3,216	\$69,902	4 YEARS	2.74%
BANK OF NC - FIRETRUCK/PATCH TRUCK	\$313,894	\$155,963	\$3,215	\$159,178	3 YEARS	1.25%
BB&T - EQUIPMENT 2011	\$337,229	\$42,154	\$13,018	\$55,171	8 YEARS	4.05%
PNC - WAREHOUSE/FIRE TRUCK	\$810,695	\$162,139	\$16,019	\$178,158	5 YEARS	2.08%
PNC REFINANCE - FIRE STATION, BRIDGES, etc.	\$2,079,779	\$580,295	\$38,881	\$619,176	7 YEARS	1.98%
ROWAN COUNTY - BASEBALL STADIUM	\$2,687,500	\$62,500	\$0	\$62,500	44 YEARS	0.00%
STERLING NATIONAL - VILLAGE PARK/FIRE TRUCK/PARKING LOT	\$3,460,338	\$250,774	\$119,970	\$370,744	10 YEARS	var.
NCRC TIF BONDS - 2010 SERIES A	\$5,575,000	\$1,915,000	\$278,750	\$2,193,750	2 YEARS	var.
FY 2019 CIP Projects	\$11,430,000	\$277,426	\$832,277	\$1,109,703	20 Years	
NCRC TIF BONDS - 2010 SERIES B	\$19,310,000	\$0	\$1,405,768	\$1,405,768	9 YEARS	var.
City Hall/Police - 2014 Series-Tax Exempt	\$21,860,000	\$1,370,000	\$930,856	\$2,300,856	18 YEARS	3.10%
GRAND TOTAL FOR FY 2019	\$68,458,071	\$4,985,202	\$3,654,455	\$8,639,658		

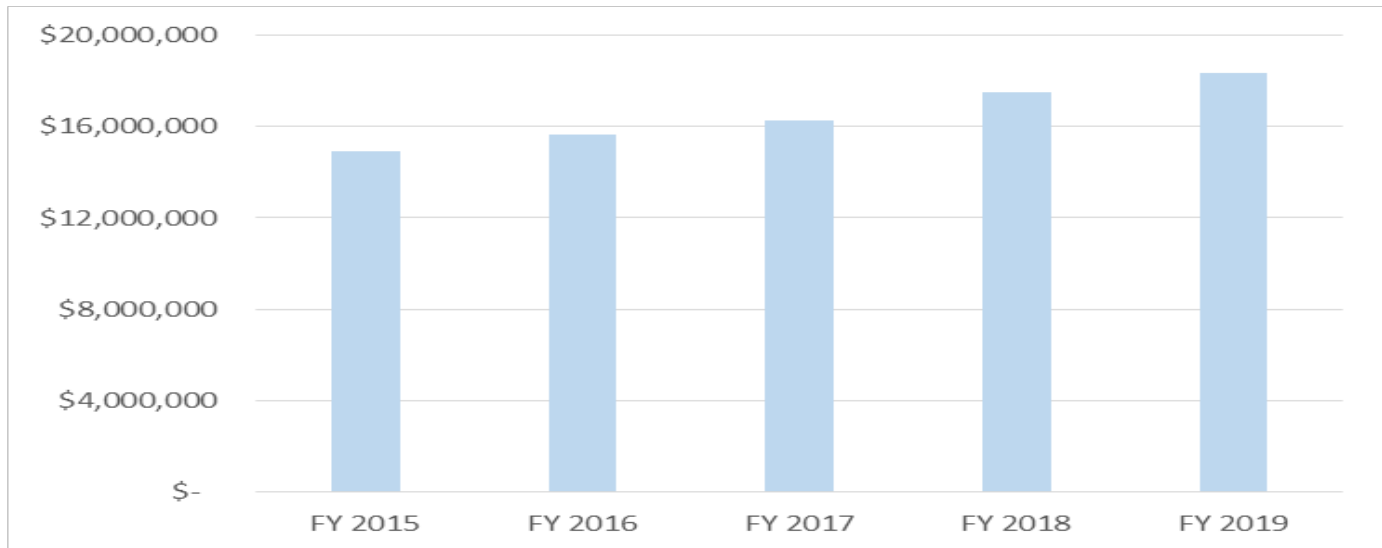
WATER AND SEWER FUND

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

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

WATER AND SEWER FUND REVENUES

	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Revenues					
Charges and Fees	\$ 14,693,000	\$ 15,982,200	\$ 15,982,200	\$ 16,302,000	\$ 16,302,000
Wholesale Water Sales	\$ 365,000	\$ 300,000	\$ 300,000	\$ 330,000	\$ 330,000
Tap Fees	\$ 85,000	\$ 85,000	\$ 85,000	\$ 100,000	\$ 100,000
Connection Fees	\$ 525,000	\$ 550,000	\$ 550,000	\$ 557,000	\$ 557,000
Reconnection Fees	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Penalties	\$ 400,000	\$ 435,000	\$ 435,000	\$ 441,000	\$ 441,000
Miscellaneous Revenue	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Investment Income	\$ 5,000	\$ 10,000	\$ 10,000	\$ 30,000	\$ 30,000
	\$ -	\$ -	\$ -	\$ 437,000	\$ 437,000
Total Revenues	\$ 16,238,000	\$ 17,527,200	\$ 17,527,200	\$ 18,362,000	\$ 18,362,000



As shown in the chart above, Water & Sewer revenues have steadily increased over the past five years. The estimated revenues for FY2019 are higher than the revenues for FY 2018 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: FY2019

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

For FY 2019, the water and sewer volumetric rates for the City of Knapolis remain unchanged in both water and sewer.

The variable water rate per 1,000 gallons:	\$6.15		
The variable sewer rate per 1,000 gallons:	\$6.05		
Fixed charge for water based on users	\$6.95	\$1,416,132	Just
Fixed charge for sewer based on 16,980 users	\$3.80	774,288	Variable Rate
Water variable charge based on usage of 1,241,749,575 gallons -		\$7,806,560	\$7,806,560
Sewer variable charge based on usage of 1,017,358,646 gallons-		\$6,305,020	\$6,305,020
	Total	\$16,302,000	\$14,111,580

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

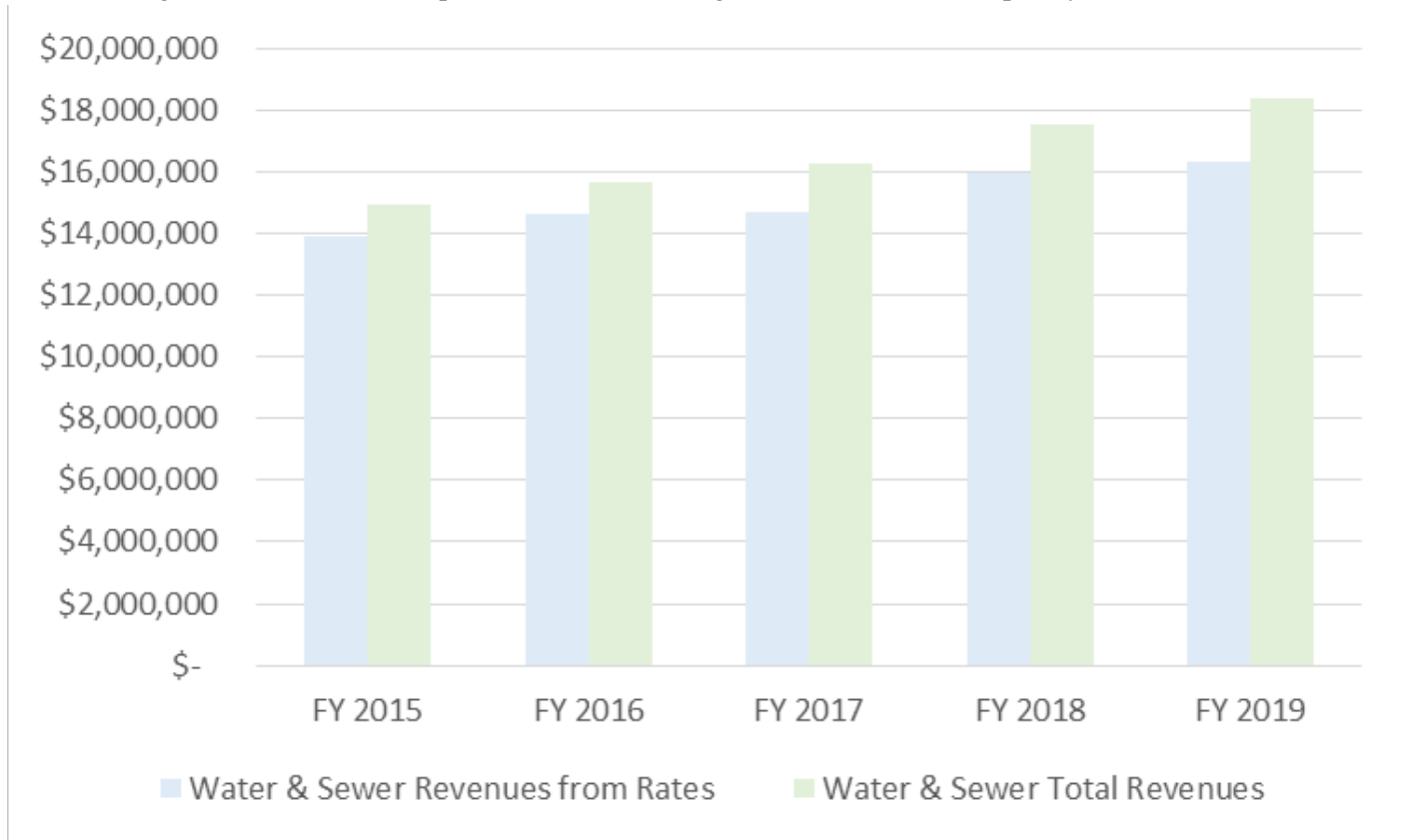
Usage in gallons	Increase			
	Current Charge	Proposed Charge	(decrease)	Percentage change
2,000	\$31.20	\$35.15	\$3.95	12.66%
3,000	\$41.90	\$47.35	\$5.45	13.01%
4,000	\$52.60	\$59.55	\$6.95	13.21%
5,000	\$63.30	\$71.75	\$8.45	13.35%
6,000	\$74.00	\$83.95	\$9.95	13.45%
7,000	\$84.70	\$96.15	\$11.45	13.52%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

Schedule of Variable Water and Sewer fees per 1,000 gallons usage
(Tier 2 rates are applied to all usage over 7,000 gallons)

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

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Water & Sewer Revenues from Rates	\$ 13,910,321	\$ 14,615,000	\$ 14,693,000	\$ 15,982,200	\$ 16,302,000
Water & Sewer Total Revenues	\$ 14,909,821	\$ 15,675,500	\$ 16,238,000	\$ 17,527,200	\$ 18,362,000

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



The chart above reflects a steady climb in overall revenues, but revenues generated by rates were relatively flat over the first two fiscal years. The Revenue from Rates increased in FY 18 due to a rate increase and the completion of the water meter replacement program.

WATER AND SEWER FUND EXPENDITURES FY 2019

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
PERSONNEL	\$ 2,834,142	\$ 2,805,223	\$ 2,805,223	\$ 3,228,703	\$ 3,228,703
OPERATING	\$ 13,097,758	\$ 14,154,677	\$ 14,154,677	\$ 14,893,297	\$ 14,893,297
CAPITAL	\$ 306,100	\$ 567,300	\$ 567,300	\$ 240,000	\$ 240,000
TOTAL	\$ 16,238,000	\$ 17,527,200	\$ 17,527,200	\$ 18,362,000	\$ 18,362,000
POSITIONS	48	48	48	55	55

Overall, the Water and Sewer Fund Expenditures have increased \$834,800 or 4.55%. The operating budget increased \$738,620 or 4.95% over previous year. There are no significant changes to services or operations in the Water and Sewer fund.

	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Expenditures					
Billing & Collections	\$ 836,495	\$ 813,152	\$ 813,152	\$ 858,056	\$ 858,056
Distribution	\$ 2,935,425	\$ 2,715,375	\$ 2,715,375	\$ 2,731,807	\$ 2,731,807
Filter Plant	\$ 2,938,688	\$ 2,869,396	\$ 2,869,396	\$ 3,006,790	\$ 3,006,790
Sewage Treatment	\$ 2,921,500	\$ 3,026,687	\$ 3,026,687	\$ 3,120,555	\$ 3,120,555
General Management Fee	\$ 1,539,416	\$ 1,616,000	\$ 1,616,000	\$ 1,765,800	\$ 1,765,800
Transfer to Other Funds	\$ 364,700	\$ 114,290	\$ 114,290	\$ 1,947,436	\$ 1,947,436
Debt Services	\$ 4,701,776	\$ 6,372,300	\$ 6,372,300	\$ 4,931,556	\$ 4,931,556
Total Expenditures	\$ 16,238,000	\$ 17,527,200	\$ 17,527,200	\$ 18,362,000	\$ 18,362,000

FISCAL YEAR 2019**DEPARTMENT: WATER AND SEWER - Billing and Collection****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017	FY 2018	FY 2018	FY 2019	
	Actuals	Budget	Projected Budget	Manager Proposed	FY 2019 Adopted
PERSONNEL	\$ 603,895	\$ 590,452	\$ 590,452	\$ 614,356	\$ 614,356
OPERATING	\$ 232,600	\$ 222,700	\$ 222,700	\$ 243,700	\$ 243,700
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 836,495	\$ 813,152	\$ 813,152	\$ 858,056	\$ 858,056
POSITIONS	7	8	8	8	8

ACCOMPLISHMENTS:

- Maintained a high collection rate by continued enforcement of City Cut Off procedures for non-payment of past due accounts
- Maintained security of customer information as required by law.
- Implemented a plan to move all tap and connection fee collection processes to the Planning Department.
- Completed installation of scanning equipment and started e-doc attachments to customer profiles.
- Converted from depositing check payments via night drop to in-house scanning and submitting check deposits electronically
- Completed transfer of all account files from paper to e-docs
- Automated extension and payment arrangement payments in order to computer generate cut offs when payments are not made.

PERFORMANCE INDICATORS:

ACTIVITY	FY 2014	FY 2015	FY 2016	FY 2017
Average number of Customer Billings	216,000	216,000	216,000	218,000
Average number of new applications	3,753	3,898	3,904	3,750
Average number of walk-in payment & assisted needed customers	70,900	71,153	72,577	73,652
Average number of bank drafts	14,218	16,507	17,786	19,375
Average number of credit card customers	20,225	24,500	30,543	48,363
Water and Sewer collection percentage	97.6%	97.0%	98.0%	97.8%

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

ACTION PLAN:

- Strive to enhance customer service under the supervision of the Director of Finance.
- Maintain high collection rate by continued monitoring of past dues.
- Continue to encourage automatic draft of customer payments.
- Work with IT to implement Customer Connect and Invoice Cloud programs to increase online transactions.

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. Move mail payments to a lock box program thru our current banking relationship
- Implement and follow suggestions as outlined in the Utilization Document prepared and presented to us by our software company (NorthStar) in order to enhance the customer experience and streamline our day to day work tasks.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$614,356
Operating Expenses	\$243,700
Total Budget	\$858,056

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

Increases:

- \$40,000 – Banking Fees

Reductions/Decreases:

- \$19,000 – Contracted Services (FY 18 funded a one-time usage survey)

Capital:

- none

Items of Interest:

- Increase in Banking fees is for Lockbox and e-box services
- Budget Includes:
 - \$90,000 for Postage
 - \$20,000 for Contracted Services
 - \$80,000 for Banking Fees
 - \$30,000 for Mailing Services

FISCAL YEAR 2019**DEPARTMENT: WATER AND SEWER - Distribution****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017	FY 2018	FY 2018	FY 2019	FY 2019
	Actuals	Budget	Projected Budget	Manager Proposed	Adopted
PERSONNEL	\$ 1,565,925	\$ 1,544,275	\$ 1,544,275	\$ 1,792,507	\$ 1,792,507
OPERATING	\$ 1,103,400	\$ 910,300	\$ 910,300	\$ 910,300	\$ 910,300
CAPITAL	\$ 266,100	\$ 250,800	\$ 250,800	\$ 29,000	\$ 29,000
TOTAL	\$ 2,935,425	\$ 2,705,375	\$ 2,705,375	\$ 2,731,807	\$ 2,731,807
POSITIONS	29	29	29	33	33

ACCOMPLISHMENTS:

1. Repaired 27 water main breaks.
2. Repaired/inspected 802 leaks.
3. Installed 150 water services.
4. Meter Techs performed 4,729 cut-offs for non-payment and 4,345 reconnects.
5. Meter Techs performed 4,360 scheduled meter turn-ons for new customers.

PERFORMANCE INDICATORS:

ACTIVITY	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Water Services Installed	64	46	46	93	150
Sewer Services Installed	12	15	10	54	127
Sewer Mains Jet washed (feet)	82,213	103,478	117,723	93,628	190,916

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. Attend regular and special meetings of the WSACC Board.
10. Participate in the quarterly management technical review meetings.
11. Continue response to sewer calls within twenty minutes or less.
12. Continue to perform proactive preventive maintenance to the wastewater collections system through closed circuit television inspection, jetting and rodding that continues to minimize claims.
As time allows, clear and grub sanitary sewer outfall lines and mark manholes with reflective sign markers.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$1,792,507
Operating Expenses	\$910,300
Capital Expenses	\$29,000
Total Budget	\$2,731,807

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

Increases:

- None

Reductions/Decreases:

- None

Capital:

- \$29,000 – Small pickup

Items of Interest:

- New Positions
 - Two (2) Construction Maintenance Workers II
 - One (1) Warehouse Assistant
 - Civil Engineer
- Budget Includes:
 - \$87,500 for R&M: Vehicles
 - \$60,000 for R&M: Equipment
 - \$70,000 for R&M: Lift Station
 - \$40,000 for Telephone
 - \$55,000 for Motor Fuel
 - \$285,000 for Materials for W&S Services
 - \$27,000 for Uniforms
 - \$178,600 for Contracted Services

FISCAL YEAR 2019**DEPARTMENT: WATER AND SEWER - Filter Plant****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017	FY 2018	FY 2018	FY 2019	FY 2019
	Actuals	Budget	Projected Budget	Manager Proposed	Adopted
PERSONNEL	\$ 664,322	\$ 660,496	\$ 660,496	\$ 821,840	\$ 821,840
OPERATING	\$ 2,234,366	\$ 1,892,400	\$ 1,892,400	\$ 1,973,950	\$ 1,973,950
CAPITAL	\$ 40,000	\$ 316,500	\$ 316,500	\$ 211,000	\$ 211,000
TOTAL	\$ 2,938,688	\$ 2,869,396	\$ 2,869,396	\$ 3,006,790	\$ 3,006,790
POSITIONS	11	11	11	14	14

ACCOMPLISHMENTS:

1. Continued bacteriology monitoring.
2. Trained four new operators and technicians 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. WTP Operators received higher levels of certifications.
 - a. WTP Operator earned their B-surface and Collections 3
 - b. Water Quality Tech earned C-surface
 - c. Our Maintenance Tech earned their C-Surface certification
 - d. Achieved Stage 2 Distribution By-Product Level compliance for City and Shiloh Water Systems.

Received no MCL violations for City or Shiloh Water System

PERFORMANCE INDICATORS:

ACTIVITY	FY 2014		FY 2015		FY 2016		FY 2017	
	Billion Gallons	MGD	Billion Gallons	MGD	Billion Gallons	MGD	Billion Gallons	MGD
Total Water Treated	1.10	3.63	1.55	4.24	1.41	3.86	129.00	3.55
City Water Use	0.91	3.00	1.37	3.74	1.69	4.63	1.65	4.53
Unit Cost of Treatment (\$/1,000 gal)	\$1.51		\$1.49		\$1.49		\$1.34	

*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 54 samples monthly throughout the distribution system for chlorine residual and bacteria. An increase of 4 samples.

- 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. Train three new operators approved in 2018 Budget.
6. Oversee installation of new booster pump station, waterline, and elevated storage tank.
7. Oversee installation of new filter control panels, PLCs, and turbidity meters.
8. Correct Christ the King System TTHM MCL violation.
9. Oversee installation of new Phosphate Day Tank and Sodium Permanganate mini-bulk tank.
10. Oversee installation and construction of new Fluoride Bulk Tank.
11. Continue safety improvement plan with the installation of new basin ladders.
12. Oversee the installation of two new PAX systems in elevated storage tanks.
13. Continue with valve replacement plan for replacing broken valves in the plant.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$821,840
Operating Expenses	\$1,973,950
Capital Expenses	\$211,000
Total Budget	\$3,0006,790

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

Increases:

- \$42,250 – Bulk Water Purchase
- \$28,500 – R&M: Equipment
- \$5,800 – R&M: Water Tank
- \$40,000 – Contract Grounds Maintenance

Reductions/Decreases:

- \$30,000 – R&M Building & Grounds (one-time expenses removed)
- \$5,000 – R&M Lift Station (one-time expenses removed)

Capital:

- \$70,000 – Two trucks (expanding fleet)
- \$134,000 – Turbidity repair and replacement
- \$7,000 – Trailer

Items of Interest:

- New Positions:
 - One (1) Water Treatment Plant Operator I

- One (1) Water Treatment Plant Maintenance Worker I
- One (1) Water Quality Technician I
- Increase to Bulk Water Purchase is contractual
- Budget Includes:
 - \$25,000 for R&M Building & Grounds
 - \$103,500 for R&M Equipment
 - \$25,000 for R&M Lift Station
 - \$74,300 for R&M Water Tanks
 - \$300,000 for Electricity
 - \$290,000 for Chemical

FISCAL YEAR 2019**DEPARTMENT: WATER AND SEWER - Sewage Treatment****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017	FY 2018	FY 2018	FY 2019	
	Actuals	Budget	Projected Budget	Manager Proposed	FY 2019 Adopted
PERSONNEL	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING	\$ 2,921,500	\$ 3,026,687	\$ 3,026,687	\$ 3,120,555	\$ 3,120,555
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 2,921,500	\$ 3,026,687	\$ 3,026,687	\$ 3,120,555	\$ 3,120,555
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.
2. Responded to and unstopped 682 sewer blockages.
3. Hydraulically cleaned 190,916 feet of sewer main.
4. Performed CCTV inspections 41,265 feet of sewer main.
5. Performed 728 routine inspections and 50 emergency inspections to the wastewater lift stations.
6. Repaired 20 sewer mains and laterals.
7. Compliant with NCDENR regulations of sewer main cleaning and inspections.

ACTION PLAN:

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$0
Operating Expenses	\$3,120,555
Total Budget	\$3,120,555

No Personnel included in this Division.

Increases:

- \$77,264 – Sewage Treatment Variable (3% increase by WSACC and organic growth)
- \$17,000 – Concord Northlite Sewer

Reductions/Decreases:

- \$54 – Treatment Fixed Rate
- \$282 – Interceptor Fixed Rate
- \$60 – Capital Assessment

Capital:

- None

Items of Interest:

- None

FISCAL YEAR 2019

DEPARTMENT: WATER AND SEWER - General Management Services

MISSION STATEMENT:

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017	FY 2018	FY 2018	FY 2019	FY 2019
	Actuals	Budget	Projected Budget	Manager Proposed	Adopted
PERSONNEL	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING	\$ 1,904,116	\$ 1,730,290	\$ 1,730,290	\$ 1,765,800	\$ 1,765,800
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 1,904,116	\$ 1,730,290	\$ 1,730,290	\$ 1,765,800	\$ 1,765,800
POSITIONS	0	0	0	0	0

Items of Interest:

- \$1,765,800 Total Transfer to General Fund. The generally accepted practice of transferring funds from Water and Sewer Fund to the General Fund was re-introduced in FY 09 following a three-year period without a transfer. This transfer is done annually in efforts to maintain the integrity of the Water and Sewer Fund as a true enterprise fund which “pays” for outside services provided by the General Fund such as road patching, insurance coverage, engineering services and certain administrative functions.

FISCAL YEAR 2019

DEPARTMENT: WATER AND SEWER - Debt Service

MISSION STATEMENT:

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
PERSONNEL	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING	\$ 4,701,776	\$ 6,372,300	\$ 6,372,300	\$ 4,931,556	\$ 4,931,556
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 4,701,776	\$ 6,372,300	\$ 6,372,300	\$ 4,931,556	\$ 4,931,556
POSITIONS	0	0	0	0	0

THE WATER AND SEWER DEBT IS AS FOLLOWS:

Fiscal Year 2019						
WATER AND SEWER FUND DEBT SERVICE						
	PRINCIPAL BALANCE (as of 7/1/2018)	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	REMAINING TERM (including FY 2019)	INTEREST RATE
NC DENR Loan - Second Creek	\$212,404	\$15,172	\$5,268	\$20,439	10 YEARS	2.48%
BB&T - Jet Vac	\$269,305	\$75,199	\$3,626	\$78,825	4 YEARS	2.22%
PNC - Kann Parkway	\$270,110	\$73,856	\$4,948	\$78,804	5 YEARS	3.81%
PNC - Afton Run Sewer	\$289,513	\$53,978	\$9,610	\$63,587	5 YEARS	3.81%
PNC - Water Line NCRC	\$306,533	\$76,633	\$12,537	\$89,171	4 YEARS	4.09%
BB&T - EQUIPMENT 2011	\$612,222	\$76,528	\$23,633	\$100,160	8 YEARS	2.22%
W&S System Bonds 2018 - Davidson Rd & Sudbury R	\$6,477,000	\$254,000	\$205,321	\$459,321	20 YEARS	var
W&S System Refunding Series 2011	\$8,975,300	\$1,146,300	\$391,765	\$1,538,065	7 YEARS	var
W&S System Revenue Bonds 2014	\$16,260,000	\$545,000	\$691,763	\$1,236,763	18 YEARS	var
W&S System Bonds 2018 - Downtown W&S	\$17,400,000	\$484,000	\$782,420	\$1,266,420	20 YEARS	var.
GRAND TOTAL FOR FY 2019	\$51,072,388	\$2,800,665	\$2,130,890	\$4,931,555		

STORMWATER FUND

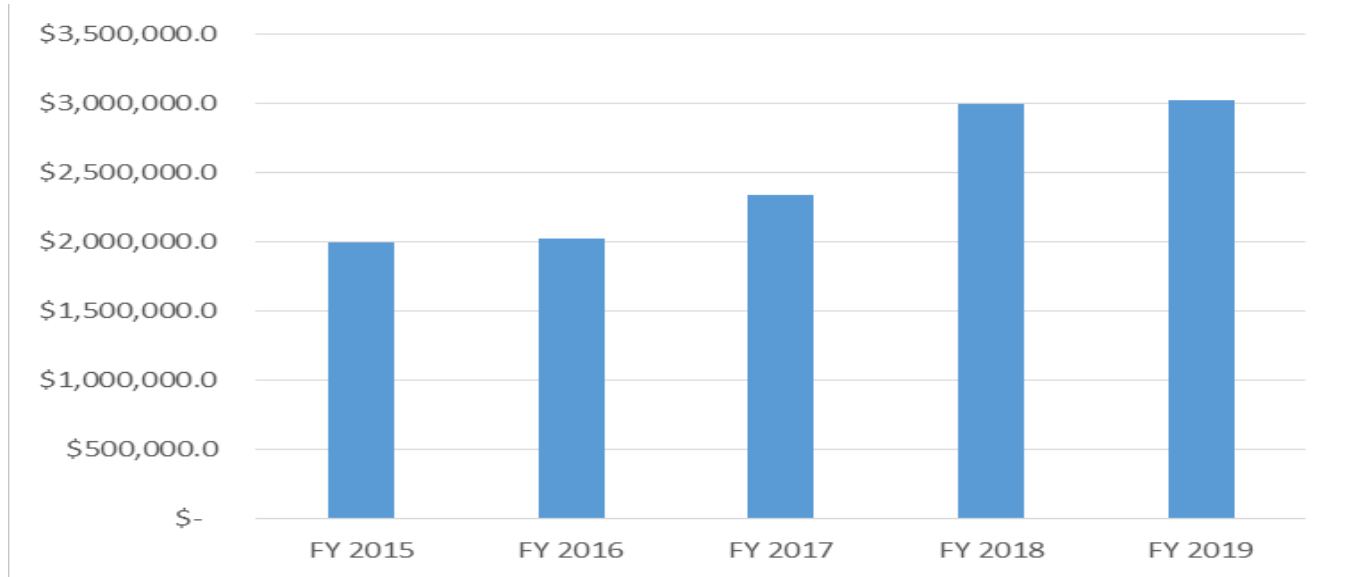
The Stormwater Fund is the third largest fund. Revenue includes monies collected from monthly fees charged to each citizen based on the amount of impervious area on their property. Generally residential customers pay a fixed fee based on predetermined limits on square footage of these impervious areas 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

	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Revenues					
Charges and Fees	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000	\$ 3,023,000	\$ 3,023,000
Transfers from other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000	\$ 3,023,000	\$ 3,023,000

The Stormwater Fund Balance at June 30, 2018, is expected to be \$1,182,141.



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

FISCAL YEAR 2019**DEPARTMENT: STORMWATER****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017	FY 2018	FY 2018	FY 2019	FY 2019
	Actuals	Budget	Projected Budget	Manager Proposed	Adopted
PERSONNEL	\$ 770,343	\$ 801,158	\$ 801,158	\$ 808,848	\$ 808,848
OPERATING	\$ 1,458,657	\$ 2,131,542	\$ 2,131,542	\$ 860,600	\$ 860,600
CAPITAL	\$ 111,000	\$ 61,300	\$ 61,300	\$ 67,236	\$ 67,236
TOTAL	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000	\$ 1,736,684	\$ 1,736,684
POSITIONS	13	16	16	16	16

ACCOMPLISHMENTS:

1. Changed several crossing pipes to help expedite the paving contract.
2. Maintained and inspected the critical pipe list.
3. Year-to-date, we completed and closed approximately 348 work orders.
4. Garlon 3A has been incorporated into our herbicide program successfully.
5. Year-to-date, we repaired an estimated 5,538 feet of ditches and cut 655 feet of shoulders.
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	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Miles of ditches and shoulders cleared annually	4.0	4.5	7.8	3.9	1.4
Linear feet of drainage culvert hydraulically cleaned	1,497	1,700	1,000	871	1,867
Storm drainage structures constructed annually	31	45	46	16	31
Number of stormwater complaints resolved within 30 days	593	492	655	632	348
Miles of streets swept	-	-	-	520	2,067.10

ACTION PLAN:

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

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$808,848
Operating Expenses	\$860,600
Capital Machinery	\$67,236
Total Budget	\$1,736,684

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

Increases:

- \$14,000 – General Management Services Fee

Reductions/Decreases:

- \$42 - Consultants

Capital:

- \$67,236 – Truck (expanding fleet)

Items of Interest:

- Budget Includes:
 - \$60,000 for R&M Vehicles
 - \$55,000 for R&M Equipment
 - \$170,000 for R&M Streets
 - \$36,400 for Contracted Services
 - \$160,000 for Consultants

Items of Interest:

Tier	FY2018	FY2019
1	\$5.75	\$5.75
2	\$7.25	\$7.25
3	\$8.75	\$8.75
Commercial	\$7.25/per ERU	\$7.25/per ERU

- ERU = Equivalent Residential Unit

Debt Service

Fiscal Year 2019

STORMWATER FUND DEBT SERVICE

	PRINCIPAL BALANCE (as of 7/1/2018)	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	REMAINING TERM (including FY 2019)	INTEREST RATE
Bank of NC - Stormwater	\$89,103	\$44,272	\$913	\$45,184	2 YEARS	1.24%
BB&T - Equip '11	\$140,494	\$17,562	\$5,423	\$22,985	8 YEARS	4.05%
PNC - Stormwater	\$639,305	\$127,861	\$12,633	\$140,494	5 YEARS	2.08%
PNC - Stormwater	\$1,484,205	\$400,931	\$26,863	\$427,794	5 YEARS	1.98%
LOBS	\$7,000,000	\$350,001	\$299,858	\$649,859	20 YEARS	
GRAND TOTAL FOR FY 2019	\$9,353,106	\$940,627	\$345,689	\$1,286,316		

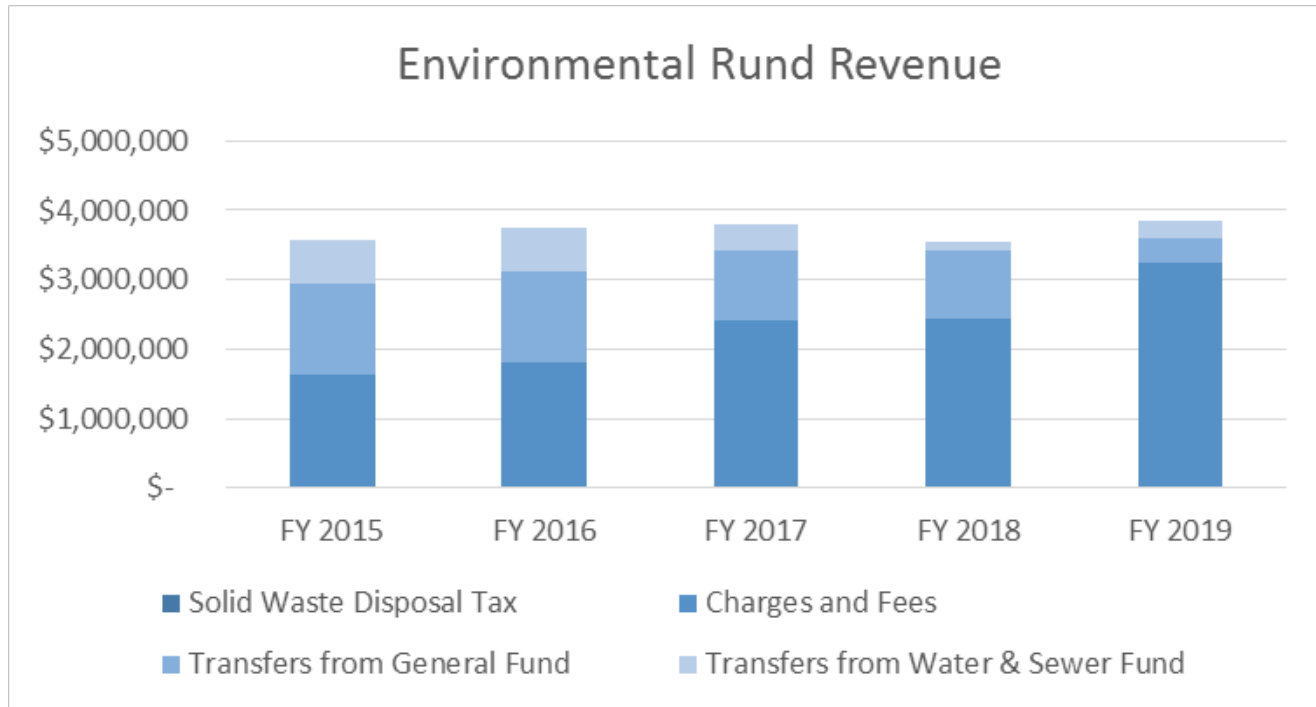
ENVIRONMENTAL FUND

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**

	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Revenues					
Solid Waste Disposal Tax	\$30,000	\$32,010	\$32,010	\$32,300	\$32,300
Charges and Fees	\$2,393,000	\$2,400,000	\$2,400,000	\$3,200,500	\$3,200,500
Transfers from General Fund	\$1,000,000	\$995,000	\$995,000	\$353,700	\$353,700
Transfers from Water & Sewer Fund	\$364,700	\$114,290	\$114,290	\$260,000	\$260,000
Total Revenues	\$3,787,700	\$3,541,300	\$3,541,300	\$3,846,500	\$3,846,500



For a third year, a major portion of the anticipated budget for the Environmental Fund will be from user fees, increasing \$3.75 to a \$15.60 monthly fee (assumed from 17,000 users), which includes solid waste, yard waste, and recycling curbside pickup. The collection of solid waste and recyclables is handled by Waste Management and all recyclables collected are deposited at Sonoco Recycling, Inc.’s facility located in Charlotte, NC.

**ENVIRONMENTAL FUND EXPENDITURES FY 2019
BUDGET & STAFFING SUMMARY**

EXPENSE CATEGORY	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
PERSONNEL	\$ -	\$ 255,800	\$ 255,800	\$ 291,459	\$ 291,459
OPERATING	\$ 3,787,700	\$ 2,991,100	\$ 2,991,100	\$ 3,323,005	\$ 3,323,005
CAPITAL	\$ -	\$ 41,000	\$ 41,000	\$ -	\$ -
TOTAL	\$ 3,787,700	\$ 3,287,900	\$ 3,287,900	\$ 3,614,464	\$ 3,614,464
POSITIONS	1	4	4	4	4

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

ACCOMPLISHMENTS: RECYCLE – RESIDENTIAL AND COMMERCIAL

1. Increased number of commercial participants in the recycling program
2. Continued single-stream recycling program for all Kannapolis residents.
3. Continued diversion of recyclables from the landfill and reduced the waste stream.
4. E-waste recycling event collected and diverted from the landfill approximately 3.24 tons of televisions and other electronic waste and approximately 2.35 tons of shredded paper.
5. Continued the electronic waste self-service drop off at the Public Works Operation Center.
6. Continued participation in the recycling program by all Kannapolis City Schools and Cabarrus County Schools within Kannapolis.
7. Continued education and outreach through community and school event.
8. City crews successfully took over Yard Waste Collection Services in October 2018.

PERFORMANCE INDICATORS:

ACTIVITY	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Residential Customers Served	6,801	16,801	16,869	17,261	18,304
Commercial Customers Served	-	-	-	54	137
Tons Recycled	3,044.95	2,873.24	2,429.46	2,181.62	2,870.63
Average Participation Percentages	73.25	78.35	77.30	78.15	75
Yard Waste Tonnage Collected	-	-	-	-	5,048.30

ACTION PLAN: RECYCLE – RESIDENTIAL AND COMMERCIAL

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

ACCOMPLISHMENTS: SOLID WASTE - RESIDENTIAL AND COMMERCIAL

1. Increased number of commercial solid waste participants.
2. Increased education and outreach through community and school events.

ACTION PLAN: SOLID WASTE – RESIDENTIAL AND COMMERCIAL

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 to increase the number of commercial participants.
4. Continue outreach and education in an effort to reduce the cost of solid waste collection.
5. Increase multilingual education and outreach in areas with low participation.
6. Continue to monitor the performance of the solid waste contractor to ensure quality of service in accordance with the contract.
7. Contract to go out for bid the first quarter of 2019.
8. Newly selected Contractor to begin collection operations July 1, 2019.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$291,459
Operating Expenses	\$3,323,005
Capital Machinery	\$0
Total Budget	\$3,614,464

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

Increases:

- \$10,000 – Container Purchases
- \$5,000 – Telephone (new line item for FY 19)
- \$2,000 – Office Supplies (new line item for FY 19)
- \$5,000 – Small Equipment and Tools (new line item for FY 19)
- \$31,700 – Solid Waste
- \$35,000 – Bulk Containers
- \$20,000 – Landfill
- \$257,005 - Recycling
- \$50,000 – Yard Waste

Reductions/Decreases:

- \$15,000 – Motor Fuel (rightsizing budget after one year of expenses)
- \$68,800 – Contracted Services

Capital:

- None

Items of Interest:

- Solid Waste increase is due to increase in tipping fee
- Bulk Container increase is due to an increase in the number of containers and increase in monthly fees
- Yard Waste covers the land fill fees for yard waste collected by city staff
- Budget Includes:
 - \$86,000 for Container Purchases
 - \$50,00 for Contracted Services
 - \$1,608,000 for Solid Waste
 - \$60,000 for Bulk Containers
 - \$680,000 for Landfill
 - \$717,005 for Recycling

**Fiscal Year 2019
ENVIRONMENTAL FUND DEBT SERVICE**

	PRINCIPAL BALANCE (as of 7/1/2018)	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL REMAINING TERM PAYMENT (including FY 2019)	
BANC OF AMERICA - TRUCKS FOR LEAF COLLECTION	\$976,445	\$206,289	\$25,746	\$232,035	5 YEARS
GRAND TOTAL FOR FY 2019	\$976,445	\$206,289	\$25,746	\$232,035	

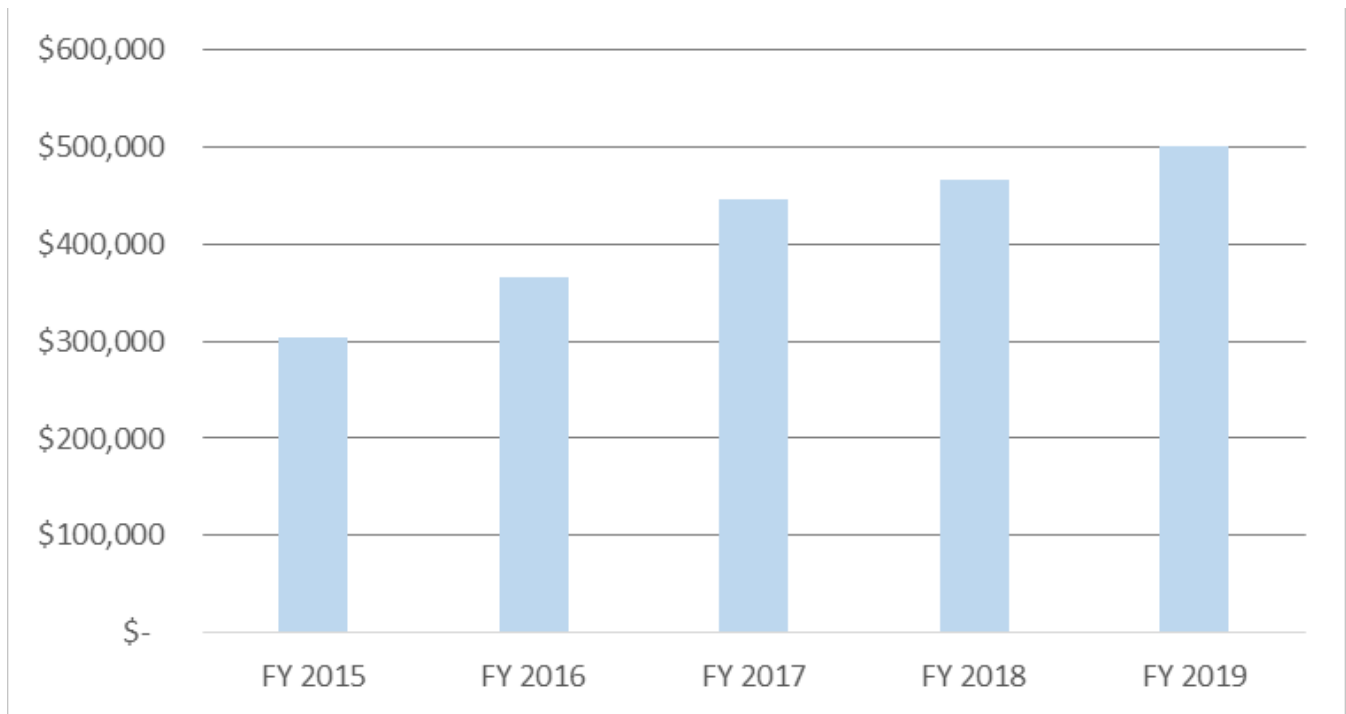
SEPARATION PAY FUND

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

SEPARATION PAY FUND REVENUES

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

	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Revenues					
Transfer from General Fund	\$ 444,999	\$ 464,998	\$ 464,999	\$ 500,000	\$ 500,000
Total Revenues	\$ 444,999	\$ 464,998	\$ 464,999	\$ 500,000	\$ 500,000



FISCAL YEAR 2019

DEPARTMENT: SEPARATION PAY

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
PERSONNEL	\$ -	\$ -	\$ -		\$ -
OPERATING	\$ 365,000	\$ 445,000	\$ 465,000	\$ 500,000	\$ 500,000
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$365,000	\$445,000	\$465,000	\$500,000	\$500,000
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

1. Handled benefits for 26 retirees during FY2019.
2. Updated employees as to any changes in retirement benefits by the State.

ACTION PLAN:

1. Continue to provide benefits as required.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$0
Operating Expenses	\$500,000
Total Budget	\$500,000

Increases:

- \$33,000 - Separation Pay
- \$2,000 - FICA

Reductions/Decreases:

- None

Capital:

- None

Items of Interest:

- Nine new employees are eligible for this supplement in FY 19
- Three employees will receive final supplements in FY 19

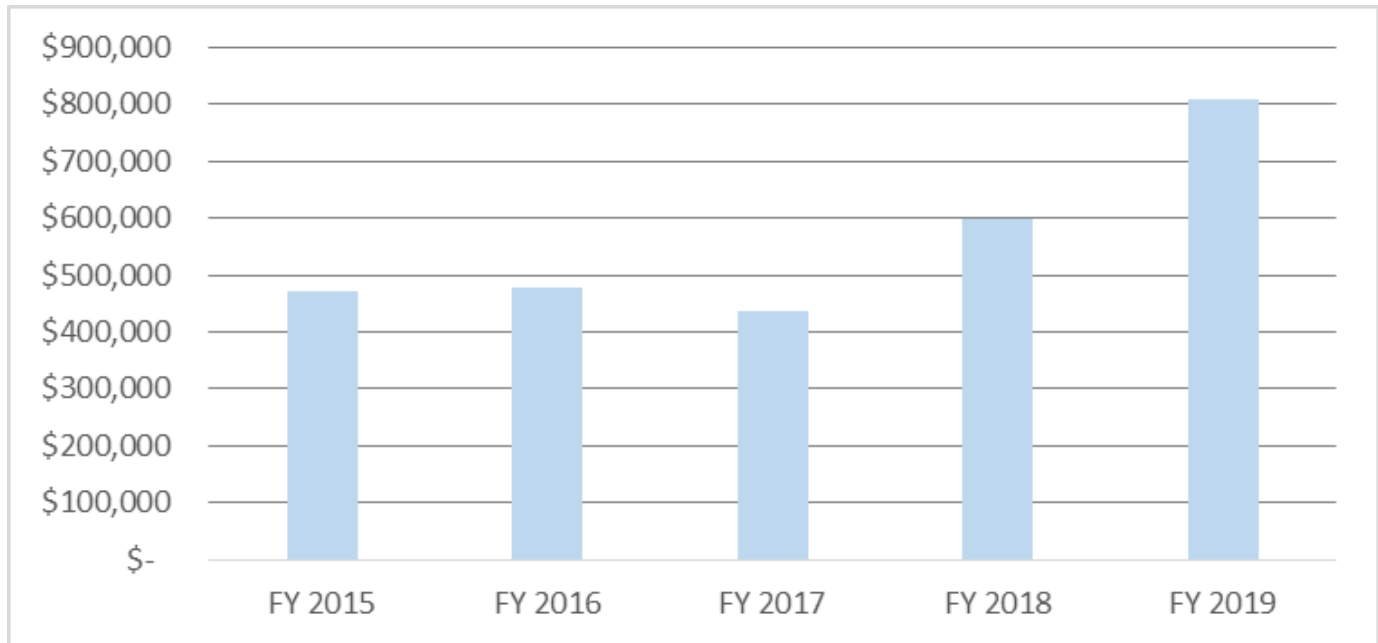
TRANSIT FUND

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

TRANSIT FUND REVENUES

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

	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Revenues					
Vehicle License Tax	\$ 190,000	\$ 190,000	\$ 190,000	\$ 760,000	\$ 760,000
Transfer from General Fund	\$ 245,300	\$ 408,000	\$ 408,000	\$ 48,000	\$ 48,000
Total Revenues	\$ 435,300	\$ 598,000	\$ 598,000	\$ 808,000	\$ 808,000



FISCAL YEAR 2019

DEPARTMENT: TRANSIT FUND

MISSION STATEMENT:

To provide funds for the new regional transit system.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2017	FY 2018	FY 2018	FY 2019	FY 2019
	Actuals	Budget	Projected Budget	Manager Proposed	Adopted
PERSONNEL	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING	\$ 435,300	\$ 598,000	\$ 598,000	\$ 808,000	\$ 808,000
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 435,300	\$ 598,000	\$ 598,000	\$ 808,000	\$ 808,000
POSITIONS	0	0	0	0	0

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$0
Operating Expenses	\$810,000
Total Budget	\$810,000

Increases:

- \$210,000 – Contracted Services

Reductions/Decreases:

- None

Capital:

- None

Items of Interest:

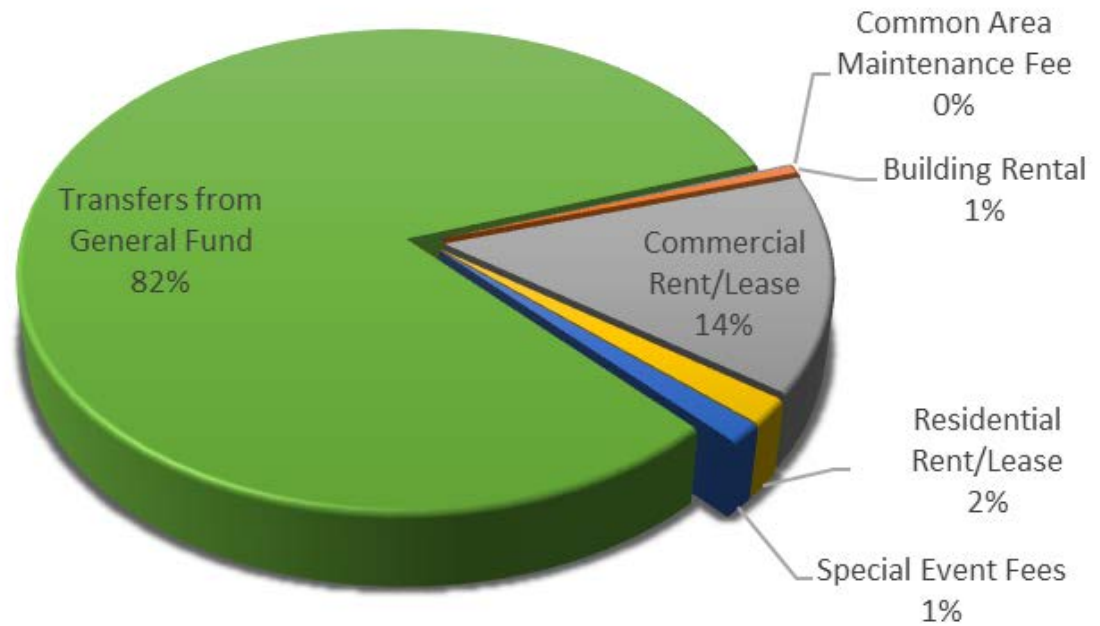
- Four areas driving the budget increases:
 - CCX cost (including estimated NASCAR and Panther Games extra service) with the start of the new blue line service, Charlotte Area Transit (CATS) is no longer providing the express route from Concord to Downtown Charlotte. This service will now be provided by transit and run from Kannapolis and Concord to the start of the blue line at UNCC.
 - Paratransit Service Growth
 - Fixed Route Hourly Rate increase of \$3.04 (single largest increase year over year in 10 years of the contract)
 - Compliance Position Adjustment

DOWNTOWN/COLLEGE STATION 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 added 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. During FY 18, the city purchased a shopping center, renamed College Station, for use by the Community College and for other economic development projects. The fund will include operational cost, debt service, and capital projects. No personnel cost are included for this fund in FY 19. 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**

	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Revenues					
Common Area Maintenance Fee	\$ 15,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Building Rental	\$ 15,000	\$ 7,500	\$ 7,500	\$ 30,000	\$ 30,000
Commercial Rent/Lease	\$ 700,000	\$ 700,000	\$ 700,000	\$ 815,000	\$ 815,000
Residential Rent/Lease	\$ 50,000	\$ 70,000	\$ 70,000	\$ 96,000	\$ 96,000
Special Event Fees	\$ 75,800	\$ 95,000	\$ 95,000	\$ 75,800	\$ 75,800
Miscellaneous Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers from General Fund	\$ 1,341,200	\$ 1,206,200	\$ 1,206,200	\$ 4,599,200	\$ 4,599,200
Total Revenues	\$ 2,197,000	\$ 2,083,700	\$ 2,083,700	\$ 5,621,000	\$ 5,621,000



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

**DOWNTOWN/COLLEGE STATION FUND EXPENDITURES FY2019
BUDGET & STAFFING SUMMARY**

	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected Budget	FY 2019 Manager Proposed	FY 2019 Adopted
Expenditures					
Operations	\$ 955,800	\$ 877,500	\$ 877,500	\$ 663,100	\$ 663,100
Debt Service	\$ 1,241,200	\$ 1,206,200	\$ 1,206,200	\$ 4,957,900	\$ 4,957,900
Total Expenditures	\$ 2,197,000	\$ 2,083,700	\$ 2,083,700	\$ 5,621,000	\$ 5,621,000

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$0
Operating Expenses	\$663,100
Total Budget	\$663,100

No Personnel cost found in the Downtown Fund.

Increases:

- none

Reductions/Decreases:

- \$65,000 – R&M Buildings
- \$22,000 – Contract Grounds Maintenance
- \$87,400 – Revitalization Initiatives

Capital:

- None

Items of Interest:

- Budget Includes:
 - \$70,000 for R&M Buildings
 - \$25,000 NC Music Hall of Fame
 - \$45,000 Contract Grounds Maintenance
 - \$122,100 for Contract Development Services

**Fiscal Year 2019
DOWNTOWN FUND DEBT SERVICE**

	PRINCIPAL BALANCE (as of 7/1/2018)	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	REMAINING TERM (including FY 2019)
STERLING NATIONAL - PHASE 1/DUCTBANK	\$3,521,662	\$255,226	\$122,101	\$377,327	20 YEARS
LOBS - COLLEGE STATION/DUCTBANK/STREETSCAPE	\$7,900,000	\$394,999	\$338,409	\$733,408	20 YEARS
REGIONS - Downtown	\$9,532,000	\$734,000	\$437,171	\$1,171,171	13 YEARS
FY 19 Capital Projects	\$62,000,000	\$0	\$2,675,995	\$2,675,995	20 Years
GRAND TOTAL FOR FY 2019	\$82,953,662	\$1,384,225	\$3,573,675	\$4,957,900	

CAPITAL PROJECTS, CIP, & FINANCIAL FORECAST

The City of Kannapolis implemented a new financial forecast and new financial policies in FY 2012. A part of the new plan was a 10 year Capital Improvement Plan. Also, a number of goal and individual policies were put into place to better guide the City on how to achieve the long term goals of Council. The City updated the CIP for the General Fund, Water & Sewer Fund, and Stormwater Funds, as a result of the downtown purchase, in the fall of 2015. A staggered schedule of every 2 years will take place to maintain the forecasts relevance to the current needs of the citizenry. Updates were completed in FY 2017 and during the budget preparations for FY 2019.

CAPITAL OUTLAY SUMMARY
CAPITAL PROJECTS

Department	Project	Capital Costs	Impact on Future Budgets
Parks	Irish Buffalo Creek Greenway	\$ 1,700,000	Outside funding is responsible for \$1,700,000 of the total project. The remaining costs will be funded using Limited Obligation Bonds and will require future debt service payments. Included in the FY 19 Budget are two Park Maintenance Techs. These positions are specifically for this project. These positions are funded at 50% and will not be hired until January of 2019. Additional small equipment will be needed to maintain the greenway and these expenditures will be ongoing.
Public Works	Oakwood Ave. Sidewalk	\$ 880,000	This project will be funded through Limited Obligation Bonds requiring future debt service payments. After completion of the project, the city anticipates no additional personnel cost for daily operations. No maintenance or repair funding is anticipated. The city projects that this project will not need any additional funding until FY 2039, when the sidewalk is slated for replacement. The city is working on a 30 year replacement or repair schedule for all sidewalks.
Public Works	Bethpage Road Sidewalk	\$ 648,000	This project will be funded through Limited Obligation Bonds requiring future debt service payments. After completion of the project, the city anticipates no additional personnel cost for daily operations. No maintenance or repair funding is anticipated. The city projects that this project will not need any additional funding until FY 2039, when the sidewalk is slated for replacement. The city is working on a 30 year replacement or repair schedule for all sidewalks.
Public Works	Little Texas Road Sidewalk	\$ 1,920,000	This project will be funded through Limited Obligation Bonds requiring future debt service payments. After completion of the project, the city anticipates no additional personnel cost for daily operations. No maintenance or repair funding is anticipated. The city projects that this project will not need any additional funding until FY 2039, when the sidewalk is slated for replacement. The city is working on a 30 year replacement or repair schedule for all sidewalks.
Water & Sewer	Irish Buffalo Creek Sewer Line	\$ 2,200,000	This project will be funded through remaining Bond funds from 2014 Enterprise Projects and cash included in the FY 19 budget. After completion of the project, the city anticipate normal repair and maintenance cost in line with other sewer lines. Included in the FY 19 budget are several positions within our W&S Fund in the Distribution unit. These positions, along with additional positions slated for future budget years, will maintain this sewer line. Normal repair and maintenance expenses will be handled on an annual basis in the normal operating budget. Any capital repairs or replacements will be either slated into the W&S Fund's CIP or funding on a pay-go basis. Sewer lines for the City of Kannapolis are operating on a 50 year replacement schedule.
Downtown	Sports Entertainment Venue	\$ 50,000,000	This project will be funded through Limited Obligation Bonds requiring future debt service payments. After completion of the project, the city anticipates on-going repair and maintenance will be funded by the team. The City has a lease agreement with the team where a cap-x account is created to fund any major renovations or rehabilitation of the project in the future. The city will own the Venue, but the team will provide and fund any and all personnel for regular season and playoff games. The City does have the ability to have special events (movies, halloween festivals, etc.) at the Venue. During these events, the City will provide any and all staff. These personnel cost and operating cost will be funded in the Parks and Rec department within the General Fund.
Downtown	VITA Parking Deck	\$ 12,000,000	This project will be funded through Limited Obligation Bonds requiring future debt service payments. After completion of the project, the city does expect ongoing repairs and maintenance which will be funded through the operating budget of the Downtown/College Station Fund. The city will be funding new personnel for this project and the city's parking plan implementation. This project is not slated for completion until late in FY 20. Staff may be included in the FY 20 budget. This project is a public/private partnership adding upwards of \$40 million in new value to the property tax base.
Downtown	College Station/Duct Bank/Street Scape	\$ 8,000,000	This project will be funded through Limited Obligation Bonds requiring future debt service payments. After completion, on-going repair and maintenance cost will be funded through the regular operating budgets in the Downtown/College Station Fund. The city does not anticipate any personnel cost and only limited operating expenses. The city plans to eventually sell the property and close the capital account.

**FISCAL YEAR 2019
GRANT PROJECTS**

Dept.	Project	Primary Funding Source	Project Budget	Impact on Future Budgets	Amount included in FY2019 Annual Budget
Community Development	Home Program 2011	US Dept. of Housing and Urban Development (HUD)	32,285 funds remaining	None, these funds will be used to provide transitional housing, down payment assistance, and rehabilitation expenses.	A Grant Project Ordinance was adopted by City Council for this project. No annually budgeted funds are used
Community Development	Home Program 2013	US Dept. of Housing & Urban Development (HUD)	43,599 funds remaining	None, these funds will be used to provide transitional housing.	A Grant Project Ordinance was adopted by City Council for this project. No annually budgeted funds are used
Community Development	Community Development Block 2012	US Dept. of Housing & Urban Development (HUD)	56,400 funds remaining	These funds are to be used for Park improvements, supplements to non-profit public service organizations, and urgent repair	A Grant Project Ordinance was adopted by City Council for this project. No annually budgeted funds are used
Community Development	Community Development Block 2013	US Dept. of Housing & Urban Development (HUD)	31,600 funds remaining	These funds are to be used for Park improvements, supplements to non-profit public service organizations, and urgent repair	A Grant Project Ordinance was adopted by City Council for this project. No annually budgeted funds are used
Community Development	James Street Area Plan	Smith Reynolds Foundation Grant	19,464 funds remaining	These funds are being used to formulate a plan for improvements for the James Street area	A Grant Project Ordinance was adopted by City Council for this project.

FINANCIAL FORECAST AND CAPITAL IMPROVEMENT PLAN

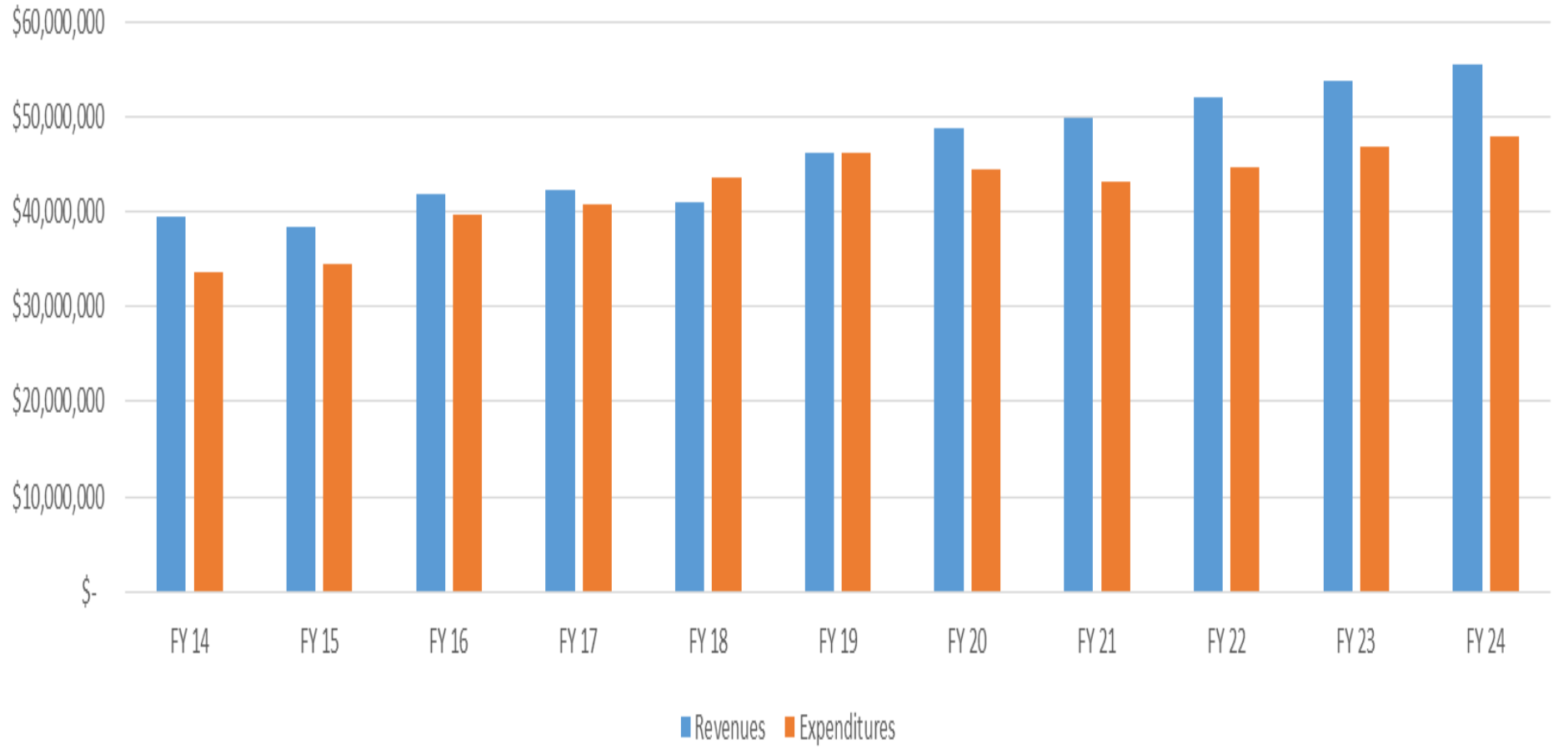
The following pages outline the City's Financial Forecasting Model for each fund as well as the Capital Improvement Plan. The Financial Forecasting Model enables the City to project future revenues and expenditures for years ahead to analyze the impact of rate adjustments over a period of time. This fiscal year, the City of Kannapolis imposed no rate adjustment for property taxes. The property tax rate remains unchanged at \$0.63 per \$100 assessed valuation. The City is projecting no rate adjustment for FY 2019. In keeping with the 10 year Financial Plan, there are Environmental rate increases included for FY 2019.

The Capital Improvement Plan in the pages to follow show the capital projects that will take place this fiscal year and upcoming fiscal years in the City. The General Fund has several capital projects that are included as part of the 10 year Capital Improvement Plan, such as: replacing and renovating two fire stations, expanding Village Park, and a considerable number of vehicle purchases. No capital projects are included in the FY 2019 Water and Sewer plan.

General Fund Summary

General Fund Revenues	Actual FY 14	Actual FY 15	Actual FY 16	Actual FY 17	Unaudited FY 18	Budget FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22	Forecasted FY 23	Forecasted FY 24
Real & Personal Property Tax	\$ 19,692,657.00	\$ 21,161,602.00	\$ 23,327,309.00	\$ 24,486,215.32	\$ 24,419,574.00	\$ 25,294,944.00	\$ 26,306,742.00	\$ 28,148,214.00	\$ 29,133,402.00	\$ 30,153,071.00	\$ 31,159,194.00
Vehicle Tax	\$ 435,322.00	\$ 381,243.00	\$ 380,629.00	\$ 396,685.47	\$ 384,750.00	\$ 380,000.00	\$ 384,750.00	\$ 389,559.38	\$ 394,428.87	\$ 399,359.23	\$ 404,351.22
Prior Years Collections	\$ 550,119.00	\$ 566,044.00	\$ 481,496.00	\$ 373,053.68	\$ 461,250.00	\$ 473,550.00	\$ 485,388.75	\$ 497,523.47	\$ 509,961.56	\$ 522,710.59	\$ 535,778.36
Local Option Sales Tax	\$ 6,486,487.00	\$ 7,341,438.00	\$ 8,167,848.00	\$ 9,246,482.00	\$ 8,152,095.00	\$ 9,555,000.00	\$ 10,032,750.00	\$ 10,684,878.75	\$ 11,539,669.05	\$ 12,116,652.50	\$ 12,722,485.13
Franchise Tax	\$ 1,820,954.00	\$ 2,397,010.00	\$ 2,749,143.00	\$ 2,727,263.00	\$ 2,716,250.00	\$ 2,716,250.00	\$ 2,784,156.25	\$ 2,853,760.16	\$ 2,925,104.16	\$ 2,998,231.76	\$ 3,073,187.56
Beer and Wine Tax	\$ 189,455.00	\$ 208,751.00	\$ 195,433.00	\$ 206,388.45	\$ 220,500.00	\$ 220,500.00	\$ 231,525.00	\$ 243,101.25	\$ 255,256.31	\$ 268,019.13	\$ 281,420.08
Cable Franchise Fee	\$ 74,462.00	\$ 66,889.00	\$ -	\$ -	\$ -	\$ 1,963,428.00	\$ 1,961,226.00	\$ 1,962,770.00	\$ 1,913,881.00	\$ 1,859,840.00	\$ 1,803,337.00
Privilege Licenses	\$ 411,799.00	\$ 264,912.00	\$ -	\$ -	\$ -	\$ 1,305,930.00	\$ 1,318,989.30	\$ 1,332,179.19	\$ 1,345,500.98	\$ 1,358,955.99	\$ 1,372,545.55
TIF Debt Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,000.00	\$ 139,400.00	\$ 142,885.00	\$ 146,457.13	\$ 150,118.55	\$ 153,871.52
Powell Bill	\$ 1,262,024.00	\$ 1,273,076.00	\$ 1,280,133.00	\$ 1,288,856.22	\$ 1,292,800.00	\$ 185,230.00	\$ 189,860.75	\$ 194,607.27	\$ 199,472.45	\$ 204,459.26	\$ 209,570.74
Zoning Fees	\$ 290,494.00	\$ 99,751.00	\$ 132,197.00	\$ 110,036.48	\$ 133,250.00	\$ 520,000.00	\$ 533,000.00	\$ 546,325.00	\$ 559,983.13	\$ 573,982.70	\$ 588,332.27
Permits and Fees	\$ 87,538.00	\$ 62,289.00	\$ 118,001.00		\$ 88,150.00	\$ 250,000.00	\$ 1,902,500.00	\$ 210,000.00	\$ 212,100.00	\$ 214,221.00	\$ 216,363.21
Recreation Fees	\$ 310,338.00	\$ 320,991.00	\$ 276,578.00	\$ 316,004.99	\$ 404,875.00	\$ 594,000.00	\$ 599,940.00	\$ 605,939.40	\$ 611,998.79	\$ 618,118.78	\$ 624,299.97
Investment earnings	\$ 125,484.00	\$ 139,678.00	\$ 193,992.00	\$ 298,739.00	\$ 121,200.00	\$ 2,059,800.00	\$ 2,031,611.00	\$ 2,130,696.00	\$ 2,234,636.00	\$ 2,343,669.00	\$ 2,458,045.00
Other general revenues	\$ 3,324,220.00	\$ 2,714,162.00	\$ 2,837,097.00	\$ 1,059,481.00	\$ 690,840.00	\$ 663,368.00	\$ -	\$ -	\$ -	\$ -	\$ -
Management Fee Reimbursement	\$ 4,485,945.00	\$ 1,307,608.00	\$ 1,679,110.00	\$ 1,781,200.00	\$ 1,847,105.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 39,547,298.00	\$ 38,305,444.00	\$ 41,818,966.00	\$ 42,290,405.61	\$ 40,932,639.00	\$ 46,318,000.00	\$ 48,901,839.05	\$ 49,942,438.86	\$ 51,981,851.42	\$ 53,781,409.51	\$ 55,602,781.61
General Fund Expenditures	Actual FY 14	Actual FY 15	Actual FY 16	Actual FY 17	Unaudited FY 18	Budget FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22	Forecasted FY 23	Forecasted FY 24
Personnel	\$ 13,536,056.00	\$ 15,751,029.00	\$ 17,361,361.00	\$ 18,373,735.00	\$ 18,960,976.38	\$ 20,132,338.00	\$ 20,968,907.14	\$ 21,702,818.89	\$ 22,570,931.65	\$ 23,586,623.57	\$ 24,648,021.63
Operations	\$ 11,675,482.00	\$ 9,816,285.00	\$ 11,184,700.00	\$ 9,941,232.00	\$ 11,345,424.25	\$ 11,849,105.00	\$ 11,967,596.05	\$ 12,147,109.99	\$ 12,390,052.19	\$ 12,637,853.23	\$ 12,890,610.30
Debt Service	\$ 5,114,865.00	\$ 5,482,425.00	\$ 6,648,131.00	\$ 7,339,963.00	\$ 7,923,179.00	\$ 5,500,900.00	\$ 2,156,559.00	\$ 1,864,067.00	\$ 1,880,725.00	\$ 1,668,539.30	\$ 1,656,492.52
Transfer to Other Funds	\$ 2,635,909.00	\$ 1,933,264.00	\$ 3,173,850.00	\$ 3,031,500.00	\$ 2,977,481.00	\$ 8,639,657.00	\$ 9,073,994.00	\$ 6,985,393.00	\$ 6,640,643.00	\$ 6,286,919.00	\$ 5,762,851.00
Capital	\$ 667,551.00	\$ 1,547,004.00	\$ 1,359,513.00	\$ 2,118,911.00	\$ 2,345,600.00	\$ 196,000.00	\$ 299,904.00	\$ 421,602.00	\$ 1,282,380.00	\$ 2,783,058.00	\$ 2,935,636.00
Total Expenditures	\$ 33,629,863.00	\$ 34,530,007.00	\$ 39,727,555.00	\$ 40,805,341.00	\$ 43,552,660.63	\$ 46,318,000.00	\$ 44,466,960.19	\$ 43,120,990.88	\$ 44,764,731.84	\$ 46,962,993.10	\$ 47,893,611.44
Revenue over Expenses	\$ 5,917,435.00	\$ 3,775,437.00	\$ 2,091,411.00	\$ 1,485,064.61	\$ (2,620,021.63)	\$ -	\$ 4,434,878.86	\$ 6,821,447.98	\$ 7,217,119.59	\$ 6,818,416.41	\$ 7,709,170.17

General Fund Revenues/Expenditures



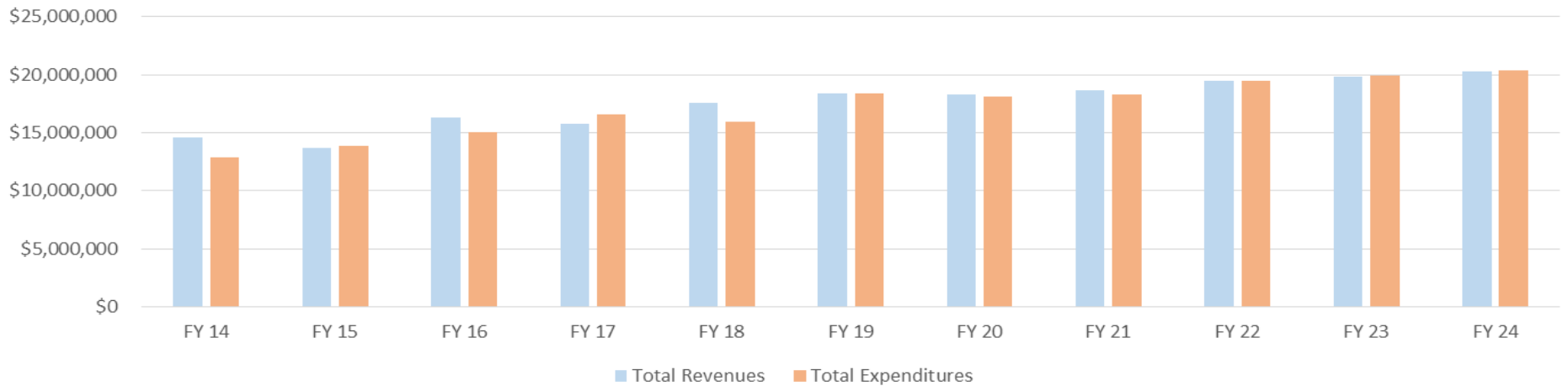
Water & Sewer Fund Summary

Water & Sewer Fund Revenues	Actual FY 14	Actual FY 15	Actual FY 16	Actual FY 17	Unaudited FY 18	Budget FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22	Forecasted FY 23	Forecasted FY 24
Retail Water & Sewer Charges	\$13,245,457	\$12,400,150	\$14,016,080	\$14,018,466	\$15,982,200	\$16,302,000	\$16,628,040	\$16,960,601	\$17,823,813	\$18,180,289	\$18,543,895
Wholesale Water Sales	\$400,000	\$414,000	\$383,034	\$412,574	\$300,000	\$330,000	\$333,300	\$336,633	\$339,999	\$343,399	\$346,833
Tap Fees & Connections	\$519,788	\$492,248	\$1,465,679	\$756,323	\$635,000	\$657,000	\$663,570	\$670,206	\$676,908	\$683,677	\$690,514
Interest on Investments	\$0	\$2,535	\$9,060	\$10,808	\$10,000	\$30,000	\$30,300	\$30,603	\$30,909	\$31,218	\$31,530
Other	\$407,891	\$401,759	\$450,150	\$605,399	\$600,000	\$1,043,000	\$612,060	\$618,181	\$624,362	\$630,606	\$636,912
Transfers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$-	\$-
Total Revenues	\$14,573,136	\$13,710,692	\$16,324,003	\$15,803,570	\$17,527,200	\$18,362,000	\$18,267,270	\$18,616,223	\$19,495,991	\$19,869,189	\$20,249,684

Water & Sewer Fund Expenditures	Actual FY 14	Actual FY 15	Actual FY 16	Actual FY 17	Unaudited FY 18	Budget FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22	Forecasted FY 23	Forecasted FY 24
Personnel	\$2,057,385	\$2,573,587	\$2,739,057	\$2,776,883	\$2,919,166	\$3,228,703	\$3,325,564	\$3,475,331	\$3,579,591	\$3,736,979	\$3,849,088
Operations	\$5,379,237	\$5,101,053	\$5,969,964	\$6,431,071	\$6,030,013	\$6,248,505	\$6,998,923	\$7,157,665	\$7,320,520	\$7,487,617	\$7,659,090
Transfer to Other Funds	\$2,150,000	\$2,150,677	\$2,191,110	\$2,904,116	\$2,011,386	\$4,931,556	\$2,031,640	\$1,945,722	\$2,039,258	\$2,062,471	\$2,165,595
Debt Service	\$2,928,123	\$3,594,341	\$3,581,768	\$3,570,653	\$3,473,300	\$3,713,236	\$4,777,908	\$4,755,964	\$4,762,010	\$4,620,685	\$4,522,430
Capital	\$372,933	\$463,620	\$557,060	\$851,559	\$1,522,082	\$240,000	\$1,013,220	\$990,616	\$1,778,642	\$2,015,586	\$2,195,604
Total Expenditures	\$12,887,678	\$13,883,278	\$15,038,959	\$16,534,282	\$15,955,947	\$18,362,000	\$18,147,255	\$18,325,298	\$19,480,021	\$19,923,338	\$20,391,807

Revenue over Expenses	\$1,685,458	(\$172,586)	\$1,285,044	(\$730,712)	\$1,571,253	\$0	\$120,015	\$290,925	\$15,970	(\$54,148)	(\$142,123)
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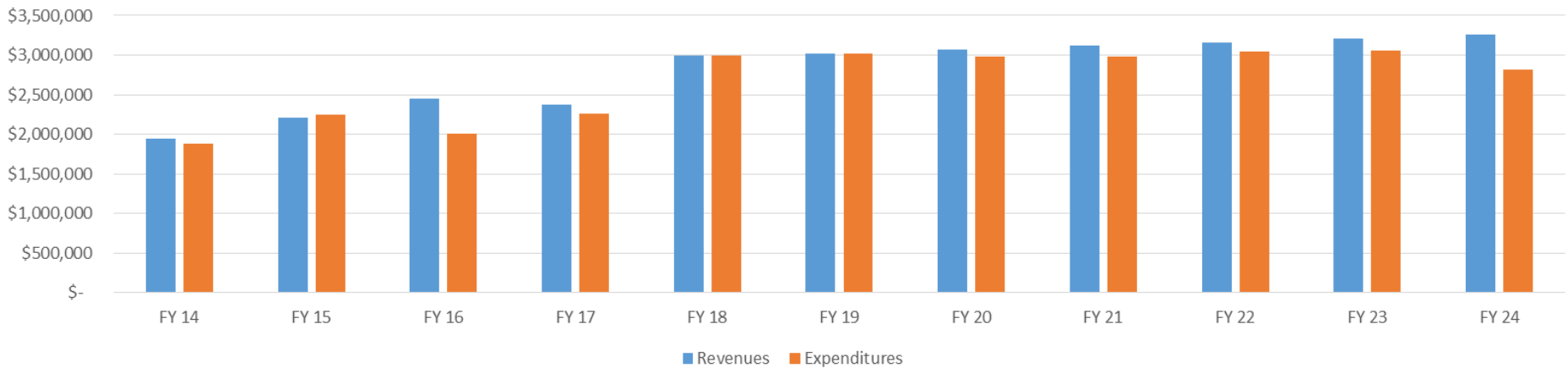
Water & Sewer Fund Revenues/Expenditures



Stormwater Fund Summary

Stormwater Fund Revenues	Actual FY 14	Estimated FY 15	Unaudited FY 16	Budgeted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY22	Forecasted FY 23	Forecasted FY 24
Stormwater Fees	\$1,699,209	\$1,772,793	\$2,449,156	\$ 2,372,661	\$ 2,994,000	\$ 3,023,000	\$ 3,068,345	\$ 3,114,370	\$ 3,161,086	\$ 3,208,502	\$ 3,256,630
Other Revenue	\$0	\$0	\$0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance Appropriation	\$0	\$0	\$0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Earned	\$0	\$0	\$0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from other funds	\$250,000	\$433,849	\$0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$1,949,209	\$2,206,642	\$2,449,156	\$ 2,372,661	\$ 2,994,000	\$ 3,023,000	\$ 3,068,345	\$ 3,114,370	\$ 3,161,086	\$ 3,208,502	\$ 3,256,630
Stormwater Fund Expenditures	Actual FY 14	Estimated FY 15	Unaudited FY 16	Budgeted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY22	Forecasted FY 23	Forecasted FY 24
Personnel	\$368,177	\$666,887	\$649,322	\$ 755,512	\$ 801,158	\$ 808,848	\$ 833,113	\$ 858,107	\$ 883,850	\$ 910,366	\$ 937,677
Operations	\$690,225	\$486,159	\$453,214	\$ 475,391	\$ 564,642	\$ 564,600	\$ 575,892	\$ 587,410	\$ 599,158	\$ 611,141	\$ 623,364
Debt Service	\$680,637	\$666,485	\$692,486	\$ 674,109	\$ 1,284,900	\$ 1,286,316	\$ 1,201,642	\$ 1,033,494	\$ 958,244	\$ 854,415	\$ 559,481
Transfer to General Fund	\$147,914	\$205,108	\$213,000	\$ 241,784	\$ 282,000	\$ 296,000	\$ 307,840	\$ 320,154	\$ 332,960	\$ 346,278	\$ 360,129
Capital	\$0	\$219,703	\$0	\$117,380	\$61,300	\$ 67,236	\$59,360	\$180,325	\$265,922	\$ 339,881	\$ 332,175
Total Expenditures	\$1,886,953	\$2,244,342	\$2,008,022	\$2,264,176	\$2,994,000	\$3,023,000	\$2,977,847	\$2,979,489	\$3,040,134	\$3,062,081	\$2,812,826
Revenues over Expenditures	\$ 62,256	\$ (37,700)	\$ 441,134	\$ 108,485	\$ -	\$ 0	\$ 90,498	\$ 134,881	\$ 120,952	\$ 146,421	\$ 443,804

Stormwater Fund Revenues/Expenditures



General Fund Capital Improvement Plan Fiscal Year 2019 - 2024

	Project	Outside Funding	Kannapolis Cost	Budgeted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22	Forecasted FY23	Forecasted FY24
FY 18-19:	Irish Buffalo Creek Greenway (Phase 1)	\$ 2,002,000	\$ 698,000	\$ 90,740					
	Oakwood Avenue Sidewalk	\$ 880,000	\$ 220,000	\$ 28,600					
	Little Texas Road Sidewalk	\$ 153,000	\$ 254,000	\$ 13,053					
FY 19-20:	I-85 Gateway Monuments		\$ 1,000,000		\$ 130,000				
	Bethpage Road Sidewalk		\$ 162,000		\$ 21,060				
FY 20-21:	Roxie Street Improvements		\$ 135,000			\$ 17,550			
	Cannon & D.E. Blvd. Improvements		\$ 375,000			\$ 48,750			
	Little Texas Road Sidewalk (Phase 2)		\$ 480,000			\$ 62,400			
FY 21-22:	Village Park (Phase 4)		\$ 1,075,000				\$ 96,750		
	Eastside Park (Phase 1)		\$ 3,800,000				\$ 387,000		
	Westside Park (Phase 1)		\$ 3,800,000				\$ 387,000		
FY 22-23:	Kannapolis Parkway Street Lighting		\$ 2,000,000					\$ 180,000	
	Community Center		\$ 8,500,000					\$ 765,000	
	Bakers Creek Park Improvments		\$ 900,000					\$ 117,000	
	Irish Buffalo Creek Greenway (Phases 2 &3)		\$ 5,200,000					\$ 468,000	
FY 23-24:	Fire Station #1 Remodel		\$ 2,400,000						\$ 216,000

Water & Sewer Fund Capital Improvement Plan Fiscal Year 2019 - 2024

			Budgeted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22	Forecasted FY 23	Forecasted FY 24
	Project List	Outside Funding	Cost					
FY 18-19	No projects		\$ -	\$0				
FY 19-21	Sludge Lagoon Dewatering		\$ 1,700,000	\$ 153,000				
	Mooreville Road Watermain		\$ 3,300,000	\$ 297,000				
	Downtown Sewer Outfall		\$ 3,047,000	\$ 274,320				
	Concrete Spillway Chute Repair		\$ 1,100,000	\$ 99,000				
	Bulk Storage Replacement		\$ 500,000	\$ 45,000				
	Lane Street Water		\$ 1,310,000	\$ 117,900				
	Rogers Lake Road Bridge Improvements		\$ 300,000	\$ 27,000				
FY 20-21	No Projects				\$ -			
FY 21-22	Royal Oaks Water & Sewer Ph. 1		\$1,966,000			\$ 176,940		
	Royal Oaks Water & Sewer Ph. 2		\$1,664,000			\$ 149,760		
	Royal Oaks Water & Sewer Ph. 3		\$2,460,000			\$ 221,400		
	Royal Oaks Water & Sewer Ph. 4		\$2,916,000			\$ 262,440		
FY 22-23	Village area Water & Sewer Improvements		\$3,083,000				\$ 277,470	
FY 23-24	A.L. Brown High School Sewer Ph. 1		\$2,519,000					\$ 226,710

Stormwater Fund Capital Improvement Plan FY 2019 - FY 2024

	Project	Outside Funding	Cost	Budgeted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22	Forecasted FY 23	Forecasted FY 24
FY 18-19	<i>No Projects</i>			\$ -					
FY 19-20	Tandem Dump Truck		\$ 167,999		\$59,360				
FY 20-21	Ashford Street Improvements Street Sweeper		\$ 644,000 \$ 285,000			\$ 57,960 \$ 64,125			
FY 21-22	Laundry Street Improvements Tandum Dump Truck		\$ 321,000 \$ 135,000				\$ 41,730 \$ 47,700		
FY 22-23	Sprucewood Improvements Harding Street Improvements		\$ 627,000 \$ 416,500					\$ 81,510 \$ 54,145	
FY 23-24	<i>No Projects</i>								\$ -

GLOSSARY OF TERMS

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

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

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

Activity - A specific service or unit of work performed.

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

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

And procedures necessary to define accepted accounting practices.

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

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

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

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

AWWA – American Water Works Association

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

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

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

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

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

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

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

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

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

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

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

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

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

C.O.P. – Community Oriented Policing

CAD - Acronym for Computer Aided Design.

CAFR – Certificate of Achievement in Excellence for Financial Reporting

CALEA – Commission on Accreditation for Law Enforcement Agencies

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

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

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

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

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

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

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

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

CD – Community Development.

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

CIP – Capital Improvement Program.

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

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

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

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

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

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

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

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

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

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

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

DWI – Driving under the influence of drugs or alcohol.

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

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

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

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

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

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

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

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

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

FTO – Field Training Officer.

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

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

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

FY – Fiscal Year.

GASB - Acronym for Government Accounting Standards Board.

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

General Fund - The largest fund within the City, the General Fund accounts for most of the financial resources of the government. General Fund revenue include property taxes, licenses and permits, local taxes and other types of revenue. This fund usually includes most of the basic operating services, such as fire and police protection, finance, data processing, public works, and general administration.

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

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

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

GF – General Fund.

GFOA - Acronym for Government Finance Officers Association.

GHSP – Governors Highway Safety Program.

GIS – Geographic Information System.

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

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

HACV (HVAC) – heating, Air Conditioning, Ventilation

Interfund Transfers - Amounts transferred from one fund to another.

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

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

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

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

K9 – Police canine program.

KPD – Kannapolis Police Department.

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

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

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

LLEBG – Local Law Enforcement Block Grant.

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

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

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

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

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

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

MPO – Metropolitan Planning Organization

NC ALE – North Carolina Alcohol Law Enforcement

NC SAFIS – North Carolina State Automated Fingerprint Identification System

NCDOT - Acronym for North Carolina Department of Transportation.

NCGS – North Carolina General Statute

NCSBI – North Carolina State Bureau of Investigations

NFPA – National Fire Protection Association

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

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

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

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

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

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

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

OSHA – Occupational Safety and Health Administration

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

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

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

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

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

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

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

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

PWOC – Public Work Operations Center.

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

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

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

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

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

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

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

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

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

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

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

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

SFR – Single Family Residential.

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

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

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

SRO – School Resource Officer.

STEP – Selective Traffic Enforcement Plan

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

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

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

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

UDO – Unified Development Ordinance.

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

WAN – Wide Area Network .

WSACC – Water and Sewer Authority of Cabarrus County.

WTP – Water Treatment Plant.

CITY OF KANNAPOLIS CLASSIFICATION PLAN EFFECTIVE MARCH 1, 2016

Job Class Code	Department/Division	Position Title	Grade	Proposed Salary		
				Min	Mid	Max
900	Parks	Concession Worker	55	17,311	22,082	26,852
900	Parks	Concession Worker	56	18,179	23,188	28,196
905	Parks	Park Attendant	57	19,085	24,347	29,608
200	Finance	Clerk I	58	20,042	25,565	31,089
910	Parks	Park Maintenance Technician I	59	21,042	26,842	32,641
915	Parks	Park Operations Specialist	60	22,095	28,184	34,273
1000	Administrative (Global)	Senior Office Assistant	61	23,201	29,595	35,988
400	Public Works	Construction/Maintenance Worker I	62	24,361	31,074	37,786
300	Billing & Collections	Customer Service Representative	62	24,361	31,074	37,786
440	Public Works	Meter Reader	62	24,361	31,074	37,786
920	Parks	Park Maintenance Technician II	62	24,361	31,074	37,786
800	Police	Records Clerk	62	24,361	31,074	37,786
1010	Administrative (Global)	Executive Office Assistant	63	25,579	32,627	39,676
100	City Manager	Executive Office Assistant/Deputy City Clerk	63	25,579	32,627	39,676
450	Public Works	Warehouse Assistant	63	25,579	32,627	39,676
210	Finance	Accounting Technician I	64	26,852	34,256	41,659
405	Public Works	Construction/Maintenance Worker II	64	26,852	34,256	41,659
445	Public Works	Meter Service Technician	64	26,852	34,256	41,659
925	Parks	Park Maintenance Technician III	64	26,852	34,256	41,659
930	Parks	Recreation Program Assistant	64	26,852	34,256	41,659
310	Billing & Collections	Senior Customer Service Representative	64	26,852	34,256	41,659
320	Billing & Collections	Utility Billing Specialist	64	26,852	34,256	41,659
1020	Administrative (Global)	Administrative Assistant	65	28,196	35,969	43,741
330	Billing & Collections	Customer Care Representative	65	28,196	35,969	43,741
700	Fire	Reserve (P/T)	65	28,196	35,969	43,741
810	Police	Telecommunicator	65	28,196	35,969	43,741
220	Finance	Accounting Technician II	66	29,608	37,768	45,928
935	Parks	Park Manager I	66	29,608	37,768	45,928
410	Public Works	Construction/Maintenance Worker III	66	29,608	37,768	45,928
340	Billing & Collections	Senior Utility Billing Specialist	66	29,608	37,768	45,928
460	Public Works	Water Quality Technician	66	29,608	37,768	45,928
715	Public Works	Construction/Maintenance Technician I	67	31,089	39,659	48,229
705	Fire Suppression	Fire Fighter	67	31,089	39,659	48,229
710	Fire Suppression	Fire Fighter (P/T - non-scheduled shift)	67	31,089	39,659	48,229
465	Public Works	Water Treatment Plant Maintenance Worker	67	31,089	39,659	48,229

470	Public Works	Water Treatment Plant Operator I	67	31,089	39,659	48,229
420	Public Works	Construction/Maintenance Technician II	68	32,641	41,640	50,638
425	Public Works	Crew Chief	68	32,641	41,640	50,638
600	Human Resources	Human Resource Technician	68	32,641	41,640	50,638
940	Parks	Park Manager II	68	32,641	41,640	50,638
475	Public Works	Water Treatment Plant Operator II	68	32,641	41,640	50,638
110	City Manager	Community Outreach Coordinator	69	34,273	43,721	53,170
830	Police	DARE Officer	69	34,273	43,721	53,170
850	Police	Detective	69	34,273	43,721	53,170
820	Police	Police Officer	69	34,273	43,721	53,170
816	Police	Police Planner/Accreditation Manager	69	34,273	43,721	53,170
715	Fire Suppression	Quality Assurance Coordinator	69	34,273	43,721	53,170
840	Police	School Resource Officer	69	34,273	43,721	53,170
855	Police	Telecommunicator Shift Supervisor	69	34,273	43,721	53,170
865	Police	Training Coordinator	69	34,273	43,721	53,170
455	Public Works	Warehouse Manager	69	34,273	43,721	53,170
230	Finance	Accountant I	70	35,988	45,909	55,830
240	Finance	Business License Supervisor	70	35,988	45,909	55,830
430	Public Works	Crew Supervisor	70	35,988	45,909	55,830
720	Fire Suppression	Fire Engineer	70	35,988	45,909	55,830
945	Parks	Grounds and Facilities Manager	70	35,988	45,909	55,830
610	Human Resources	Human Resource Analyst	70	35,988	45,909	55,830
950	Parks	Recreation Programmer/Special Events Coordinator	70	35,988	45,909	55,830
120	City Manager	City Clerk	71	37,786	48,204	58,621
490	Public Works	Engineering Technician	71	37,786	48,204	58,621
725	Fire Risk Reduction	Fire Inspector	71	37,786	48,204	58,621
435	Public Works	Planner/Scheduler	71	37,786	48,204	58,621
730	Fire Risk Reduction	Public Educator	71	37,786	48,204	58,621
350	Billing & Collections	Billing and Collections Supervisor	72	39,676	50,613	61,550
250	Finance	Purchasing Agent	72	39,676	50,613	61,550
260	Finance	Senior Accountant	72	39,676	50,613	61,550
480	Public Works	Water Treatment Plant Supervisor	72	39,676	50,613	61,550
860	Police	Sergeant	73	41,659	53,143	64,628
130	City Manager	Community Development Program Administrator	74	43,741	55,802	67,862
735	Fire Suppression	Fire Captain	74	43,741	55,802	67,862
495	Public Works	Operations Manager	74	43,741	55,802	67,862
870	Police	Lieutenant	75	45,928	58,592	71,255
740	Fire Suppression	Battalion Chief	76	48,229	61,523	74,816
140	City Manager	Customer Service Manager	76	48,229	61,523	74,816

150	Finance	Director of Business & Community Affairs	77	50,638	64,599	78,559
880	Police	Police Captain	77	50,638	64,599	78,559
485	Public Works	Water Treatment Plant Manager	77	50,638	64,599	78,559
745	Fire Admin	Division Chief of Personnel Development	78	53,170	67,828	82,487
750	Fire Admin	Division Chief of Risk Reduction	78	53,170	67,828	82,487
500	Public Works	Assistant Public Works Director	79	55,830	71,220	86,611
270	Finance	Deputy Finance Director	79	55,830	71,220	86,611
270	Finance	Deputy Finance Director	80	58,621	74,781	90,942
755	Fire Admin	Assistant Fire Chief	81	61,550	78,520	95,490
955	Parks	Parks and Recreation Director	81	61,550	78,520	95,490
885	Police	Police Major	81	61,550	78,520	95,490
885	Police	Police Major	82	64,628	82,447	100,265
620	Human Resources	Human Resource Director/Risk Manager	83	67,862	86,570	105,278
280	Finance	Finance Director	84	71,255	90,897	110,539
505	Public Works	Public Works Director	84	71,255	90,897	110,539
890	Police	Chief of Police	85	74,816	95,442	116,068
160	City Manager	Deputy City Manager	85	74,816	95,442	116,068
760	Fire Admin	Fire Chief	85	74,816	95,442	116,068

**CITY OF KANNAPOLIS
TAX RATES AND ASSESSED VALUTION**

<u>FISCAL YEAR</u>	<u>TAX RATE PER \$100</u>	<u>ASSESSED VALUATION</u>	<u>TAX LEVY</u>	<u>% INCREASE (DECREASE)</u>
1990	0.38	\$710,502,765	\$2,716,471	22%
1991	0.45	756,215,698	3,402,971	25%
1992	0.37	937,808,108 *	3,469,890	2%
1993	0.39	969,630,566	3,781,559	9%
1994	0.42	1,008,377,099	4,223,979	12%
1995	0.46	1,049,078,046	4,810,874	14%
1996	0.46	1,192,811,135 *	5,491,956	14%
1997	0.46	1,241,130,090	5,709,717	4%
1998	0.49	1,293,059,850	6,345,535	11%
1999	0.49	1,359,260,351	6,666,506	5%
2000	0.49	1,803,928,729 **	8,492,318	27%
2001	.047	1,847,521,353	9,052,855	7%
2002	0.49	1,983,954,396	9,721,377	7%
2003	0.49	2,027,762,094	10,717,459	10%
2004	0.53	1,969,103,832 ???	10,543,899	(1.6)%
2005	0.53	2,178,372,302 ****	10,826,510	3%
2006	0.497	2,270,062,374	11,282,210	4%
2007	0.497	2,375,528,118	12,054,762	7%
2008	0.497	2,560,383,000 ***	12,725,104	6%
2009	0.497	3,540,416,000 ****	17,348,038	36%
2010	0.49	3,699,101,000	18,225,595	4%
2011	0.49	3,733,730,000	18,295,595	0.4%
2012	0.49	3,762,762,000	18,437,534	0.7%
2013	0.56	3,405,337,747 ***	19,069,891	3.4%
2014	0.56	3,468,844,752 ****	19,425,531	1.8%
2015	0.60	3,546,893,759	21,281,363	10%
2016	0.63	3,653,710,000 ***	23,404,948	10%
2017	0.63	3,859,718,981 ****	23,708,300	2%
2018	0.63	3,981,333,560	24,538,000	3.5%
2019	0.63	4,080,738,159	25,768,494	5%

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