
KANNAPOLIS



Annual Budget for Fiscal Year 2014-2015
City of Kannapolis, North Carolina

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CITY OF KANNAPOLIS, NORTH CAROLINA

MAYOR AND CITY OFFICIALS

Milton D. Hinnant
Mayor

Roger C. Haas
Mayor Pro-Tem

Dianne Berry
Council Member

Darrell Jackson
Council Member

Doug Wilson
Council Member

Ryan G. Dayvault
Council Member

Tom Kincaid
Council Member

City Officials

Michael B. Legg
City Manager

Bridgette L. Bell
City Clerk

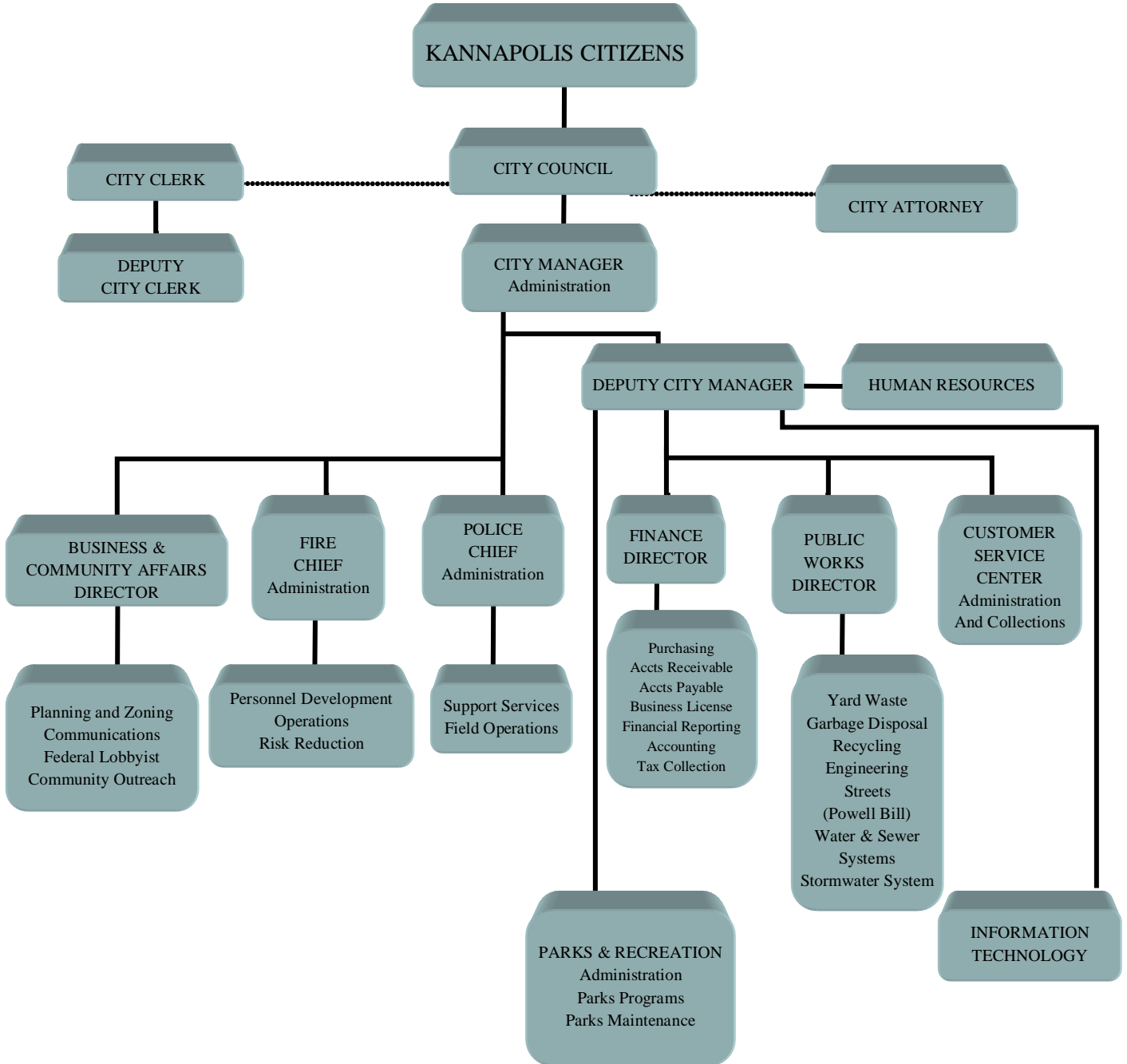
Eric Davis
Finance Director

R. Edward Smith
Deputy City Manager

Tina H. Cline
Human Resources Director

Walter M. Safrit, II
City Attorney

City of Kannapolis, North Carolina Organizational Chart





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Kannapolis
North Carolina**

For the Fiscal Year Beginning

July 1, 2013

A handwritten signature in black ink, appearing to read 'Jeffrey R. Egan'.

Executive Director

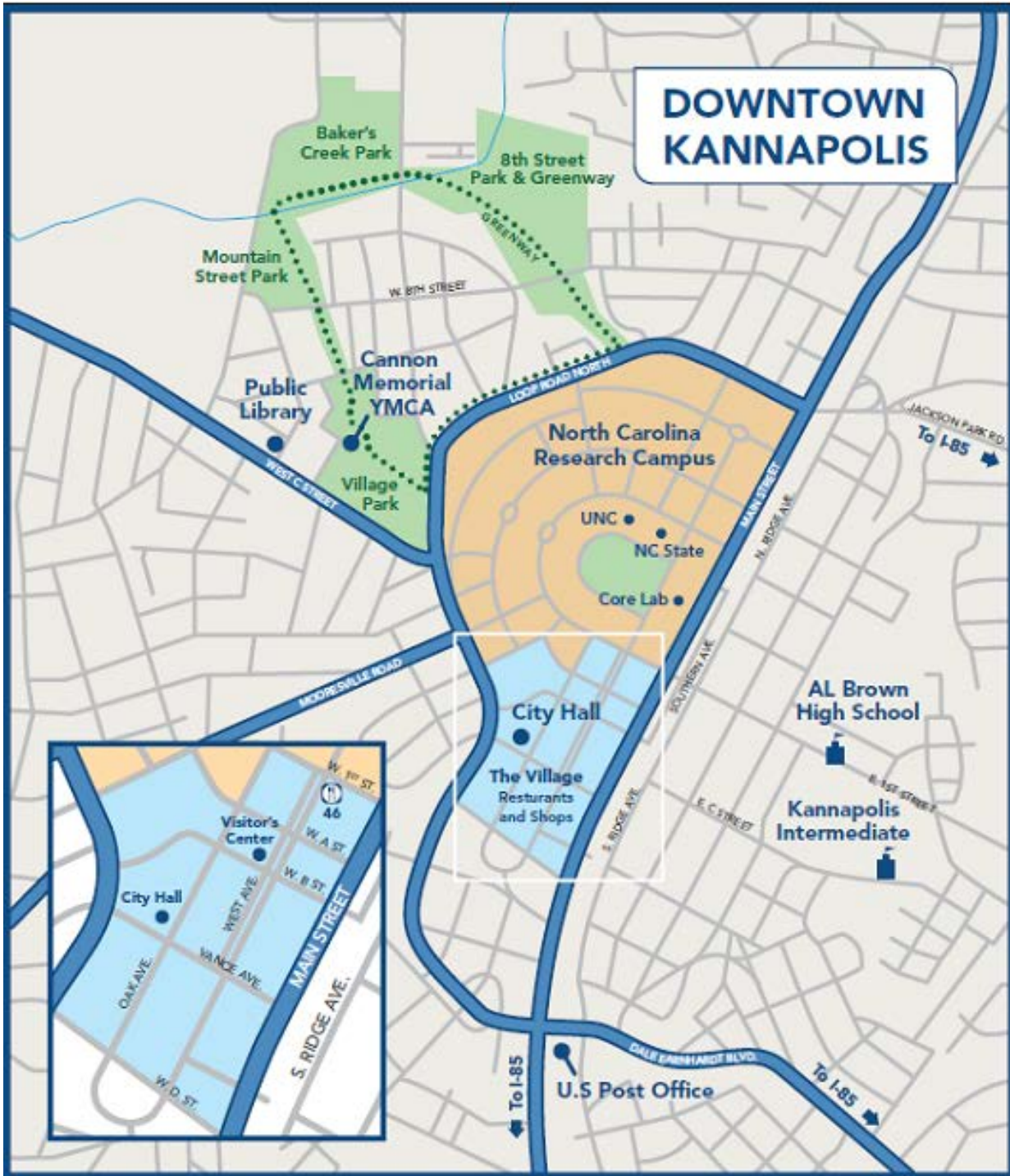
The Governmental Finance Officers Association of the United States and Canada (GFOA) presented an award for *Distinguished Budget Presentation* to the City of Kannapolis, North Carolina for its annual budget for the fiscal year beginning July 1, 2013. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

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

Kannapolis, North Carolina Location Map



Downtown Kannapolis





FACTS AND INFORMATION ABOUT THE CITY

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

LOCATION

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

HISTORY

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

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

City of Kannapolis Population

FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY 2013	FY2014
38,679	39,187	40,141	41,243	42,806	44,104	42,625	43,000	43,312	43,782

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

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

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

This research campus will focus primarily on biotechnology research related to nutrition. The 350 acre Research Campus is a joint venture between Dole Foods, the University of North Carolina system, and Duke University. Murdock has invested over \$1.3 billion to build the research facilities, office space, town homes and a retail center. The UNC and Duke institutions will fund and operate their programs. As of January 1, 2013 Castle & Cooke, Inc. had constructed buildings on the Research Campus at a cost of approximately \$270 million making up the TIF District. The TIF District's incremental increase in value since being formed equates to \$1,619,391 of the approximate \$20,642,940 tax levy for all of Kannapolis.

EDUCATION

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

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

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

TRANSPORATION

Interstate Highway 85 serves the City from the south, north and east. Major thoroughfares, including US 29/601, Dale Earnhardt Boulevard, Lane Street, and the Kannapolis Parkway, provide connections to Interstate Highway 85 and route traffic through the City.

There are approximately 302.5 miles of streets within Kannapolis, including 225.9 miles maintained by the City. The remainders are either maintained by the State of North Carolina or by private concerns. The primary funding source of the City's street maintenance budget is state funds. The City also provides street improvement work through the use of federal funds. New subdivision streets are primarily constructed by private developers for approval and acceptance for maintenance by the City.

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

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

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

MEDICAL FACILITIES

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

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

The top taxpayers for the City of Kannapolis:

Castle & Cooke, LLC NCRC with 5.69%

Castle & Cooke, LLC (Real Estate) with 2.48%

Atlantic American Properties, Inc. /Club at Irish Creek, LLC with 1.51%

Trinity of Cabarrus LTD/Shoe Show with 1.41 %
 Afton Ridge Joint Venture, LLC/CK Afton Ridge Shopping Center with 1.07 %
 Duke Energy Corporation with 0.97%
 BNP Paribus Leasing Corp. with 0.89 %
 Integra Springs, LLC with 0.75%
 The Grand in Kannapolis, LLC with 0.62%
 Target Corporation with 0.38%

The top ten taxpayers make up a total of 15.77% of the City's tax base.

As illustrated in the table below, the City's economy remains strong despite the October 2008 crash of the stock market. Commercial and Industrial building continues to perform at a similar pace in FY 2013 as the past year, possibly better. Looking forward, the overall economy should benefit from NCRC and other commercial entities strong growth, especially with the announcement of new enterprises such as a new data center.

Local Trends

City of Kannapolis Building Permit Activity

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*
Single-Family Residential Permits (Value in millions)	308 \$33.4	419 \$47.6	407 \$55.8	356 \$42.8	405 \$38.7	368 \$27.5	92 \$7.8	183 \$15.8	65 \$7.8	130 16.0
Commercial/ Industrial Building Permit (Value in millions)	36 \$12.2	55 \$96.2	57 \$93.2	60 \$72.8	34 \$17.8	31 \$22.5	9 \$5.6	119 \$17.8	102 \$9.2	102 2.1
Total Building Permit (Value in millions)	344 \$45.6	474 \$143.8	464 \$149.6	416 \$115.6	439 \$56.5	399 \$50	101 \$13.4	302 \$33.6	167 \$17.0	232 18.1

*Data through April 2014

Per Capita Personal Income in Cabarrus and Rowan County

County	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Cabarrus	32,111	35,703	35,935	34,083	34,587	34,444	34,452	38,079
Rowan	27,376	30,376	30,795	30,444	30,761	29,750	37,700	31,365

Unemployment Rate in Cabarrus and Rowan County

County	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Cabarrus	4.8%	5.7%	11.4%	11.3%	10.1%	9.3%	7.9%	6.8%
Rowan	6.3%	6.3%	13.6%	12.8%	11.3%	10.3%	8.8%	8.0%

*Data through April 2014

COMMERCE AND INDUSTRY

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

In February of 2011, Kannapolis City council approved an industrial incentive grant for the S.P. Richards Company. In March 2012, S.P. Richards Company completed the construction of their distribution center in Afton Ridge. Currently, there are projects valued at over \$1.5 billion in different stages of planning and construction, including the North Carolina Research Campus. Estimates show that between 5,000 and 7,000 jobs will be created by new business investment over the next five to ten years. Residential announcements have also been numerous and include mid-range homes with price points starting at \$150,000, to larger lot subdivisions featuring multi-million dollar mansions. These include Auburn Woods, Azalea Estates, Castlebrooke Manor, The Falls, Newman Manor, Pelhem Pointe, Pine Creek, Jacob's Ridge, 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. On average, 19 new businesses applied for a business privilege license each month. In Fiscal Year 2014 as of June 2014, the City had 222 new business licenses. Approximately 155,589 persons are employed in Cabarrus and Rowan Counties, as of April 2013. In the past three years, Cabarrus and Rowan Counties have added approximately 9,000 new jobs to the local economy. The transition of the City from the manufacturing industry to other sectors has provided a steady stream of new workers into the job market. Job training is made possible by the vocational education programs in public schools and by three neighboring community colleges and technical schools.

LOCAL ECONOMY

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

PUBLIC SERVICE ENTERPRISES

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

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

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

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

OTHER SERVICES

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

City of Kannapolis - Vision, Mission and Core Values

I. Vision Statement.

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

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

II. Mission Statement.

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

III. Core Values.

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

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

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

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

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

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

We practice good **Stewardship**.

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

City of Kannapolis - Policy Agenda FY 2015

Community Outreach, Education and Service

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

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

The annual budget includes \$10,000 for this purpose.

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

The annual budget includes \$60,000 for this purpose.

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

The annual budget includes \$52,000 for this purpose.

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

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

5. Take bold steps to improve customer service.

- Involve employees in training program.

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

Economic Growth and Development

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

- Strive for creating 5,000 new jobs in the City by 2013.

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

- Maintain aggressive incentive programs (*recent examples: Haas/CNC Racing,, Golden Gait Trailers, 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 \$13,500,000 for debt service for the TIF Bonds.

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

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

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

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

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

The annual budget includes \$185,000 for this purpose.

Quality of Life

13. Improve the visual image of the City.

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

The annual budget includes \$187,975 for this purpose.

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

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

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

- Support the efforts of the Kannapolis History Associates.
- Support the community’s exploration of a Cannon family tribute.
- Develop a plan for historic preservation of targeted mill village communities.
- Enhance and preserve Veterans Park or support the pursuit of an alternative tribute to our community’s veterans.
- **The City will spend \$2.8 million in TIF bonds on this project.**

16. Develop an environmentally sensitive culture in the community.

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

Growth Management and Sustainability

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

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

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

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

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

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

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

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

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

General City Management

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

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

22. Support the City's workforce.

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

23. Maintain a reasonable and economically competitive tax rate.

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

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

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

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

The annual budget includes \$414,347 for this purpose.

City of Kannapolis City Government Core Businesses

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

City of Kannapolis core businesses are:

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

KANNAPOLIS



May 20, 2014

Subject: Recommended FY 2014-15 Budget

Dear Mayor Hinnant and Members of the Kannapolis City Council:

I am pleased to present to you the recommended Fiscal Year 2014-15 (FY 2015) Budget for the City of Kannapolis, North Carolina, which begins July 1, 2014 and ends June 30, 2015. 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 2015.

The total proposed FY 2015 Budget for the City of Kannapolis is **\$53,905,757**, a 3.99% (\$2,066,414) increase from the revised FY 2014 Budget. The total budget of \$53.9 million is *net* of the various fund transfers so this figure represents the true total revenue picture for FY 2015 and does not double count any revenues. Note: the total FY 2015 budget figure above also includes an adjustment (\$859,361) related to a fund balance accounting issue from FY 2014, which is described on page two of the City Manager's FY 2015 Budget Summary which accompanies this budget message.

RECENT BUDGET HISTORY					
FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 Proposed
\$45,211,436	\$45,381,754	\$45,027,535	\$49,821,781	\$51,839,343	\$53,905,757

There are a number of factors contributing to the increase in the FY 2015 Budget. These reasons are explained in more detail in the City Manager's Budget Summary document.

The following are the key highlights of the FY 2015 Budget:

1. The continued growth in property tax, sales tax and water and sewer revenues.
2. First year (interest only) debt service on the Municipal Building and Police Headquarters.
3. The full City funding for 16 firefighters due to the expected lapse of the federal SAFER personnel grant.

4. Implementation of the planned \$0.04 tax increase mostly to fund the Municipal Building / Police Headquarters and the 16 firefighters. This equates to \$60.00 per year (or \$5 per month) for the owner of a \$150,000 home.
5. Implementation the planned Environmental Fee increase of \$2.50 per household per month.
6. Establishment of in-house communications function.
7. Establishment of the first of a phased three year transition to an in-house Planning and Community Development Department.
8. Continued significant investment in economic development; nearly \$600,000 of direct expenditures and approximately \$200,000 of personnel and operating investments.
9. Continued implementation of the 10-year Financial Plan. Evidence of this is included in the Plan policies and provisions update beginning on page 6 of this budget message.
10. No Water or Sewer Rate increases.
11. Implementation of the planned increase in the Stormwater Fee (\$0.30 per month for most homes.
12. A continuation of merit-based pay program after several years of no employee pay increases. Included in the proposed Budget is funding for a three percent (3%) pool of funds (approximately \$380,000 for all funds).
13. **No increase in medical insurance premiums this year (third consecutive year). This can, in part, be attributed to the City's successful wellness program, implementation of the self-insured program and an overall trend in fewer claim numbers and lower claim amounts. Below are the historical trends in medical insurance costs to the City.**

Medical Insurance Plan Increases City of Kannapolis	
Fiscal Year	% Increase from previous year
FY 15	0.0%
FY 14	0.0%
FY 13	0.0%
FY 12	7.2%
FY 11	12.0%
FY 10	8.9%
FY 09	0.0%
FY 08	7.0%
FY 07	14.0%

The FY 2015 Budget continues to be developed on the solid foundation of multi-year planning efforts that City Council spent much of the past two years developing. Emerging from those long range planning exercises were several substantial conclusions upon which the annual budgeted process will continue to be constructed over the next several years. Based on the FY 2012-13 Planning efforts, the following **Core Values and Overarching Goals** have been established.

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

From these planning exercises several clear objectives emerged which serve as a foundation for the FY 2015 Budget (and beyond). The three primary objectives:

1. **Construct a Municipal Building and Police Headquarters.** In response to this objective City Council and City Staff have completed the following:

- Approved the 10-year Financial Plan which includes the methods by which the facility will be constructed.
- Made the decision to proceed with Limited Obligation Bonds.
- Agreed to receive land donation from David Murdock to building on the NCRC.
- Hired an architect – Creech and Associates.
- Participated in a number of planning sessions with the Architect.
- Held several public information sessions and solicited public support via social media and other means.
- Toured facilities in a number of North and South Carolina municipalities.
- Designed the Building
- Hired the Construction Manager at Risk (Rodgers Builders)
- Completed final Construction Plans
- Secured permits (May 2014)
- Mobilized for construction (May 2014)
- Completed bidding process (May 2014)

As it stands now, the budget is trending upward due to an unfavorable bidding climate for some of the bid packages. Limited interest in certain trades indicates an improving economy and busy subcontractors with less capacity than pre-recession years. Final decisions on the budget and financing will be made in June 2014 and limited obligation bonds will be issued in July 2014. Currently, the project budget exceeds \$30 million. Until the final bids are secured in late May, this final number will not be known. The

debt service obligations will begin in the FY 2015 Budget. The 10-year Financial Plan called for a 4 cent tax increase in FY 2015, in part to help meet this obligation.

2. **Aggressively facilitate economic growth development.** In response to this objective, City Council adopted a multi-year Economic Development Plan of which the following broad goals have been identified as priorities. These goals are the foundation for the economic development strategies included in the Plan.

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

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

More importantly, with the addition of three new members to the City Council and a new Mayor, another prioritization effort is critical to moving these economic development plans forward. An Economic Development Retreat is planned for late summer or early fall 2014 to refine these goals, objectives and strategies.

**Kannapolis Economic Development Plan Implementation
Short-Term Action Strategies (2012-2017)**

Action Strategy/Initiative	
General Economic Growth	
1	Community-wide visioning/branding exercise
Industrial/Corporate Development	
2	Revised contract with Martin Fisher Thompson to include economic development assistance.
3	Kannapolis Gateway Business Park Strategy
4	Afton Ridge Corporate Park Strategy
5	Concrescere Business Park Strategy
6	Biscayne Business Park Strategy
7	Speculative Industrial Building Program
8	Plan to target underutilized properties for industrial, manufacturing and corporate development
9	Master plan for a medical/technology corridor for Kannapolis Parkway and Mooresville Road
Downtown/NCRC	
10	Construct a Police Station and City Hall facility

Action Strategy/Initiative	
11	CCMPC Economic Restructuring Sub-Committee Report (incl. Comparative Analysis, Market Analysis, Building Inventory)
12	CCMPC Organization Sub-Committee Report to City Council
13	CCMPC Promotion Sub-Committee Report to City Council
14	Downtown CCMPC Design Sub-Committee Report to City Council
15	Establish local Junior Achievement (or similar) program focused on the NCRC and STEM
Workforce Development	
16	Revisit 2008 Education & Workforce Development Action Plan and select targeted implementation of recommendations.
Small Business Development	
17	Implement key initiatives of the updated Small Business and Entrepreneur Action Plan
18	Develop or support an aggressive youth entrepreneurship
19	Kannapolis Rotary Club to establish an active Vocational Service
20	Comprehensive and aggressive examination of the current land development regulations and business permitting process
21	Incorporate a physical “one-stop shop” for development and business services in the new municipal building
22	Consider the work of Cabarrus County’s Council for a Local Sustainable Economy as potential strategies for our local businesses
23	Develop a small business outreach program
Quality of Life	
24	Comprehensive Kannapolis appearance improvement initiative
25	Refine the Let’s Move! campaign to correspond to the City’s branding effort
26	Establish an aggressive and organized Volunteerism Program
Tourism	
27	Integrate tourism strategies in accordance with the findings of the City’s branding effort
28	Develop and market the “Loop” and downtown street network as destination for exercise
29	Develop and implement a citywide wayfinding system
30	Complete Veterans Park improvements as both a memorial and a tourist destination
31	Develop a Historic Asset Inventory and Promotion Plan
32	Develop a plan to add NCRC university flags to the NCRC site
33	Inventory our tourism assets so we can package and sell them
34	Promote the downtown as a destination trailhead for the Carolina Thread Trail/Greenway

Kannapolis Economic Development Plan Implementation Ongoing Action Strategies

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

Action Strategy/Initiative	
9	Actively support emerging merchants and business associations in Kannapolis. These include Downtown Kannapolis, Inc., and Kannapolis Business Alliance
Quality of Life	
10	Continue to invest in street and sidewalk and greenway improvement projects
11	Continue to invest in parks and the City's downtown
Tourism	
12	Examine opportunities the further the support of Mike Curb's investments in Kannapolis, including the Curb Motorsports Museum and the N.C. Music Hall of Fame
13	Focus time and resources enhancing and promoting the City's existing tourism assets
14	Continue to influence the redevelopment/reuse of the former K-town Furniture site
15	Support and promote baseball stadium and team owners
16	Promote and create new festivals/events
17	Continue to examine the development of new tourism assets

3. **Implement sound financial management to guide the City's decisions.** In response to this objective City Council has adopted a new 10-year Financial Plan and a new set of financial policies. The FY 2015 Budget is the second year of implementation of this Financial Plan. The recommended Budget includes new revenue increases that are important to serving as a foundation for this new Plan. These new revenues can be directly tied to specific investments in our City's future. This Plan includes a clear path that will accomplish the following if it is faithfully implemented over the next decade:

Budget Development

- a. Enterprise funds will set rates so that inter-fund transfers are not required and that all funds become self-supporting. *This change will take a number of years to achieve and began with the FY 2013 budget and this continues in FY 2015.*
- b. Elimination of one-time revenues (or other special revenues) to be used to finance continuing city operations. *As the economic downturn eased over the past few years, this approach was injected into the budget process. It must continue. There are no one-time revenues used for operating expenditures in the FY 2015 Budget.*
- c. Reliance more on user fees than taxes to implement the Financial Plan. *The increase in the stormwater fee and environmental fee is included in the FY 2015 Budget. The FY 2016 budget will include a stormwater fee increase. The FY 2017 Budget will include an Environmental Fee increase.*

Capital Improvement

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

Debt Management

- a. City will seek a balanced approach to capital funding: Debt vs. Pay-Go vs. Capital Reserve. *There is a solid balance of both approaches in the FY 2015 Budget.*

- b. City's Net Debt (tax supported) would be 2% of assessed value or less. *When one half of the NCRC Bond obligation is removed (Cabarrus County's commitment), the City's net, tax supported debt is currently 0.98% of the assessed value. After including the Municipal Building/Police HQ debt in FY 2015, this figure will rise to 1.75%. It is likely that this number will remain steady and decrease over time as more debt comes off line. State law permits up to 8%.*
- c. Debt service expenditures will not exceed 15% of total fund expenditures. *We are in compliance with this provision.*
- d. Aggregate 10-year principal payout target ratio of 60% or better. *Staff continues to monitor this provision.*
- e. Target of 10% equity funding in CIP on 5 year rolling average. *Staff continues to monitor this provision.*

Cash Reserves

- a. A contingency reserve of at least 0.5% should be budgeted annually. *This is included in the FY 2015 Budget.*
- b. Establishes General Fund - Fund Balance range of 25% to 33% (13 -17 weeks operating expenses). *This will take several years to achieve. The percentage is projected to be 23.3% in the FY 2015 Budget (up from 20.1 in FY 2014). The City is very close to achieving this goal.*
- c. City will develop a plan if it gets outside of this range.
- d. The Water and Sewer Fund will strive to maintain cash balances of 25% of fund operating expenditures. *This will take several years to achieve but staff continues to make progress on this objective.*

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

No municipal budget preparation is ever easy as there are always many hard decisions to make and far more needs than there are resources. Due to the extensive long range planning efforts by City Council in FY 2012 and FY 2013, there are virtually no surprises in the FY 2015 Budget.

Looking Back – FY 2013 and FY 2014

It is always productive to reflect on past achievements. The FY 2014 Budget was an aggressive budget that accomplished several key objectives. It was the second budget to use the new Capital Improvement Plan and 10-year Financial Plan as a foundation for its preparation.

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

- The return of growth in property tax, sales tax and water and sewer revenues.

- The addition of six (6) new positions: three (3) in the General Fund (\$135,000) and three (3) in the Water & Sewer Fund.
- A starting point for the creation of a centralized General Services Division to better manage all city properties, including the new City Hall/Police HQ building. The General Service Manager will be hired in FY 2015.
- Continued significant investment in economic development (more than \$500,000).
- Implementation of the 10-year Financial Plan.
- An unexpected \$1.70 fixed charge increase (water only) to cover the increased cost projections associated with the multi-jurisdictional Albemarle Waterline project.
- Construction of the northern leg of the Irish Buffalo Creek Sewer Line (\$910,000) adjacent to Kannapolis Parkway, south of NC Highway 3.
- A Comprehensive Water Meter replacement project (\$5 million with an anticipated payback in as few as four years).
- A return to merit-based pay. Included in the FY 2014 Budget was funding for a three percent (3%) pool of funds (\$355,892 for all funds).
- The continuation of the HSA/HRA healthcare savings benefit contribution is included.
- **No increase in medical insurance premiums this year.**

For the benefit of the three new Council members, the FY 13 Budget was also quite productive. The following are some of the highlights of that budget year:

- Employee Cost of Living Adjustments (first pay adjustments in several years).
- Three (3) new Police Officer positions.
- Effectively addressing the Cabarrus revaluation (value reduction) through the implementation of a revenue neutral tax rate.
- Beginning the process of reducing the reimbursements from Enterprise Funds.
- Beginning the process of placing more revenue generating burdens on the user fee.
- Local match for the Orphanage Road Bridge Project (project is now completed).
- Railroad Crossing at Rogers Lake Road (project is now completed).
- Albemarle Water line (project is well underway).
- New Regional Radio System maintenance agreement with the City of Charlotte (agreement is in place).
- Cash reserve funding for future Highway 3 Sidewalk project, Highway 73 Sidewalk project, Public Safety portable radios and system, Roxie Street Traffic Improvements.
- Public safety vehicle mobile upgrades.
- Rolling stock replacement for General Fund and Utility Fund services.
- Fire Engine E-12 Replacement.
- Dump Truck (W-3) replacement.
- Purchase of a Central Warehouse facility.
- New Economic Development Initiatives (e.g., downtown market studies, City branding exercise, additional funding to the Cabarrus EDC and to Dunaway and Cross for Washington DC lobbying related to economic development).
- New contingency fund establishment.
- Polo Street Lift Station replacement.

- Pipes & Fittings storage area at the PWOC.
- 8th Street Culvert replacement.
- I-85 Utility Relocations.

Looking Ahead – FY 2014-15 and Beyond

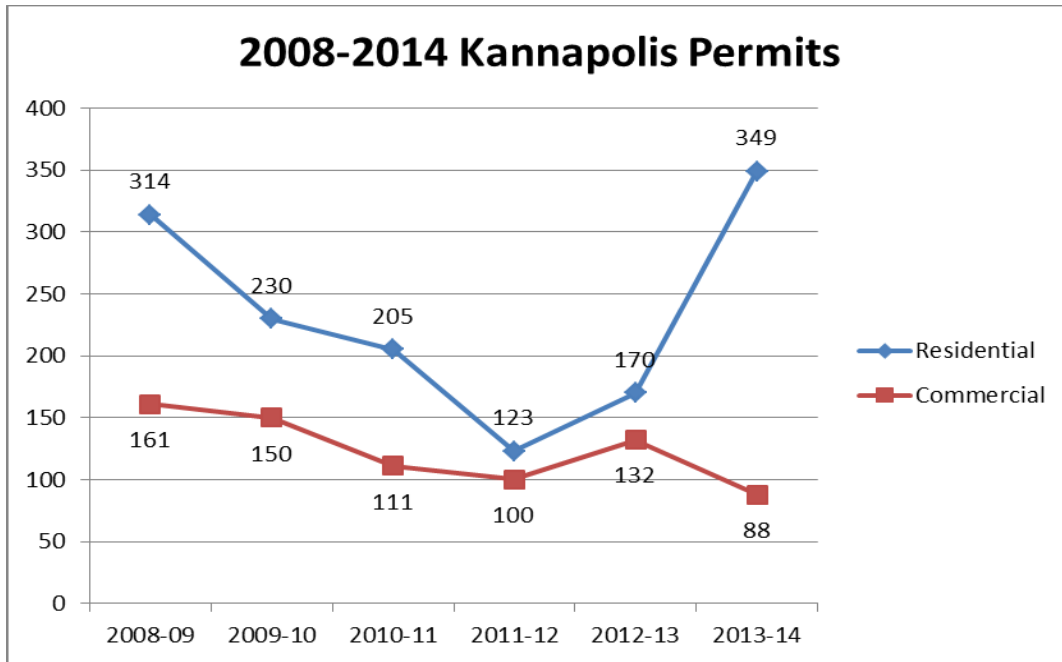
During FY 2015, City Council will be asked by staff to provide continued policy guidance regarding the implementation of the adopted 2012 Economic Development Plan. This, coupled with the continued construction of the new Municipal Building and Police Headquarters, will be the primary objectives for this budget year. Staff and City Council will need to continue to balance economic development efforts with the ongoing basic operational needs of the City to keep our services to our community at the highest level possible. Providing high quality, effective City services is certainly a key component of our economic development strategy. However, to really make a difference in the world of competitive economic development, it will take additional public sector investment, and, quite frankly, some risk. That should, and will be a substantial discussion topic for City Council in FY 2015.

The vast majority of our City's revenue streams are tied to a growing economy (ad valorem taxes and sales taxes represent 81% of all of our City's General Fund revenues). As a result, commercial and residential development is critical to our future prosperity. This growth is also one indicator of our future revenues.

The City's Planning Department processed 88 commercial zoning clearance permits from May 2013 thru April 2014. Non-residential construction continues to lag behind pre-2008 permitting due to less lending for commercial and industrial projects to date. Even so, non-residential permitting has not seen the precipitous drop that has burdened the residential sector. However, this trend appears to be changing as well.

Conversely, the Planning Department issued 349 residential permits from May 2013 to April 2014, a 23% increase from April 2012 thru May 2013. Of these residential permits, 247 were for new construction; this represents a 31% increase. These are the highest numbers since before the recession. Residential permits had declined each of the previous three years before 2013. Most of the growth has occurred in the western parts of the City, especially in satellite annexation areas west of Lake Howell. There is strong evidence that this development trend will continue in FY 2015 and well beyond.

The graph on the following page depicts these growth trends.



It is clear that the local and national economy is now growing in a rather robust way. Perhaps the most critical challenge facing the City is to build on the momentum and facilitate new growth and development. This is best accomplished through the proactive implementation of the Economic Development Plan described at the beginning of this budget message. I would also caution City Council to remain patient because the economic seeds we plant today may take several years to bear fruit. This FY 2015 Budget is strongly aligned with the conclusions reached at the March 2012 Planning Retreat and the Economic Development Plan adopted in December 2012.

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

FY 2015 CIP Projects

- Municipal Building and Police Headquarters
- Irish – Buffalo Creek Greenway

- Highway 73 Sidewalk
- Little Texas Road Sidewalk
- Replace S-52 Flail Mower
- Replace Skid Steer Mower
- Replace S-6 Patch Truck
- Fire Engine F706
- Replace Street Sweeper

FY 2016 CIP Projects

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

FY 2017 CIP Projects

- Bakers Creek Park Improvements
- I-3802B Sidewalk
- Fire Station #2 Replacement
- Village Park Phase 3
- Replace S-26 Dump Truck
- Rocky River Greenway
- Replace S-5 Dump Truck
- Mini-pumper / Brush Truck
- North Bakers Creek Branch Greenway
- I3802B Utility Relocation
- Jet-Vac Truck

Closing Thoughts

This proposed FY 2015 Budget is balanced in accordance with State statutes and it directly addresses the goals and priorities that the City Council has established over the past 3 years of long range planning and strategy development. I am confident that this budget continues to provide City Council and City staff with a significant series of tools that will be used to provide

the highest level of service possible within the confines of our budget constraints and will help our community rapidly grow and prosper.

This year's budget has been a bit of a challenge for a variety of reasons, most notably the implementation of the new Munis financial software, which was used for the first time as the foundation for this budget. While the presentation may not look that different, the steps taken to complete this year's budget were very different, and at times complex. The talented team in our Finance Department guided us through that process with great success. This new software will be a tremendously valuable tool for not only budget preparation but, more importantly, budget management throughout each budget year.

The preparation of the budget is always a group effort with a number of staff participating in its development. I am fortunate to work with a very talented, hard-working, dedicated group of employees. Many of them played different roles all year long in the development of this budget. For each of them I am thankful. I am very proud of the unwavering commitment and long hours that many of our staff put into the preparation of this budget. In particular, the efforts each of our Department Heads and their management teams and our Deputy City Manager Eddie Smith, our Finance Director Eric Davis should be applauded. Our Finance Department Fellow, Kristin Owens played a key role this year, especially with the implementation the new software. As always, our Administrative Assistant, Elizabeth Cox helped with the logistics of assembling the budget document. This was the core group of staff members that really pulled this budget together.

I am also very appreciative of City Council's continued support of the implementation of the Capital Improvement Plan, Economic Development Plan and the 10-year Financial Plan. These plans certainly do not represent the easy course to take; implementation can be a bit tasking due to the difficult changes and decisions that must occur. Nevertheless, I am completely convinced that these plans represent the right course of action for the future of our City. City Council sees the vision of what can be accomplished for our community if given the right level of resources. It is my hope that this commitment continues for the next several years as these plans continue to be refined and implemented. I am confident that it will.

I respectfully recommend this proposed FY 2015 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, 2014 AND ENDING JUNE 30, 2015**

BE IT ORDAINED by the City Council of the City of Kannapolis, North Carolina, meeting in open session this 23rd day of June, 2014, 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, 2014 and ending June 30, 2015:

Ad Valorem taxes	\$ 20,986,315
Sales taxes	6,490,000
Intergovernmental	5,613,386
Miscellaneous	<u>2,682,946</u>
TOTAL	<u>\$35,772,647</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, 2014 and ending June 30, 2015:

Charges for Services	\$13,910,321
Other Revenues	<u>999,500</u>
TOTAL	<u>\$14,909,821</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, 2014 and ending June 30, 2015:

Storm Water Fees	\$ 1,866,536
Miscellaneous	<u>125,000</u>
TOTAL	<u>\$ 1,991,536</u>

SECTION IV – ENVIRONMENTAL FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2014 and ending June 30, 2015:

User Fees	\$ 1,616,000
Transfer from Other Funds	1,923,177
Solid Waste Disposal Tax	<u>26,000</u>
TOTAL	<u>\$ 3,565,177</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, 2014 and ending June 30, 2015:

Motor Vehicle Privilege Tax	\$ 163,000
Transfer from General Fund	<u>307,926</u>
TOTAL	<u>\$ 470,926</u>

SECTION VI – SEPARATION PAY FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2014 and ending June 30, 2015:

Transfer from General Fund	\$ 302,800
TOTAL	<u>\$ 302,800</u>

SECTION VII - GENERAL FUND: A total of \$35,772,647 is hereby authorized to be expended from the departmental accounts of the General Fund as follows:

General Government	\$ 3,566,916
Community Development	759,345
Police	7,795,157
Fire	6,189,977
Parks and Recreation	1,731,669
Public Works, incl. Powell Bill	3,871,462
Other	5,618,559
Contingency	180,000
Debt Service	<u>6,059,562</u>
TOTAL	<u>\$35,772,647</u>

SECTION VIII - WATER AND SEWER FUND: A total of \$14,909,821 is hereby authorized to be expended from the Water and Sewer Fund as follows:

General Management Services	\$1,102,500
Billing and Collections – Water and Sewer	709,509
Distribution - Water and Sewer	2,612,381
WSACC – Sewage Treatment	2,727,984
Water Treatment Plant	3,021,142
Transfer to Other Funds	748,177
Debt Service	<u>3,988,128</u>
TOTAL	<u>\$14,909,821</u>

SECTION IX – STORM WATER FUND: A total of \$1,991,536 is hereby authorized to be expended from the Storm Water Fund as follows:

Public Works	<u>\$ 1,991,536</u>
TOTAL	<u>\$ 1,991,536</u>

SECTION X – ENVIRONMENTAL FUND: A total of \$3,565,177 is hereby authorized to be expended from the Environmental Fund as follows:

Recycling Collection	\$ 696,777
Household Solid Waste Collection	\$ 1,994,900
Yard Waste Collection	<u>\$ 873,500</u>
TOTAL	<u>\$ 3,565,177</u>

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

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

SECTION XII - SEPARATION PAY FUND: A total of \$302,800 is hereby authorized to be expended from the Separation Pay Fund as follows:

Salaries-Separation Pay	<u>\$ 302,800</u>
TOTAL	<u>\$ 302,800</u>

SECTION XIII - TAX RATE ESTABLISHED: An Ad Valorem Tax Rate of \$0.60 per \$100 property valuation is hereby established as the official tax rate for the City of Kannapolis for the fiscal year 2014-2015. This rate is based on an estimated valuation of \$3,546,893,759 and an estimated 97 percent collection rate, which was at least the collection rate experienced during the 2012-2013 fiscal year. Allocation of the 2014-2015 tax rate will be as follows:


GENERAL FUND	\$.60
TOTAL TAX RATE	\$.60

SECTION XIV - SPECIAL AUTHORIZATION - CITY MANAGER:

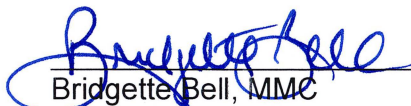
a. The City Manager is hereby authorized to transfer funds from one line item to another line item within each Fund of said budget with the exception of the general contingency account. Utilization of any contingency appropriation shall be accomplished with City Council approval only.

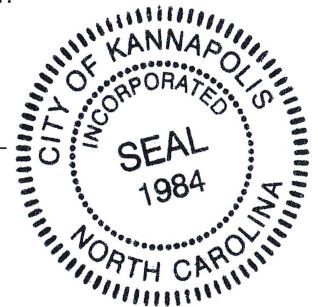
b. Authorization is hereby given to the City Manager to withhold or postpone the expenditure of any funds appropriated in this ordinance when it appears to the City Manager that it would be in the best interest of the City for such expenditure to be withheld. This provision shall not in any way limit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

This Ordinance is approved and adopted this 23rd day of June, 2014.


Milton D. Hinnant, Mayor

ATTEST:


Bridgette Bell, MMC
City Clerk



KANNAPOLIS



City Manager's
FY 2015 Budget Summary

May 20, 2014

1 | General Fund

For more information please see page 5 of the FY 2015 Budget document.

The recommended FY 2015 General Fund Budget includes **an Ad Valorem (Property Tax) Rate of 60 cents** per \$100 of assessed property valuation. This represents an increase of \$0.04 from the FY 2014 budget. Public Safety (Police and Fire) expenditures account for 43.3% of all General Fund expenditures. This significant proportionate increase from previous years (38% in FY 2014 and 39% in FY 2013) can be largely attributed to the personnel costs associated with full time local funding of 16 firefighters due to the expiration of the federal SAFER grant.

General Fund Revenues

Similar to most North Carolina municipalities, property taxes and sales taxes continue to be the predominant revenue streams in the FY 2015 General Fund Budget (62% and 19%, respectively – identical to FY 2014). Property tax revenue continues to be a very stable revenue source and is likely to increase over the next several years as the economy improves and land development activities accelerate. After the FY 2015 budget year, no additional property tax rate increases are planned through at least 2020.

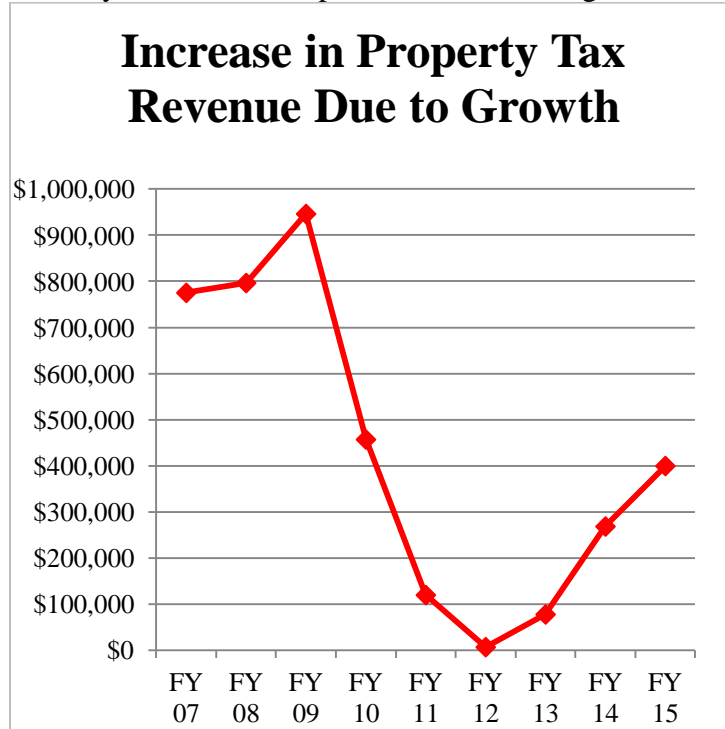
The proposed FY 2015 General Fund Budget is **\$35,772,647**, which represents a 2.39% increase from the revised FY 2014 Budget (\$835,175 actual). *However*, this calculation includes a rather unique fund balance appropriation of \$859,361 in FY 2014 largely due to an accounting nuance in the new Munis financial software used to develop this year’s budget. This fund balance appropriation is “designated fund balance” that is simply a carry-over from several past obligations that were set aside and happened to become payable in FY 2014 (e.g., warehouse building, stadium fund balance appropriation, regional radio system upgrades). This amount was not actually taken from cash reserves but was set aside from previous budgets and “parked” in fund balance until they were to be expended. This is depicted on page 12 of the FY 2015 Budget document.

By taking this fund balance appropriation out of the FY 2014 revenue stream, which is accurate, the real net increase in the FY 2015 General Fund Budget is **\$1,694,536** which represents a **4.97% increase** from the FY 2014 Budget. By comparison, the FY 2014 budget increase from FY 2013 was 2.3%.

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

1. \$1.4 million increase is directly attributed to the *recommended \$0.04 ad valorem tax rate increase*. Each penny on the tax rate is equal to approximately \$350,000.

Approximately \$400,000 is the projected increase in *ad valorem* tax revenue due to *natural growth* in the tax base (as opposed to the impacts from the rate increase). This is the largest projected amount since 2010 (approximately \$457,000). The historical increases in property tax revenues are shown on the graph below. All revenues depicted are only growth related and exclude NCRC revenues and revaluation impacts. It is clear that the City and the region are rebounding strongly from the economic downturn but it will still be a few more years until we experience the kind of growth of 2009 and before.



3. A decrease of \$136,000 in anticipation of significant *changes in the state law regarding the administration of Business Privilege Licenses*. The current proposed legislation would be a flat fee of \$100 for all businesses regardless of size. There has been some possibility that the legislation would also limit the tax only to those businesses *located* inside the City limits (as opposed to those businesses *conducting business* inside the City limits). The North Carolina League of Municipalities projected an estimated increase of nearly \$100,000 for the City of Kannapolis. However, City staff projects the exact opposite result based on an analysis of the current structure. The City issued 1,459 business licenses this past year. Of those, 619 *might* no longer be required to pay the tax because they are located outside the Kannapolis city limits. That would leave the City with 840 business license accounts at \$100.00 each which equals \$84,000. This would be a fairly conservative figure and it could increase some but it would certainly be a decrease in the amount now being collected. Of course part of the law would eliminate some of the current exemptions. We simply have no way of knowing how many of those exist; as a result, staff has elected to ignore those and budget conservatively. The positive side to this issue is that Kannapolis is far less impacted than many other local governments.

4. \$337,000 projected increase in *local option sales tax revenue* due to growth. This represents a 5.4% increase from FY 2014. This is a slightly smaller increase than the FY 2014 change from FY 2013 (6.1%) but still very healthy.
5. \$511,882 decrease from a total annual grant amount of \$661,882 due to the expiration of a *federal SAFER grant in the Fire Department*. This was known at the time the grant was received. This will be the first year that the City will be responsible for the bulk of the funding for these firefighters. Since the federal fiscal year runs October to September, three months of the grant money is included in the FY 15 Budget but this amount (\$150,000) will expire in the FY 2016 budget.
6. A small Fund Balance appropriation (\$35,000) is the remaining portion of the Stadium Fund that was being held in the General Fund - fund balance. All, or at least the vast majority, of these funds will be spent down in FY 2015.

General Fund Expenditures – Personnel

The General Fund includes no new full time personnel but several adjustments to existing positions are being recommended:

1. *The reclassification of a Finance Department Accounts Receivable Clerk to a Budget Analyst (\$29,595 budget impact)*. Due to the City's growth in mass and complexity, the need exists to have a position that specializes in budget preparation & execution. This position could also assist with departmental performance measurement, as well as other management studies that may be required from time to time. The implementation of the Munis financial software in FY 2014 has streamlined the process and has created less need for the current vacant Accounts Receivable Clerk position.
2. *The reclassification of a Police Department Records Clerk to a Records Supervisor (\$14,081 budget impact)*. Records personnel assist thousands of individuals who come into the police department seeking copies of records and other information. These duties are in addition to the normal record keeping s performed by records personnel. Currently, records clerk positions are supervised and evaluated by a sworn police Captain whose time could be utilized by the agency in a more effective and efficient manner. By allocating or reclassifying one of the current positions, a civilian Records Unit Supervisor who would share the workload, as well as supervise.

In the new police headquarters, the records unit will be somewhat isolated from the remainder of the building. The immediate first line supervisor will be located on the second floor. The reclassification will allow a supervisor to be located within the Records Unit thus enabling better management oversight.

3. *The reallocation of the Director of Revenue Collections (Customer Service Manager) position from the General Fund to the Water and Sewer Fund*. There is no impact other

than a decrease in one fund and a corresponding increase in the other. The primary duties of this position are to manage the water billing and collection operation.

4. *The reallocation of the Communications Director position to the City Manager’s budget.* This action includes a corresponding decrease in the Strategic Marketing budget so there is no budget impact.

Note: the transition of the Planning Department from a contracted service to an in-house service will begin this year with the hiring of a Planning Director. The contract with Benchmark will be reduced mid-year in an amount closely corresponding to the cost to the City of the Planning Director (estimated at slightly over \$100,000 total budget impact). This will result in a nearly neutral overall budget impact. It is hoped to have this position in place by the end of the calendar year (at the latest). Corresponding budget amendments may be necessary by year-end to account for this transition.

Not Funded: An additional fifteen (15) General Fund positions and five (5) Powell Bill (Streets) positions (with a total budget impact of \$656,627) were requested by several departments but are not included in the recommended FY 2015 Budget (see below). These requests were all certainly justifiable but budget limitations prevent their inclusion.

General Fund Position Requested	Department	Salary + Benefits	
Evidence Custodian (Civilian)	Police	\$42,105	
Detective	Police	\$43,870	
Patrol Officer	Police	\$43,870	
Patrol Officer	Police	\$43,870	
Patrol Officer	Police	\$43,870	
Patrol Officer	Police	\$43,870	
Career Advancement	Police	\$43,320	
Logistics Manager	Fire	\$44,708	
Executive Office Assistant	Fire	\$32,103	
Training Captain	Fire	\$ 52,996	
Construction Maintenance Worker I	Public Works	\$30,702	
Construction Maintenance Worker I	Public Works	\$30,702	
Administrative Assistant	Public Works	\$2,301	Reclassification
Operations Specialist (PT) (2)	Parks & Rec.	\$4,845	
Total Salary and Benefits		\$503,132	

Powell Bill Position Requested	Department	Salary + Benefits	
Construction Maintenance Worker I	Public Works	\$30,699	
Construction Maintenance Worker I	Public Works	\$30,699	

Construction Maintenance Worker I	Public Works	\$30,699	
Construction Maintenance Worker I	Public Works	\$30,699	
Construction Maintenance Worker I	Public Works	\$30,699	
Total Salary and Benefits		\$153,495	

A contract position in the Information Technology Budget (Systems Integrator) was also proposed but is not included in the FY 2015 Budget (\$84,000 budget impact).

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

General Fund Expenditures – Operating

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

\$80,000	<i>Self-Insured Insurance.</i> This increase is to fund claims and covers all workers compensation and general liability claims. It is based on recent historical trends.	Increase
\$152,557	<i>Contingency Funds.</i> The 10-year Financial Plan recommends that 0.5% of the General Fund budget be placed in contingency. This can be used with Council’s approval throughout the year or can be used to continue to build up the City’s fund balance. Note: the revised FY 2014 Budget shows a smaller contingency fund due to the spending down of these funds for a number of expenditures approved by City Council during the budget year.	Maintain
\$93,992	<i>Establishing Communications Director Position</i> (with a corresponding decrease in Strategic Marketing).	Neutral
\$579,589	<i>Economic Development Initiative.</i> This amount includes \$61,800 for the Cabarrus and Rowan economic development organizations and \$45,000 for maintaining our relationship with Dunaway and Cross - Paris Fisher’s firm in Washington D.C. (half of the FY 2014 budget figure which was taken from two different accounts). This leaves \$472,789 available for new and continued City Council endorsed initiatives. Staff has recommended a City Council Economic	Increase

	<p>Development Retreat in the first quarter of the new fiscal year (July – September 2014) or soon thereafter. As planned, staff, with input from the Mayor, will develop a series of Economic Development “packages” designed to prioritize the adopted 2012-13 Economic Development Plan and define where the City’s time and funding will be allocated over the next five+ years. This funding will be used for two purposes: 1) to continue with current initiatives and 2) to jump-start the chosen priority “package” from the economic development retreat. Current initiatives may include (some of these overlap new initiatives that may emerge from the retreat):</p> <ul style="list-style-type: none"> • Support for downtown “game changers” such as a new baseball stadium or other large investments. • Support for Downtown Kannapolis, Inc. or downtown operational/promotional efforts in general. • Implementation of new branding initiatives. • Funding for direct economic development marketing including collateral items for targeted distribution. • Commercial Real Estate Broker’s Breakfast. • Corporate Appreciation Event. • Medical/Technology Corridor Master Plan for Kannapolis Parkway and Mooresville Road • City match for potential EDA Planning Grant. • Website videos promoting the City’s assets. • Further development of a Biscayne Area Master Plan. • Wayfinding Plan (citywide and downtown). • Preliminary site design for one or more industrial parks. • University Flag installation on the NCRC. • Beautification efforts (right of way cleanup was more than \$200,000 annually and most gateway projects of any substance will likely need to become a capital improvement project). 	
\$12,840	<p><i>Increase in non-profit organization support.</i> This increase includes additional funds for the NC Music Hall of Fame \$15,000 (\$25,000 total vs. \$10,000 in FY 2014) and nearly \$4,300 in dues increases to the NC League of Municipalities (\$28,582 total). Note: increases in non-profit support are offset somewhat by the elimination of \$10,017 in funding to support the Centralina Council of Governments.</p>	Increase
(\$93,681)	<p><i>Staff expenses related to Munis (financial software) training.</i></p>	(Decrease)

	Munis is in place and these expenses are no longer necessary.	
\$15,240	<i>Twenty six (26) computer replacements, three (3) new servers, memory upgrades and software upgrades.</i> These expenditures are part of the updated multi-year replacement schedule.	Increase
(\$132,000)	<i>General Services Special Expenses funding reduced.</i> This is due to the completion of the Post Office demolition and the cost of an emergency clean-up effort from a private oil spill in Patterson's Branch.	(Decrease)
(\$134,400)	<i>Transition from Cabarrus Regional Radio system installation to system maintenance.</i> This decrease is the result of the completion of all current planned capital investments established as part of the merger with the Regional Radio System maintained by the City of Charlotte.	(Decrease)
\$57,432	<i>Increase in Police Department Safety Supplies.</i> These expenditures are mostly to fund 16 ballistic vests and 16 ballistic helmets. These are not normal annual operating expenditures. The helmets have a recommended life of about 5 years and they are now 12 years old. The vests are nearly 10 years old and are at the end of the recommended life.	Increase
\$16,000	<i>Electricity costs.</i> Due to Duke Energy's recent local government rate increases.	Increase
\$485,000	<i>Street Resurfacing.</i> The FY 2014 Budget was \$1,325 lower.	Maintain
\$39,000	<i>Expanded Parks/City Events.</i> This increase will more adequately fund Jiggy Jam Festival Downtown and an expanded Summer Events Series at Village Park.	Increase
(\$75,000)	<i>Reduction in Baseball Stadium Operating Funds.</i> The lease agreement with Smith Family Baseball (SFB) provides that FY 2015 is the last year the City is responsible for most ongoing maintenance. Except for major repairs (over \$25,000 per incident) SFB will pay for all maintenance the last two years of the lease (FY 2016 and FY 2017) and any exercised extension years. Significant heavy maintenance (\$60,000) was performed in FY 2014 (essentially catch-up for several years of neglect when Rowan County was managing the stadium). The remaining \$35,000 from the original stadium fund is included in the FY 2015 budget mostly for ground maintenance and minor repairs. A full	(Decrease)

	description on the lease terms is included in the Stadium Fund summary description of this proposed budget.	
(\$32,000)	<i>Decrease in Parks budget due to completion of Parks Master Plan in FY 14.</i>	(Decrease)
(\$43,951)	<i>Economic Development Incentive Grants.</i> This reduction is due to the three year \$43,951 Shoe Show grant ending. The second year of the three year SP Richards grant is included (\$56,000). The Childress Klein Grant at Afton Ridge will begin in FY 2016	(Decrease)
(\$322,525)	<i>Transfer to the other Funds.</i> This budget account is decreased from \$2,255,755 in FY 2014 to \$1,933,264 as proposed in FY 2015. Included are slight increases in the transfer of funds to the Transit Fund (\$26,675; total \$330,464) and the Separation Pay Fund (\$20,800; total \$302,800). It also includes a significant decrease in the Environmental Fund due to the planned increase in the Household Solid Waste fee of \$2.50 per home per month. This is part of the long term strategy to reduce the transfers to other funds and to rely more on user fees to pay for certain services. Please see the Environmental Fund summary for details.	(Decrease)

The following operating capital outlay items are included in the recommended FY 2015 Budget. These are smaller projects/purchases and not included in the larger Capital Improvement Plan.

\$272,040	<i>Nine (9) police patrol vehicles (Ford Taurus \$30,222 each) including striping, cameras and radar guns.</i> Twenty (20) were requested by the Police Department. The FY 2014 Budget included (7) seven vehicles.
\$60,000	<i>Equipment for replacement Fire Engine F706.</i> This is equipment for an engine that is planned to be ordered in FY 2015 and put into operation; but debt service will not begin until FY 2016. The equipment needs to be ordered in FY 2015 to put the engine into service this coming year. The equipment will not be ordered until the engine order is authorized. This engine is included in the adopted Capital Improvement Plan.
43,000	<i>Fire Department replacement equipment.</i> This is funding for items that need replacement every 5-10 years. Some of this equipment is 10-20 years old. Examples include fire hose nozzles, jaws of life, and thermal cameras. The Fire Department will prioritize these items based on pricing and the budget limits.
\$25,000	<i>Replace Parks and Recreation Department F150 Truck.</i> This is a 2000 model with 111,000 miles experiencing maintenance issues.

General Fund Expenditures - Capital

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

\$920,000	<i>Debt Service for Construction of new Municipal Building/Police Headquarters Building.</i> The design and bidding stage are completed in May 2014, the same month the construction phase begins. Unfortunately the unfavorable bidding climate has increased the costs for the project over the past few months. The cost is more than \$30,000,000 as of this writing. This will need to be resolved as part of the FY 2016 Budget, probably through the use of Water and Sewer revenues. The project will be completed in September/October 2015. The 20-year debt service obligations will begin in FY 2015.
\$76,200	<i>Local match for NCDOT Sidewalk Projects.</i> Funding for the City's financial responsibility for two sidewalk projects: Highway 73 (part of the I-85 interchange work) and Little Texas Road.
\$77,250	<i>Replace S-52 Flail Mower.</i> Replacing this mower will allow for a doubling of the mowing rotation because of the safety requirements that currently limit the hours of work on the existing open cab flail mower to only be used 3 ½ hours per day, regardless of the use of hearing protection. The existing mower has 10,080 hours of usage on the motor. The enclosed cab would allow the operator to mow a continuous 8 hours per day. We evaluated adding a cab to the existing mower that is currently 13-years old but there were no manufacturers willing to guarantee an aftermarket cab addition that would meet the OSHA hearing conservation requirements.
\$77,000	<i>Replace Skid Steer Loader.</i> The existing John Deere Skid Steer used for asphalt repairs is 18-years old, has 10,056 hours of usage on motor and is experiencing major problems with the hydraulic drive motor. The skid steer also needs repairs to the pin and yokes for the bucket, hydraulic line replacement and the engine rebuilt due to compression loss. The estimated repair cost to the drive motor, hydraulics, pins/yoke for bucket and an engine rebuild is approximately \$25,000. The estimated value of the machine, if all above mentioned items were repaired, is less than \$10,000.
\$46,280	<i>Replace S-6 Patch Truck.</i> The existing patch truck is 20-years old and currently needs the following repairs: engine replacement as well as significant repairs to the hydraulic auger system that discharges asphalt and the hydraulic tack oil supply that discharges tack. The total cost of engine replacement and repair of hydraulic systems is estimated at over \$30,000.

General Fund Debt Service

The FY 2015 Budget includes an additional \$925,000 in General Fund debt service to cover the first year debt service on Limited Obligation Bonds for the new Municipal Building and Police Headquarters. It will increase to \$1,606,750 in FY 2016 when most of the principal becomes part of the obligation and the payment will again increase slightly in FY 2017 to \$2,213,150. The debt term is projected to be 20 years at 4.25% interest. The bonds will be issued in late July 2014.

It is important to note that these numbers will increase as Municipal Building/Police Headquarters costs increase with the unfavorable bidding climate we are in presently. One solution however is to use the water and sewer fund to cover some or all of these cost differences. This is very justifiable due to the amount of water and sewer related activities what will occur in the new building (Customer Service, Public Works Administration, Finance, City Manager's Office, Planning, Engineering, and Economic Development)

General Fund - Fund Balance

The General Fund available fund balance at June 30, 2014 is estimated to be approximately \$6,850,000 or 23.3% of the estimated FY 2014 General Fund expenditures. This is up from 20.01% at the end of FY 2013 and up from 14.90% at the end of FY 2012. This amount is also the highest fund balance percentage in more than a decade. The 10-year financial plan sets a target of at least 25% fund balance but the Plan recognizes that this goal will take several years to achieve – but this target is very close to being met in FY 2015.

2 | Water and Sewer Fund

For more information please see page 81 of the FY 2015 Budget document.

Water and Sewer Fund Revenues

The proposed FY 2015 Water and Sewer Budget is \$14,909,821, which represents a small 1.11% increase from the current year budget (\$162,985 actual increase). By comparison, the FY 2014 increase from FY 2013 was 10.3% (\$1,376,836).

In keeping with the 10-year Financial Plan no water or sewer rate increases are recommended in the FY 2015 Budget. The projected FY 2015 revenue increase in the Water and Sewer Fund is attributable to growth in the system and more accurate water meter readings with the installation of the new meters city-wide.

The wholesale sewer treatment and sewer collection rates from the Water and Sewer Authority of Cabarrus County (WSACC) are proposed to remain unchanged from the current fiscal year.

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

Charge	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	Proposed FY 15
Variable Water Rate	\$5.40	\$5.40	\$5.40	\$5.40	\$5.40	\$5.40	\$5.75	\$5.75
Variable Sewer Rate	\$5.30	\$5.30	\$5.30	\$5.30	\$5.30	\$5.30	\$5.65	\$5.65
Fixed Water Charge	\$3.30	\$3.30	\$3.30	\$4.65	\$6.00	\$6.00	\$6.95	\$6.95
Fixed Sewer Charge	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80

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

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

Proposed Monthly Impact by Usage (Tier One; Water and Sewer combined; All Rates and Charges)

Usage	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	Proposed FY 15	FY 14 to FY 15 % Change	FY 14 to FY 15 Actual \$ Change
2000 gallons	\$28.50	\$28.50	\$28.50	29.85	\$31.20	\$31.20	\$33.50	\$33.50	+ 0%	+ \$0
4000 gallons	\$49.90	\$49.90	\$49.90	51.25	\$52.60	\$52.60	\$55.50	\$55.50	+ 0%	+ \$0
5000 gallons	\$60.60	\$60.60	\$60.60	61.95	\$63.30	\$63.30	\$66.50	\$66.50	+ 0%	+ \$0

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

Water and Sewer Fund Expenditures – Personnel

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

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

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

The Water Resources Division currently maintains 318 miles of water lines, 325 miles of sewer pipelines, three flume stations and fifteen wastewater lift stations. The City presently serves approximately 17,500 water and sewer customers. The City water system is comprised of 300 miles of waterlines, 2 raw water pump stations, 1,662 fire hydrants and 4 major water system interconnections. The sanitary sewer system is comprised of 325 miles of sewer pipelines, 50 miles of outfall right-of-ways and 15 sewer lift stations. The State requires that 10% of our sewer systems be cleaned annually that is increasingly difficult to meet those requirements with limited staff.

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

hydrant inspection; fire hydrant maintenance that would include lubrication, flushing, painting and extensions (to raise hydrant to grade).

No new positions are recommended for FY 2015 in the Water and Sewer Fund. In FY 2014 three new positions were added (two new Construction Maintenance Worker positions and one Jet Vac Operator position).

Not Funded: Four (4) Water and Sewer positions (with a total budget impact of \$138,288) were requested but are not included in the recommended FY 2015 Budget. These requests were all certainly justifiable but budget limitations prevent their inclusion.

Water and Sewer Fund Position Requested	Department/ Division	Salary + Benefits
Maintenance Technician I	Distribution	\$38,442
Maintenance Technician I	Distribution	\$38,442
Construction Maintenance Wkr. I	Distribution	\$30,702
Construction Maintenance Wkr. I	Distribution	\$30,702
Total Salary and Benefits		\$138,288

Water and Sewer Fund Expenditures – Operating

The following is a summary of some of the key operating expenditures in the Water and Sewer Department. There is not a tremendous amount of change in the operations budget for FY 2015.

\$52,500	<i>General Management Services.</i> As stipulated in the 10-year Financial Plan the Water & Sewer Fund will transfer \$1,102,500 to the General Fund for a General Management Fee (to cover General Fund Costs to support the Water and Sewer Fund). This transfer is increasing slightly (\$5%).	Increase
(\$101,823)	<i>Transfer to Other Funds.</i> As stipulated in the 10-year Financial Plan the Water & Sewer Fund will transfer \$623,177 to the Environmental Fund and \$125,000 to the Stormwater Fund. This total transfer (\$748,177) is 12% lower than the transfer in FY 2014. The decrease is directly related to the recommended increase in the Stormwater Fee.	(Decrease)
\$92,621	<i>Increase in personnel cost in Billing and Collections.</i> This is attributed mostly to the transfer of the Director of Revenue (Customer Service Manager) to the Water and Sewer Fund from the General Fund where the position belongs.	Increase
\$600,000	<i>Bulk Water Purchase from the City of Albemarle.</i> This is	Increase

	the required minimum purchase per the Concord-Kannapolis-Albemarle agreements related to the construction of the Albemarle Waterline. This purchase will be a long term purchase.	
\$666,176	<i>Bulk Water Purchases from the City of Salisbury.</i> This is the required minimum purchase per the Kannapolis-Rowan- Salisbury-China Gove-Landis agreements for the construction of the South Rowan Waterline. This payment ends in FY 2018 (3 more years).	Maintain

Water and Sewer Fund Expenditures - Capital

Several smaller capital projects are included in the recommended FY 2015 Budget. Generally, these are smaller projects not included in the Capital Improvement Plan. They are as listed below. It is expected that these projects will be funded entirely with cash (no debt service).

\$84,000	<i>Telemetry System upgrades.</i> Current radio equipment at the elevated tanks and Lake Howell pumping stations were installed in 2003 along with the plant upgrade and SCADA installation. Current equipment is now obsolete and not supported by the manufacturer making it difficult to obtain parts which are somewhat expensive. This upgrade includes adding telemetry at interconnections with Concord and Landis systems that are currently in place.	System Improvements
\$75,000	<i>Water Treatment Plant Roof Replacement.</i> Repair and rehabilitation of the existing roofing at the WTP including the main building and pump house. In 2003, the WTP building addition did receive new roofing, but the older parts of the building were not rehabbed. Since that time multiple leaks have surfaced that we have attempted to repair. With extensive repairs needed, a roofing professional was consulted to make appropriate repairs to prevent damage to the facility.	Repairs & Maintenance
\$40,000	<i>Replace WTP-3 Truck.</i> The existing 1998 Chevy pickup is used by pump crews for facility maintenance and has over 200K miles with numerous mechanical problems. The past year, we have spent \$2,100 on repairs. The new replacement 4x4 vehicle will provide the maintenance crew a more reliable vehicle that has lockable tool storage to secure equipment.	Replacement
\$40,000	<i>Replace Tepid Water Safety Showers.</i> Update hot water system	Replacement

	and plumbing to deliver tepid water to all 8 safety shower/eye wash fixtures in the Water Treatment Plant facility. Currently, none of the safety showers at the WTP are up to the ANSI standard for tepid (warm) water. Though all of the safety shower stations are working properly, they were installed just before the ANSI standard was updated to include the tepid water recommendation. Due to the possibility of being sprayed with corrosive chemicals at the plant, delaying this update could result in furthering someone's injuries if the safety shower they use is not up to ANSI standards.	
\$18,000	<i>Replace Air Compressor.</i> The existing Air Compressor is 22-years old and is past its useful life. Construction crews consistently have to work on the unit to get started. It uses oil and it will not produce the required air pressure to operate our sewer hog.	System Improvement
\$65,000	<i>Replace a Backhoe.</i> The existing Ford 555 backhoe is 18-years old with numerous mechanical problems. The hydraulic system, on this piece of equipment, has a lack of power making it unsuitable for daily operations. It needs the replacement of bushings, hydraulic lines, and engine rebuild. The estimated cost of repairing items is over \$10,000; which is in addition to \$4,000 that has been spent this year to keep it operational.	System Improvement
\$32,960	<i>Replace a Forklift for PWOC Warehouse.</i> The existing forklift is currently 17-years old with approximately 14,444 hours on the motor. Typical life expectancy on this type of equipment is 10,000 to 15,000 hours. The existing forklift has a load capacity of 4,000 lbs. that is below the departmental need to lift loads over 7,500 lbs.	System Improvement
\$88,269	<i>Purchase a portable Generator.</i> This new generator will be utilized to provide emergency power to 6 of the smaller pump stations that do not have backup generators. This generator will also provide emergency power to meet the demands of the new water pump station that will supply water from Albemarle through Concord.	System Improvement
\$17,300	<i>Replace 6 Telemetric units with SCADA.</i> During the last fiscal year the City's Lift Station Crew responded to 108 alarms which included power outages, high water and pump failures. The existing system is web-based but does not provide us real-time information which sometimes results in sanitary sewer	System Improvement

	overflow. The proposed SCADA system by Generating Solutions will provide enhanced notification thereby reducing the potential for wastewater overflow. The proposed system documents various functions of the station and generates reports to better evaluate overall performance.	
\$7,000	<i>Upgrade Pump Station Actuator.</i> Purchase and installation of 3 electric actuators to open and close high service pump valves to replace old pneumatic units that are currently in need of repair and/or replacement. The existing pneumatic units are over 10-years old and require numerous other apparatus to operate as opposed to the electric actuators. Estimated cost of repair per unit is approximately \$3,000 each	System Improvement

Water and Sewer Fund Debt Service

No new debt is included in the recommended FY 2015 Budget. The total Water and Sewer Debt will be approximately \$3,988,128, essentially the same as the debt included in the FY 2014 Budget. Most of this debt has a remaining term of 10 years or more.

3 | Environmental Fund

For more information please see page 99 of the FY 2014 Budget document.

Environmental Fund Revenues

The proposed FY 2015 Environmental Fund Budget is \$3,565,177, which represents a 0.15% increase from the current FY 2014 year budget (\$5,177 actual). FY 2013 was the first year of the consolidation of all environmental services into a stand-alone fund.

Per the 10-year Financial Plan, a \$2.50 per home/per month increase in the household solid waste fee is recommended. This will result in a new total monthly fee of \$9.35 per home. With this increase, it is projected that \$1,616,000 of the Environmental Fund revenues will be generated from user fees. This is an increase of \$326,000 from the FY 2014 Budget. \$1,300,000 (decreased from \$1,670,000 in FY 2014) will come in the form of a transfer from the General Fund. \$623,177 (essentially the same as FY 2014) will come via a transfer from the Water & Sewer Fund.

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

Environmental Fund Expenditures – Personnel

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

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

Environmental Fund Expenditures – Operating

The recently extended contract with Waste Management, Inc. provides for a 1.5% Consumer Price Index increase for all three services (solid waste, recycling, and yard waste). The new contract cost per household is \$13.04 (increased from \$12.55 in FY 2014). This fee is broken out as follows: solid waste \$5.58; bulk solid waste \$1.58; recycling \$1.88 and yard waste \$4.00).

Yard waste service cost has increased by \$50,095 due to the increased cost of the new, stable, long term yard waste disposal agreement with Agromatters, Inc. The direct increased cost for the Agromatters agreement is \$67,500. Recycling and solid waste costs have decreased (less \$5,548 and \$14,706 respectively).

Environmental Fund Expenditures – Capital

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

Environmental Fund Debt Service

There is no new Environmental Fund debt service added to the recommended FY2015 Budget. The only debt currently included in this fund was for the 2011 recycling cart purchases (\$175,929 annual payment). This debt expires after FY 2016.

4 | Stormwater Fund

For more information please see page 94 of the FY 2015 Budget document.

Stormwater Fund Revenues

The proposed FY 2015 Stormwater Fund Budget is \$1,991,536, which represents a 0.92 decrease from the current year budget (less \$18,464 actual). By comparison, the FY 2014 budget increase from FY 2013 was 1.82% (\$35,900 actual).

The Stormwater Fund Budget includes a planned 8.3% rate increase as follows:

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

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

This is the third of four annual rate increases stipulated by the 10-year financial model. This rate increase, coupled with system growth is expected to generate \$106,536 in new revenue. However, in keeping with the Financial Plan, the transfer from the Water and Sewer Fund to the Stormwater Fund is proposed to decrease by \$125,000. This transfer will be completely eliminated upon the completion of the fourth consecutive rate increase in FY 2016. Any rate increases beyond 2016 will be related to new projects or services.

Stormwater Fund Expenditures – Personnel

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

Not Funded: Four (4) Stormwater positions (with a total budget impact of \$122,796) were requested but are not included in the recommended FY 2015 Budget. These requests were all certainly justifiable but budget limitations prevent their inclusion.

Stormwater Fund Position Requested	Department/ Division	Salary + Benefits
Construction Maintenance Worker I	Stormwater	\$30,699
Construction Maintenance Worker I	Stormwater	\$30,699
Construction Maintenance Worker I	Stormwater	\$30,699
Construction Maintenance Worker I	Stormwater	\$30,699
Total Salary and Benefits		\$122,796

Stormwater Fund Expenditures – Operating

\$35,000	<i>Professional Services to assist the City in compliance with on-going Federal Phase 2 Stormwater Regulations. This program has been slowly expanded over the past several years to keep pace with the requirements of the City’s Federal Phase II permit.</i>	Increase
Misc.	There are several reallocations due to the implementation of Munis financial software. These appear as increases or decreases but are bottom-line neutral changes.	Maintain
\$205,108	<i>Planned transfer to the General Fund (General Management Services Fee). The transfer in FY 14 was \$197,219. The 10-year Financial Plan called for 5% increases each year but this was scaled back to 4% to ease the pressure on Stormwater Fund.</i>	Increase

Stormwater Fund Expenditures - Capital

There are no new stormwater capital improvement projects planned for FY 2015. The next major capital improvement project is not slated until FY 2019. The FY 2015 Budget does include one capital outlay item: the replacement of a 1997 street sweeper (\$252,000; first year debt service will be \$56,700).

Stormwater Fund Debt Service

Total debt service in the Stormwater Fund is projected to be \$666,483 a slight decrease of \$14,675 from FY 2014.

5 | Public Transit Fund

For more information please see page 105 of the FY 2015 Budget document.

Public Transit Fund Revenues

The proposed FY 2015 Public Transit Fund Budget is \$470,926, which represents no change from the current year budget. By comparison, the FY 2014 budget increase from FY 2013 was 4.82% (\$21,663 actual). Revenues in this Fund come from two sources: \$163,000 from the \$5 vehicle tax and a \$307,926 transfer from the General Fund.

Public Transit Fund Expenditures – Personnel

The Public Transit Fund is exclusively a service contract oriented fund. As such, there is no direct funding by the City for personnel.

Public Transit Fund Expenditures – Operating

The full amount of the Public Transit System fund (\$470,926) is projected to be spent on contracted services, mostly through the City of Concord as the Transit System's lead agency. There are no major new operating expenses. The cost of the City's share of the Rowan Express service is also included.

Public Transit Fund Expenditures - Capital

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

Public Transit Fund Debt Service

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

6 | Separation Pay Fund

For more information please see page 108 of the FY 2015 Budget document.

Public Transit Fund Revenues

The proposed FY 2015 Separation Pay Fund Budget is \$302,000, which represents a 7.4% increase from the current year budget (\$20,800 actual). By comparison, the FY 2014 budget increase from FY 2013 was 4.4% (\$12,000 actual). All revenues in this fund are provided by a transfer from the City's General Fund.

Public Transit Fund Expenditures – Personnel

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

Public Transit Fund Expenditures – Operating

The full amount of the Separation Pay Fund is projected to be spent on separation pay obligations for retired City employees. The increase of \$20,800 is anticipation of a *net* increase of four employees projected to retire during FY 2015. Twenty six (26) former employees currently receive separation pay benefits.

Public Transit Fund Expenditures - Capital

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

Public Transit Fund Debt Service

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

CITY OF KANNAPOLIS FINANCIAL POLICIES

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

Operating Budget Policies

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

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

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

Investment Policy

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

Reserve Policy

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

Debt Policy

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

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

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

Capital Improvement Policy

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

BUDGET PROCESS

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

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

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

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

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

FORMULATE HISTORICAL DATA

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

PREPARATION OF DEPARTMENTAL REQUEST

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

CONSOLIDATE PRELIMINARY BUDGET

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

EVALUATE SERVICE PRIORITIES AND OBJECTIVES

The evaluation of service priorities and objectives is an important step in developing a fiscal plan which will achieve the City's program of service for the ensuing year. The budget document should reflect the service priorities of the governing body and citizens of Kannapolis. The service needs of the community are determined by the 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.

BUDGET PREPARATION CALENDAR FISCAL YEAR 2013-2014
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11-4-13 (Mon.)	Personnel & C.I.P. Request Forms are distributed to Department Heads
11-29-13 (Fri.)	New Capital Project requests due to Deputy City Manager for consideration & inclusion in the city's 10 year C.I.P
12-31-13 (Tue.)	All Adjustments to C.I.P, Financial Forecast, & Rate Model completed
12-31-13 (Tue.)	Requests for new personnel, reclassifications, & re-instated positions are to the Deputy City Manager & H.R. Director
1-13-14 (Mon.)	Budget dateline is given to the City Council in open session.
1-31-14 (Fri.)	Department Heads receive operations budget request forms.
1-31-14 (Fri.)	Financial Impact Analysis on new personnel requests due to Deputy City Manager & Finance Director from the Human Resource Director. Personnel cost projections for existing employees also due.
2-28-14 (Fri.)	Deputy City Manager receives operations budget requests from Department Heads. Debt Service requirements are due to Deputy City Manager from Finance Director.
3-5 & 6-14 (3 rd Mon.) or 3-19 & 20	City Council holds budget retreat: Discusses revenue projections, service options, fee structures, staffing levels, debt structure, and proposed C.I.P. projects.
3-3 – 4-30	Preliminary Budget is prepared by staff.
5-1-14 (Thur.)	Preliminary Budget is made available for public review.
5-12-14	Preliminary Budget is submitted to City Council in open session. City Council holds the first Public Hearing on the proposed budget.
5-19-14 (3 rd Mon.)	City Council holds 2 nd budget workshop. Discusses and finalizes revenues, personnel, and operations costs, as well as finalizes debt structure and C.I.P. projects
5-20 – 5-30	City staff makes final revisions to the budget
6-9-14	City Council holds the second Public Hearing on the proposed budget.
6-9-14	City Council adopts the 2013 - 2014 fiscal year budget ordinance, and fee schedule for the City of Kannapolis.
6-15 – 6-30	Final Budget Document completed by City Staff

BASIS OF BUDGETING

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

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

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

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

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

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

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

The **Environmental Fund** is 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 budget for the General Fund funds is adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP), specifically the modified accrual basis. Budgets for the Water and Sewer Fund and the Stormwater Fund are adopted on a basis consistent with GAAP, specifically the accrual basis, except that bond proceeds and contributed capital are not included in the annual budget, bond principal payments and additions to fixed assets are treated as expenditures, depreciation expense is not budgeted, and no accruals are made for interest expense and vacation pay. The Separation Pay Fund and the Transit Fund are budgeted on a modified

accrual basis. The City's Annual Financial Statements present data for all funds on the accrual basis in the Government wide statements. Budget to Actual presentations in the Annual Financial Statements are presented as stated above for adopted budgets.

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

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

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

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

The major expenditures by function are shown as follows:

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

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

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

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

**CITY OF KANNAPOLIS
REVENUE ASSUMPTIONS**

Certain methods, techniques and approaches have been used to aid the City in estimating future revenues. By analyzing current trends and their underlying forces, the City can make realistic projections of revenues. The following are some assumptions concerning revenues estimated in the City of Kannapolis 2014-2015 Budget.

REVENUES

FORECAST RATIONALE

Ad Valorem Taxes

Property valuations are established by the County Tax Assessor. The City of Kannapolis is located in two (2) counties, Rowan and Cabarrus and the property values are set by each respective County Tax Assessor. Projections of \$3,546,893,759 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 60.0 cents by City Council. The estimated collection percentage is 97%. The collection remained level from last year's 97%. The prior year tax budget amount is based upon previous historical trends. **Estimate – General Fund – Current year tax - \$20,642,940; prior year tax - \$343,375.**

Utility Tax

The City shares in the taxes levied by the State on various utilities. Revenues are based on estimated receipts from the N.C. Department of Revenue and historical models. Each city's share is based on the actual receipts from electric, telephone, and natural gas services and cable TV within their municipal boundaries, as a proportion of total state-wide receipts except for cable TV which is paid directly to the City by the cable company, Time Warner Cable. Any significant local rate increases or decreases approved during the year will cause receipts to change. **Appropriation – General Fund - \$1,850,000.**

Beer & Wine Tax

The State levies a tax shared by the City on wholesale sales of both beer and wine. Revenue estimates were established based on estimated receipts for the current year along with historical trends. **Estimate – General Fund \$185,000.**

Powell Bill

One and three quarters ($1\frac{3}{4}$) cents per gallon of the State gasoline tax is distributed to municipalities to be earmarked for street construction and maintenance. Seventy five percent (75%) is based on per capita and the remaining twenty five percent (25%) is based on number of miles of streets maintained. The State provides the estimated value to place on each. Using this formula, 223.8 miles of street times \$1,640 and 43,000 population times \$20.71 equals the **Estimate – Powell Bill revenues \$1,265,000.**

REVENUES

FORECAST RATIONALE

Local Option Sale Tax

Revenue projections are based on anticipated retail sales and historical trends. State G.S. 105, Article 39 or 1% rate was established whereby counties and municipalities receive the net proceeds of the tax collections within the county less the cost to the State of collecting and administering the tax (point of sale). The net proceeds are distributed based on a per capita basis in Rowan County and an ad-valorem tax basis in Cabarrus County. The *Per Capita Basis* is calculated based on the ratio of the City's population to the sum of the total population of the taxing county and all the cities within the county. The *Ad-Valorem Basis* is calculated in a similar manner except that the total property tax levy is used in place of population. G.S. 105, Article 40 or ½ of 1% rate and G.S. 105, Article 42 or ½ of 1% was established with net proceeds placed in a State wide pool. Net proceeds are distributed on a per capita and ad-valorem tax basis. Staff is recommending a 5.4% increase from the FY2014 budget amount based on State estimates provided by the North Carolina League of Municipalities (NCLM). **Estimate –General Fund \$6,490,000**

Investment Income

Investment or interest income revenues are projected on the basis of estimated average available cash balances at an anticipated realistic rate of return. **Estimate General Fund \$105,000; Water & Sewer Fund \$3,500.**

Planning and Zoning Fees

Projections are based on comparisons of past operating data and consideration for a slow recovering housing activity. **Estimate – General Fund \$125,000.**

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 \$30,000**

Vehicle License Tax

The City receives \$15.00 per vehicle (\$10.00 for the General Fund and \$5.00 for the Transit Fund) located in the City and required by the State to register for a license plate. Projections are based on comparisons of past operating data. **Estimate – General Fund \$307,926; Transit Fund \$163,000.**

REVENUES

Street Lighting Fees and Charges

FORECAST RATIONALE

Projections are based on estimates provided by Duke Energy and prior year data. **Estimate – General Fund \$20,000.**

City Code Violation Revenues

Projections are based on comparisons of past operating data. **Estimate – General Fund \$25,000.**

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 \$95,000; Building Rental \$3,000.**

Fire Fees and Charges

Projections are based on historical data of inspections of commercial development done prior to the fee being implemented. **Estimate – General Fund \$21,000. (Fire - Technical Services charges and fees)**

Police Officer Court Cost Reimbursements

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

Transfers from Other Funds

Charges for services by the General Fund to the Water and Sewer Fund and the Stormwater Fund within the City. Funding is projected by estimating cost of services provided on historical trend information. **Estimate – General Fund \$1,307,608**

Water and Sewer Charges

Proceeds are from the sale of treated water both retail and wholesale and retail charges for wastewater disposal service through their respective distribution and disposal systems. Revenue estimates are based on historical user trends of consumption times the rates charged to customers. **Estimate – Water and Sewer Fund – Retail \$13,585,321; Wholesale \$325,000.**

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 \$435,000.**

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 \$385,000.**

Business Privilege License Tax

All non-exempt businesses in the City are required to pay this tax based on gross receipts and/or amounts set under State statutes. Revenue estimates are based on approximation of taxes to be collected by the City in FY2013. **Estimate – General Fund \$84,000.**

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 \$0**

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 \$1,943,386.**

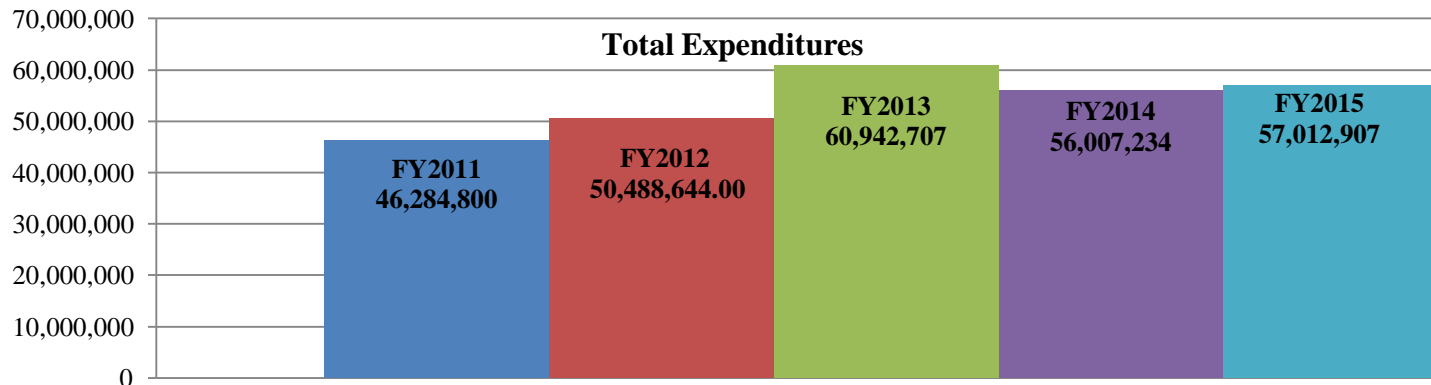
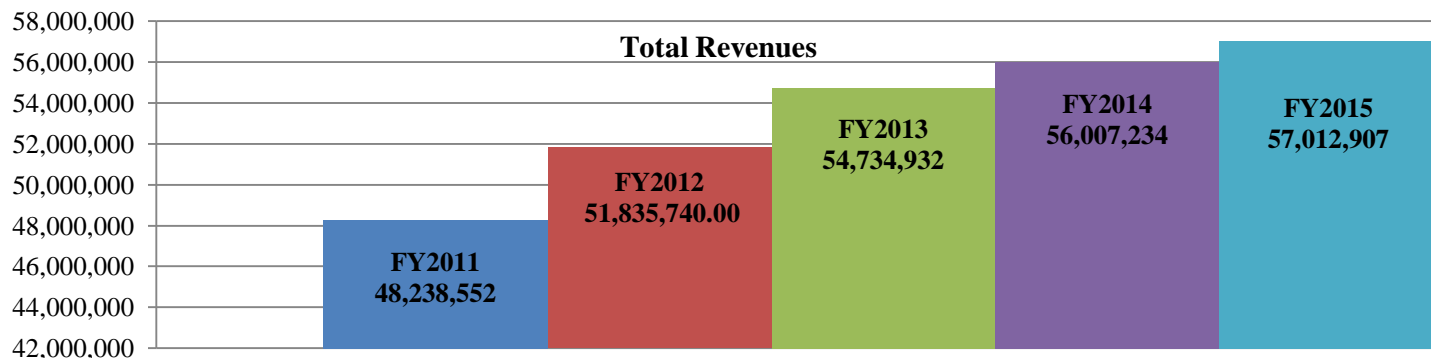
Community Development Block Grant Reimbursement

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

**CITY OF KANNAPOLIS
CONSOLIDATED BUDGET SUMMARIES**

REVENUES	ACTUAL FY2012	ACTUAL FY2013	BUDGET FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
GENERAL FUND	34,792,816	34,541,146	34,937,472	35,772,647	35,772,647
ENTERPRISE (WATER & SEWER FUND)	13,662,522	14,223,876	14,746,836	14,909,821	14,909,821
STORMWATER FUND	2,012,971	1,940,544	2,010,000	1,991,536	1,991,536
SEPARATION PAY FUND	267,810	270,000	282,000	302,800	302,800
TRANSIT FUND	401,391	444,634	470,926	470,926	470,926
ENVIRONMENTAL FUND	698,230	3,314,732	3,560,000	3,565,177	3,565,177
TOTAL REVENUES	51,835,740	54,734,932	56,007,234	57,012,907	57,012,907
LESS INTER-FUND TRANSFERS	-	3,366,699	4,167,891	3,966,511	3,966,511
GRAND TOTAL REVENUES	51,835,740	51,368,233	51,839,343	53,046,396	53,046,396

EXPENDITURES	ACTUAL FY2012	ACTUAL FY2013	BUDGET FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
GENERAL FUND	34,225,199	41,600,726	34,937,472	35,772,647	35,772,647
WATER & SEWER FUND	13,072,031	12,724,632	14,746,836	14,909,821	14,909,821
STORMWATER FUND	1,929,776	1,949,112	2,010,000	1,991,536	1,991,536
SEPARATION PAY FUND	273,828	280,429	282,000	302,800	302,800
TRANSIT FUND	402,084	419,776	470,926	470,926	470,926
ENVIRONMENTAL FUND	585,726	3,968,032	3,560,000	3,565,177	3,565,177
GRAND TOTAL EXPENDITURES	50,488,644	60,942,707	56,007,234	57,012,907	57,012,907

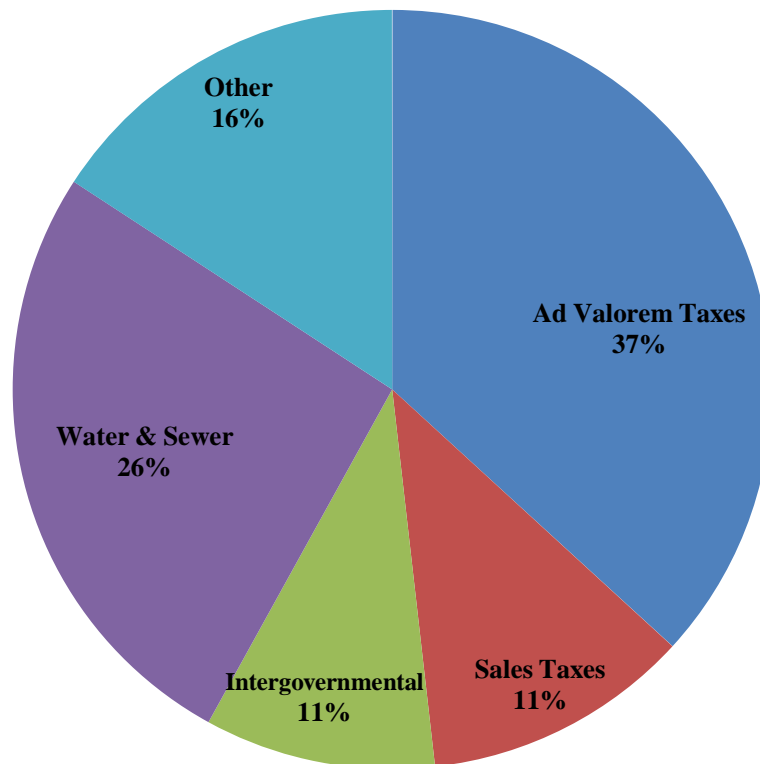


**CITY OF KANNAPOLIS
FY2015 CONSOLIDATED BUDGET SUMMARIES**

	FY2015 GENERAL FUND BUDGET	FY2015 WATER & SEWER FUND BUDGET	FY2015 STORMWATE R FUND BUDGET	FY2015 SEPARATION PAY BUDGET	FY2015 STADIUM FUND BUDGET	FY 2015 ENVIRONMENTAL FUND BUDGET	FY2015 TRANSIT FUND BUDGET	FY2015 TOTAL ALL FUNDS
SOURCES OF FUNDS								
AD VALOREM TAXES	20,986,315	-	-	-	-	-	-	20,986,315
SALES TAXES	6,490,000	-	-	-	-	-	-	6,490,000
INTERGOVERNMENTAL	5,613,386	-	-	-	-	-	-	5,613,386
INVESTMENT INCOME	105,000	3,500	-	-	-	-	-	108,500
OTHER	2,236,946	396,000	125,000	302,800	-	1,949,177	-	5,009,923
CHARGES FOR SERVICES	-	13,910,321	1,866,536	-	-	1,616,000	307,926	17,700,783
TAP FEES & CONNECTION FEES	-	600,000	-	-	-	-	-	600,000
VEHICLE LICENSE TAX	306,000	-	-	-	-	-	-	306,000
FUND BALANCE APPROPRIATION	35,000	-	-	-	-	-	163,000	198,000
TOTAL SOURCES	35,772,647	14,909,821	1,991,536	302,800	-	3,565,177	470,296	57,012,907
USES OF FUNDS								
GENERAL GOVERNMENT	3,929,216	-	-	-	-	-	-	3,929,216
COUMMUNITY DEVELOPMENT	759,345	-	-	-	-	-	-	759,345
PUBLIC SAFETY	13,985,134	-	-	-	-	-	-	13,985,134
PARKS AND RECREATION	1,731,669	-	-	-	-	-	-	1,731,669
PUBLIC WORKS	3,871,462	-	-	-	-	-	-	3,871,462
OTHER	3,502,995	-	1,866,536	302,800	-	1,642,000	163,000	7,477,331
DEBT SERVICE	6,059,562	3,988,128	-	-	-	-	-	10,047,690
BILLING AND COLLECTION	-	709,509	-	-	-	-	-	709,509
DISTRIBUTION	-	2,612,381	-	-	-	-	-	2,612,381
SEWAGE TREATMENT	-	2,727,984	-	-	-	-	-	2,727,984
FILTER PLANT	-	3,021,142	-	-	-	-	-	3,021,142
TRANSFER TO OTHER FUNDS	1,933,264	1,850,677	125,000	-	-	1,923,177	307,926	6,140,044
TOTAL USES	35,772,647	14,909,821	1,991,536	302,800	-	3,565,177	470,296	57,012,907

**CITY OF KANNAPOLIS
REVENUE SUMMARY**

REVENUES	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
AD VALOREM TAXES	19,032,093	19,177,768	19,177,768	20,986,315	20,986,315
SALES TAXES	6,212,206	6,153,000	6,153,000	6,490,000	6,490,000
INTERGOVERNMENTAL OTHER	6,082,330	6,055,432	6,055,432	5,613,386	5,613,386
APPROPRIATED FUND BALANCE	3,214,517	2,691,911	2,691,911	2,647,946	2,647,946
	-	859,361	859,361	35,000	35,000
TOTAL GENERAL FUND	34,541,146	34,937,472	34,937,472	35,772,647	35,772,647
TOTAL STORM WATER FUND	1,940,544	2,010,000	2,010,000	1,991,536	1,991,536
TOTAL WATER & SEWER FUND	14,223,876	14,746,836	14,746,836	14,909,821	14,909,821
TOTAL SEPARATION PAY FUND	270,000	282,000	282,000	302,800	302,800
TOTAL TRANSIT FUND	444,634	470,926	470,926	470,926	470,926
TOTAL ENVIRONMENTAL FUND	3,314,732	3,560,000	3,560,000	3,565,177	3,565,177
<i>LESS INTER-FUND TRANSFERS</i>	<i>3,366,699</i>	<i>4,167,891</i>	<i>4,167,891</i>	<i>3,966,511</i>	<i>3,966,511</i>
GRAND TOTAL ALL FUNDS	51,368,233	51,839,343	51,839,343	53,046,396	53,046,396



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

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

REVENUES	FY 2013	FY 2014	FY 2014	FY 2015	FY 2015
	ACTUALS	BUDGET	PROJECTED BUDGET	MANAGER PROPOSED	ADOPTED
Ad Valorem Taxes- Current Year	18,651,784	18,842,768	18,842,768	20,642,940	20,642,940
Ad Valorem Taxes- Prior Year	380,309	335,000	335,000	343,375	343,375
TOTAL AD VALOREM TAXES	19,032,093	19,177,768	19,177,768	20,986,315	20,986,315
1% Sales Tax (Local)	2,622,933	2,500,000	2,500,000	2,860,000	2,860,000
1/2% Sales Tax (State)	3,589,273	3,553,000	3,553,000	3,630,000	3,630,000
TOTAL SALES TAXES	6,212,206	6,153,000	6,153,000	6,490,000	6,490,000
Fire District Sales Tax	65,190	70,000	70,000	70,000	70,000
Solid Waste Disposal Tax	24,981	29,000	29,000	-	-
Food Stamp Sales Tax	12,640	15,000	15,000	10,000	10,000
Beer And Wine Tax	174,180	195,000	195,000	185,000	185,000
Powell Bill Fund	1,245,717	1,249,000	1,249,000	1,265,000	1,265,000
Utility Taxes	1,840,519	1,800,000	1,800,000	1,850,000	1,850,000
ABC Funds	88,170	52,000	52,000	70,000	70,000
CDBG Administration Revenues	94,707	70,000	70,000	70,000	70,000
Cabarrus County Bond Payments	1,398,632	1,465,804	1,465,804	1,509,503	1,509,503
Build America Bond Subsidy Payments	485,139	447,746	447,746	433,883	433,883
Federal Fire Dept. Grant	652,455	661,882	661,882	150,000	150,000
TOTAL INTERGOVERNMENTAL	6,082,330	6,055,432	6,055,432	5,613,386	5,613,386
Vehicle License Tax	318,830	300,000	300,000	306,000	306,000
Rental Vehicle Sales Tax	4,498	4,500	4,500	4,500	4,500
Business Privilege License	283,830	220,000	220,000	84,000	84,000
Investment Income	104,432	105,000	105,000	105,000	105,000
Fines and Forfeitures	-	-	-	-	-
Officer Court Cost Reimbursement	24,890	24,000	24,000	21,500	21,500
Planning and Zoning Fees	104,020	75,000	75,000	125,000	125,000
Recreation Fees and Charges	237,559	220,000	220,000	235,000	235,000
Recreation Sponsorship Donations	46,796	60,000	60,000	60,000	60,000
Street Lighting Fees and Charges	20,945	25,000	25,000	20,000	20,000
Fire Fees and Charges	34,598	35,000	35,000	21,000	21,000
Police Charges and Fees	57,802	60,338	60,338	60,338	60,338
City Code Violation Revenue	32,414	17,000	17,000	25,000	25,000
Tower Rental	89,281	90,000	90,000	95,000	95,000
Building Rental	2,845	3,000	3,000	3,000	3,000
Reimbursements from Enterprise funds	1,605,173	1,247,219	1,247,219	1,307,608	1,307,608
Proceeds from Debt Financing	-	-	-	-	-
Miscellaneous Revenue	246,604	205,854	205,854	175,000	175,000
TOTAL OTHER	3,214,517	2,691,911	2,691,911	2,647,946	2,647,946
FUND BALANCE APPROPRIATION	-	859,361	859,361	35,000	35,000
TOTAL GENERAL FUND	34,541,146	34,937,472	34,937,472	35,772,647	35,772,647

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

REVENUES	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
CHARGES FOR SERVICES	1,670,889	1,760,000	1,760,000	1,866,536	1,866,536
INTEREST ON INVESTMENTS	-	-	-	-	-
MISCELLANEOUS REVENUE	94,655	-	-	-	-
TRANSFER FROM GENERAL FUND	-	-	-	-	-
TRANSFER FROM WATER AND SEWER FUND	175,000	250,000	250,000	125,000	125,000
FUND BALANCE APPROPRIATION	-	-	-	-	-
TOTAL STORMWATER FUND	1,940,544	2,010,000	2,010,000	1,991,536	1,991,536

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

REVENUES	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
CHARGES FOR WATER & SEWER RETAIL	12,300,934	13,496,836	13,496,836	13,585,321	13,585,321
CHARGES FOR WATER & SEWER WHOLESALE	306,819	300,000	300,000	325,000	325,000
TAP FEES	56,960	60,000	60,000	60,000	60,000
CONNECTION FEES	335,930	325,000	325,000	375,000	375,000
RECONNECTION FEES	169,210	165,000	165,000	165,000	165,000
PENALTIES	360,883	375,000	375,000	385,000	385,000
INVESTMENT INCOME	2,851	15,000	15,000	3,500	3,500
OTHER	690,289	-	-	-	-
MISCELLANEOUS REVENUE	-	10,000	10,000	11,000	11,000
TOTAL WATER & SEWER FUND	14,223,876	14,746,836	14,746,836	14,909,821	14,909,821

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

REVENUES	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
TRANSFER FROM GENERAL FUND	270,000	282,000	282,000	302,800	302,800
INTEREST ON INVESTMENTS	-	-	-	-	-
FUND BALANCE APPROPRIATION	-	-	-	-	-
TOTAL SEPARATION FUND	270,000	282,000	282,000	302,800	302,800

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

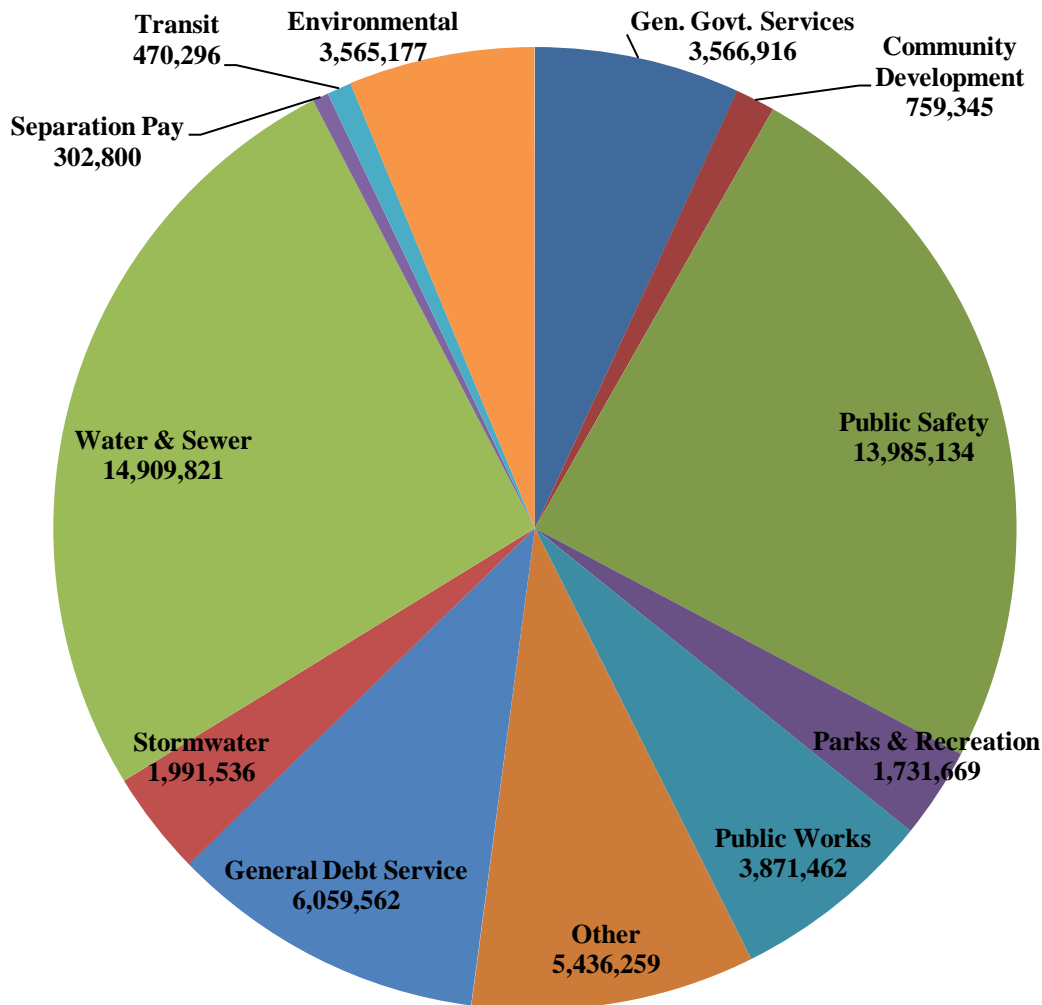
REVENUES	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
VEHICLE LICENSE TAX	159,370	167,137	167,137	163,000	163,000
INTEREST ON INVESTMENTS	-	-	-	-	-
TRANSFER FROM GENERAL FUND	285,264	303,789	303,789	307,926	307,926
TOTAL TRANSIT FUND	444,634	470,926	470,926	470,926	470,926

CITY OF KANNAPOLIS66
REVENUE DETAIL ANALYSIS – ENVIRONMENTAL FUND

REVENUES	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
INCOME FROM FEES	1,264,360	1,290,000	1,290,000	1,616,000	1,616,000
SOLID WASTE DISPOSAL TAX	-	-	-	26,000	26,000
INVESTMENT INCOME	-	-	-	-	-
PROCEEDS FROM DEBT FINANCING	-	-	-	-	-
APPROPRIATED FUND BALANCE	-	-	-	-	-
TRANSFER FROM GENERAL FUND	1,400,000	1,670,000	1,670,000	1,300,000	1,300,000
TRANSFER FROM WATER & SEWER FUND	650,000	600,000	600,000	623,177	623,177
MISCELLANEOUS REVENUE	372	-	-	-	-
TOTAL ENVIRONMENTAL FUND	3,314,732	3,560,000	3,560,000	3,565,177	3,565,177

**CITY OF KANNAPOLIS
EXPENDITURE SUMMARY**

EXPENDITURES	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
GENERAL GOVERNMENT SERVICES	3,451,068	3,449,421	3,449,421	3,929,216	3,929,216
COMMUNITY DEVELOPMENT	751,408	769,345	769,345	759,345	759,345
PUBLIC SAFETY	13,864,473	13,451,589	13,451,589	13,985,134	13,985,134
PARKS AND RECREATION	1,549,358	1,809,504	1,809,504	1,731,669	1,731,669
PUBLIC WORKS	3,087,720	3,874,304	3,874,304	3,871,462	3,871,462
OTHER	7,622,365	6,443,747	6,443,747	5,436,259	5,436,259
GENERAL DEBT SERVICE	11,274,334	5,139,562	5,139,562	6,059,562	6,059,562
TOTAL GENERAL FUND	41,600,726	34,937,472	34,937,472	35,772,647	35,772,647
STORMWATER FUND	1,949,112	2,010,000	2,010,000	1,991,536	1,991,536
WATER & SEWER FUND	12,724,632	14,746,836	14,746,836	14,909,821	14,909,821
SEPARATION PAY FUND	280,429	282,000	282,000	302,800	302,800
TRANSIT FUND	419,776	470,926	470,926	470,926	470,926
ENVIRONMENTAL FUND	3,968,032	3,560,000	3,560,000	3,565,177	3,565,177
GRAND TOTAL ALL FUNDS	60,942,707	56,007,234	56,007,234	57,012,907	57,012,907



**CITY OF KANNAPOLIS
EXPENDITURE DETAIL ANALYSIS**

EXPENDITURES	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
GENERAL FUND					
GOVERNING BODY	108,405	158,223	158,223	127,140	127,140
CITY MANAGER	675,993	685,280	685,280	779,898	779,898
ECONOMIC DEVELOPMENT	448,108	535,638	535,638	579,589	579,589
COMMUNITY RELATIONS AND NON-PROFIT	67,145	186,670	186,670	199,510	199,510
HUMAN RESOURCES	281,204	317,666	317,666	330,626	330,626
LEGAL SERVICES	318,518	280,273	280,823	296,355	296,355
INFORMATION TECHNOLOGY	416,276	414,297	414,297	512,060	512,060
FINANCE	835,699	871,374	871,374	741,738	741,738
GENERAL SERVICES	299,720	473,800	473,800	362,300	362,300
TOTAL GENERAL GOVERNMENT	3,451,068	3,923,221	3,923,221	3,929,216	3,929,216
COMMUNITY DEVELOPMENT					
PLANNING AND ZONING	563,825	571,370	571,370	571,370	571,370
CODE ENFORCEMENT	187,583	197,975	197,975	187,975	187,975
TOTAL COMMUNITY DEVELOPMENT	751,408	769,345	769,345	759,345	759,345
PUBLIC SAFETY					
POLICE	7,490,859	7,515,228	7,515,228	7,795,157	7,795,157
FIRE	6,373,614	5,936,361	5,936,361	6,189,977	6,189,977
TOTAL PUBLIC SAFETY	13,864,473	13,451,589	13,451,589	13,985,134	13,985,134
TOTAL PARKS AND RECREATION	1,549,358	1,809,504	1,809,504	1,731,669	1,731,669
PUBLIC WORKS					
ADMINISTRATION AND ENGINEERING	1,022,878	1,548,001	1,548,001	1,197,142	1,197,142
POWELL BILL – STREETS	1,129,497	1,249,000	1,249,000	1,526,185	1,526,185
STREET LIGHTING	479,157	533,500	533,500	559,000	559,000
TRAFFIC SIGNS AND MARKINGS	258,430	329,799	329,799	339,547	339,547
OPERATIONS CENTER	197,758	214,004	214,004	249,588	249,588
TOTAL PUBLIC WORKS	3,087,720	3,874,304	3,874,304	3,871,462	3,871,462
TOTAL NON-DEPARTMENTAL	4,795,106	3,714,158	3,714,158	3,502,995	3,502,995
TRANSFERS TO OTHER FUNDS	2,827,259	2,255,789	2,255,789	1,933,264	1,933,264
TOTAL DEBT SERVICE	11,274,334	5,139,562	5,139,562	6,059,562	6,059,562
TOTAL GENERAL FUND	41,600,726	34,937,472	34,937,472	35,772,647	35,772,647

CITY OF KANNAPOLIS
EXPENDITURE DETAIL ANALYSIS - *continued*

EXPENDITURES	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
WATER & SEWER FUND					
ADMINISTRATION	-	-	-	-	-
BILILING AND COLLECTION	917,305	607,388	607,388	709,509	709,509
DISTRIBUTION	2,464,527	3,317,413	3,317,413	2,612,381	2,612,381
SEWER TREATMENT	2,693,521	2,712,919	2,712,919	2,727,984	2,727,984
WATER TREATMENT PLANT	1,928,794	2,334,584	2,334,584	3,021,142	3,021,142
GENERAL MANAGEMENT SERVICES	1,019,497	1,050,000	1,050,000	-	-
TRANSFER TO GENERAL FUND	-	-	-	1,102,500	1,102,500
TRANSFER TO OTHER FUNDS	-	850,000	850,000	748,177	748,177
DEBT SERVICES	3,700,988	3,874,532	3,874,532	3,988,128	3,988,128
TOTAL WATER & SEWER	12,724,632	14,746,836	14,746,836	14,909,821	14,909,821
TOTAL STORMWATER FUND					
	1,949,112	2,010,000	2,010,000	1,991,536	1,991,536
TOTAL SEPARATION PAY FUND					
	280,429	282,000	282,000	302,800	302,800
TOTAL TRANSIT FUND					
	419,776	470,926	470,926	470,926	470,926
TOTAL ENVIRONMENTAL FUND					
	3,968,032	3,560,000	3,560,000	3,565,177	3,565,177
TOTAL ALL FUNDS					
	60,942,707	56,007,234	56,007,234	57,012,907	57,012,907

FY2015 BUDGET - COMPARISON OF EXPENDITURES BY FUND BY MAJOR CATEGORY

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

FY2014 BUDGET - COMPARISON OF EXPENDITURES BY FUND BY MAJOR CATEGORY

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

FY2013 BUDGET - COMPARISON OF EXPENDITURES BY FUND BY MAJOR CATEGORY

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

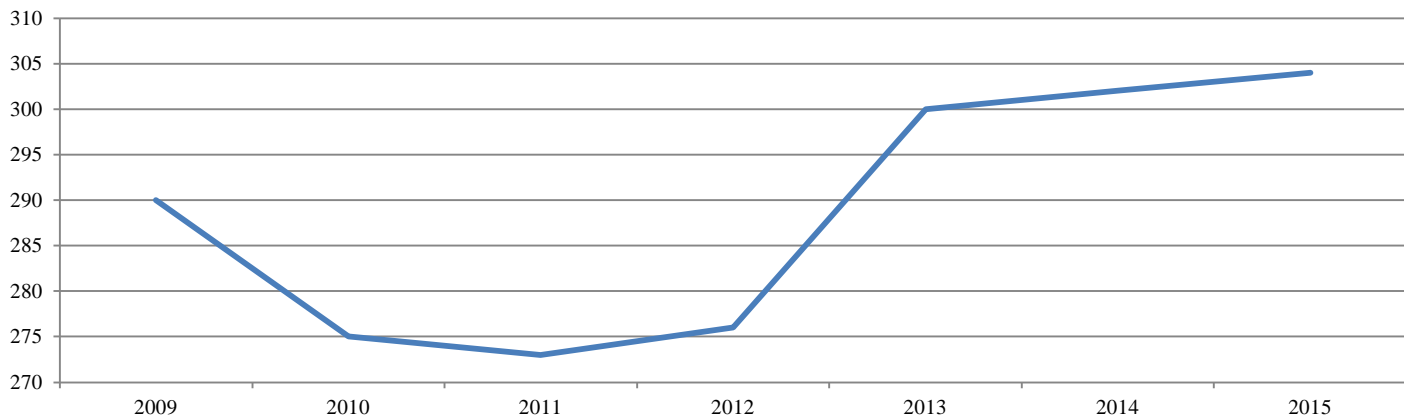
FY2012 BUDGET - COMPARISON OF EXPENDITURES BY FUND BY MAJOR CATEGORY

EXPENDITURES	GENERAL FUND	SEPARATION PAY FUND	TRANSIT FUND	STADIUM FUND	ENVIRONMENTAL FUND	STORMWATER FUND	WATER & SEWER FUND	TOTAL
PERSONNEL	12,341,263	267,900	-	-	-	532,027	1,912,061	15,053,251
OPERATING	18,373,087	-	406,060	70,000	585,726	1,397,749	11,159,970	31,992,592
CAPITAL	3,510,849	-	-	-	-	-	-	-
TOTAL	34,225,199	267,900	406,060	70,000	585,726	1,929,776	13,072,031	47,045,843
POSITIONS	222	-	-	-	-	13	44	276

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

DEPARTMENT	ACTUAL FY2010	ACTUAL FY2011	ACTUAL FY2012	ACTUAL FY2013	ACTUAL FY2014	CHANGE/ ADDITIONS	BUDGET FY2015
GOVERNING BODY	7	7	7	7	7	-	7
CITY MANAGER	5	8	8	8	8	-	8
HUMAN RESOURCES	4	4	4	4	4	-	4
LEGAL SERVICES	0	0	2	2	2	-	2
FINANCE	6	7	7	7	7	-	7
TOTAL GENERAL GOVERNMENT	22	26	28	28	26	-	28
PUBLIC SAFETY							
POLICE	100	108	108	102	103	+1	103
FIRE	57	70	70	85	86	+1	86
TOTAL PUBLIC SAFETY	157	178	178	187	189	2	189
TOTAL PARKS AND RECREATION	9	11	11	11	11	-	11
TOTAL PUBLIC WORKS	20	17	17	17	17	-	17
<i>Including POWELL BILL</i>							
TOTAL GENERAL FUND	218	220	222	243	243	+2	245
TOTAL STORMWATER FUND	12	13	13	13	13	-	13
WATER & SEWER FUND							
BILLING AND COLLECTIONS	11	5	6	7	7	-	7
WATER TREATMENT PLANT	9	10	10	10	10	-	10
DISTRIBUTION	25	28	28	27	28	-	28
TOTAL WATER & SEWER	45	43	44	44	45	-	45
TOTAL SEPERATION PAY	-	-	-	-	-	-	-
TOTAL TRANSIT	-	-	-	-	-	-	-
TOTAL ENVIRONMENTAL	-	-	-	-	1	-	1
TOTAL STADIUM	-	-	-	-	-	-	-
TOTAL ALL FUNDS	275	273	276	300	302	+2	304

Full Time Employees By Year



**CITY OF KANNAPOLIS
CITY DEBT, LEGAL DEBT LIMIT, AND LEGAL DEBT MARGIN FY2015**

GENERAL FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
EXISTING DEBT AT JUNE 30, 2014	41,848,452	2,668,328	2,162,075	4,830,403
NEW PROPOSED DEBT FOR FY2015	28,708,000	98,300	1,130,859	1,229,159
TOTAL GENERAL FUND DEBT	70,556,452	2,709,928	3,092,275	6,059,562

The \$47,528,376 in General Fund Debt is 1.34% of assessed value of property. The legal limit is 8.00%; City policy established a debt limit of 2%.

WATER & SEWER FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
EXISTING DEBT AT JUNE 30, 2014	36,293,700	2,479,874	1,508,254	3,988,128
NEW PROPOSED DEBT FOR FY2015	-	-	-	-
TOTAL WATER & SEWER FUND DEBT	36,293,700	2,479,874	1,508,254	3,988,128

STORMWATER FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
EXISTING DEBT AT JUNE 30, 2014	4,521,074	518,348	91,435	609,783
NEW PROPOSED DEBT FOR FY2015	252,000	50,400	6,300	56,700
TOTAL STORMWATER FUND DEBT	4,773,074	568,748	97,735	666,483

ENVIRONMENTAL FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
EXISTING DEBT AT JUNE 30, 2014	343,228	169,714	6,215	175,929
NEW PROPOSED DEBT FOR FY2015	-	-	-	-
TOTAL ENVIRONMENTAL FUND DEBT	343,228	169,714	6,215	175,929

DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
TOTAL CITY EXISTING DEBT	83,006,454	5,636,262	3,567,979	9,204,241
TOTAL CITY NEW DEBT PROPOSED	28,960,000	92,000	936,500	1,028,500
TOTAL CITY DEBT FOR FY2015	111,966,454	5,728,262	4,504,479	10,232,741

ASSESSED VALUE	\$ 3,546,893,759	Taxable Property for Ad Valorem Tax located in City
LEGAL DEBT LIMIT	\$ 283,751,500	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	\$ 49,706,249	Note: The City's Revenue Bonds and Water Debt are excluded from this calculation.
CITY LEGAL DEBT MARGIN	\$ 234,045,251	

**CITY OF KANNAPOLIS
 FUND BALANCE ANALYSIS
 FUND BALANCE SUMMARY FOR ALL FUNDS FY2015**

	GENERAL FUND	WATER & SEWER FUND	SEPARATION PAY FUND	TRANSIT FUND	STORMWATER FUND	ENVIRONMENTAL FUND	TOTAL
ACTUAL BALANCE JUNE 30, 2013	6,688,020	8,739,401	41,342	58,028	618,559	977,530	17,122,880
PROJECTED REVENUES FY2014	34,937,472	14,746,836	282,000	470,926	2,010,000	3,560,000	56,007,234
PROJECTED EXPENDITURES FY2014	34,937,472	14,746,836	282,000	470,926	2,010,000	3,560,000	56,007,234
PROJECTED BALANCE JUNE 30, 2014	9,140,813	8,351,479	25,914	82,885	743,682	325,261	18,670,034
BUDGETED REVENUES FY2015	35,772,647	14,909,821	302,800	470,926	1,991,536	3,565,177	57,012,907
BUDGETED EXPENDITURES FY2015	35,772,647	14,909,821	302,800	470,926	1,991,536	3,565,177	57,012,907
BALANCE JUNE 20, 2015	9,140,813	8,351,479	25,914	82,885	743,682	325,261	18,670,034

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

ANALYSIS OF GENERAL FUND REVENUES AND EXPENDITURES

	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
REVENUES					
AD VALOREM TAXES	19,032,093	19,177,768	19,177,768	20,986,315	20,986,315
SALES TAXES	6,212,206	6,153,000	6,153,000	6,490,000	6,490,000
INTERGOVERNMENTAL	6,082,330	6,055,432	6,055,432	5,613,386	5,613,386
OTHER	3,214,517	2,691,911	2,691,911	2,647,946	2,647,946
APPROPRIATED FUND BALANCE	-	859,361	859,361	35,000	35,000
TOTAL REVENUES	34,541,146	34,937,472	34,937,472	35,772,647	35,772,647
EXPENDITURES					
GENERAL GOVERNMENT	3,451,068	3,449,421	3,449,421	3,566,916	3,566,916
COMMUNITY DEVELOPMENT	751,408	769,345	769,345	759,345	759,345
PUBLIC SAFETY	13,864,473	13,451,589	13,451,589	13,985,134	13,985,134
PARKS & RECREATION	1,549,358	1,809,504	1,809,504	1,731,669	1,731,669
PUBLIC WORKS	3,087,720	3,874,304	3,874,304	3,871,462	3,871,462
OTHER	7,622,365	6,443,747	6,443,747	5,798,559	5,798,559
GENERAL DEBT SERVICE	11,274,334	5,139,562	5,139,562	6,059,562	6,059,562
TOTAL EXPENDITURES	41,600,726	34,937,472	34,937,472	35,772,647	35,772,647

ANALYSIS OF WATER AND SEWER REVENUES AND EXPENDITURES

	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
REVENUES					
CHARGES FOR WATER & SEWER RETAIL	12,300,934	13,496,836	13,496,836	13,585,321	13,585,321
CHARGES FOR WATER & SEWER WHOLESALE	306,819	300,000	300,000	325,000	325,000
TAP FEES	56,960	60,000	60,000	60,000	60,000
CONNECTION FEES	335,930	325,000	325,000	375,000	375,000
RECONNECTION FEES	169,210	165,000	165,000	165,000	165,000
PENALTIES	360,883	375,000	375,000	385,000	385,000
INVESTMENT INCOME	2,851	15,000	15,000	11,000	11,000
	690,289	-	-	-	-
MISCELLANEOUS	-	10,000	10,000	3,500	3,500
TOTAL REVENUES	14,233,876	14,746,836	14,746,836	14,909,821	14,909,821
EXPENDITURES					
ADMINISTRATION	-	-	-	-	-
BILLING & COLLECTION	917,305	607,388	607,388	709,509	709,509
DISTRIBUTION	2,464,527	3,317,413	3,317,413	2,612,381	2,612,381
SEWAGE TREATMENT	2,693,521	2,712,919	2,712,919	2,727,984	2,727,984
WATER TREATMENT PLANT	1,928,794	2,334,584	2,334,584	3,021,142	3,021,142
GENERAL MANAGEMENT SERVICES	1,019,497	1,050,000	1,050,000	-	-
TRANSFER TO GENERAL FUND	-	-	-	1,102,500	1,102,500
TRANSFER TO OTHER FUNDS	-	850,000	850,000	748,177	748,177
DEBT SERVICE	3,700,988	3,874,532	3,874,532	3,988,128	3,988,128
TOTAL EXPENDITURES	12,724,632	14,746,836	14,746,836	14,909,821	14,909,821

REVENUES AND EXPENDITURE ANALYSIS—STORMWATER FUND

	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
REVENUES					
STORMWATER FEE	1,670,889	1,760,000	1,760,000	1,866,536	1,866,536
INTEREST EARNED	-	-	-	-	-
OTHER	94,655	-	-	-	-
TRANSFER FROM OTHER FUNDS	175,000	250,000	250,000	125,000	125,000
TOTAL REVENUES	1,940,544	2,010,000	2,010,000	1,991,536	1,991,536
EXPENDITURES					
PERSONNEL SERVICES	475,829	563,792	563,792	566,246	566,246
OPERATING EXPENSES	485,653	567,531	567,531	496,999	496,999
OTHER	-	-	-	-	-
CAPITAL	-	-	-	56,700	56,700
TRANSFER TO OTHER FUNDS	187,828	197,219	197,219	205,108	205,108
DEBT SERVICE	799,802	681,458	681,458	666,483	666,483
TOTAL EXPENDITURES	1,949,112	2,010,000	2,010,000	1,991,536	1,991,536

REVENUES AND EXPENDITURE ANALYSIS—SEPARATION PAY FUND

	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
REVENUES					
TRANSFER FROM GENERAL FUND	270,000	282,000	282,000	302,800	302,800
INTEREST EARNED	-	-	-	-	-
TOTAL REVENUES	270,000	282,000	282,000	302,800	302,800
EXPENDITURES					
PERSONNEL (PAYMENTS TO RETIREES)	280,429	282,000	282,000	302,800	302,800
TOTAL EXPENDITURES	280,429	282,000	282,000	302,800	302,800

REVENUES AND EXPENDITURE ANALYSIS—TRANSIT FUND

	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
REVENUES					
TRANSFER FROM GENERAL FUND	285,264	303,789	303,789	307,926	307,926
VEHICLE LICENSE TAX	159,370	167,137	167,137	163,000	163,000
INTEREST EARNED	-	-	-	-	-
TOTAL REVENUES	444,634	470,926	470,926	470,926	470,926
TOTAL EXPENDITURES (CONTRACTED SERVICES)	444,634	470,926	470,926	470,926	470,926

REVENUES AND EXPENDITURE ANALYSIS— ENVIRONMENTAL FUND

	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
REVENUES					
INCOME FROM FEES	1,264,360	1,290,000	1,290,000	1,616,000	1,616,000
SOLID WASTE DISPOSAL TAX	-	-	-	26,000	26,000
INVESTMENT INCOME	-	-	-	-	-
PROCEEDS FROM DEBT FINANCING	-	-	-	-	-
TRANSFER FROM GENERAL FUND	1,400,000	1,670,000	1,670,000	1,300,000	1,300,000
TRANSFER FROM WATER & SEWER FUND	650,000	600,000	600,000	623,177	623,177
OTHER	372	-	-	-	-
TOTAL REVENUES	3,314,732	3,560,000	3,560,000	3,565,177	3,565,177
EXPENDITURES					
PERSONNEL EXPENSES	43,679	50,549	50,549	51,848	51,848
OPERATING EXPENSES	3,748,425	3,333,522	3,333,522	3,337,400	3,337,400
DEBT SERVICE	175,928	175,929	175,929	175,929	175,929
TOTAL EXPENDITURES	3,968,032	3,560,000	3,560,000	3,565,177	3,565,177

GENERAL FUND

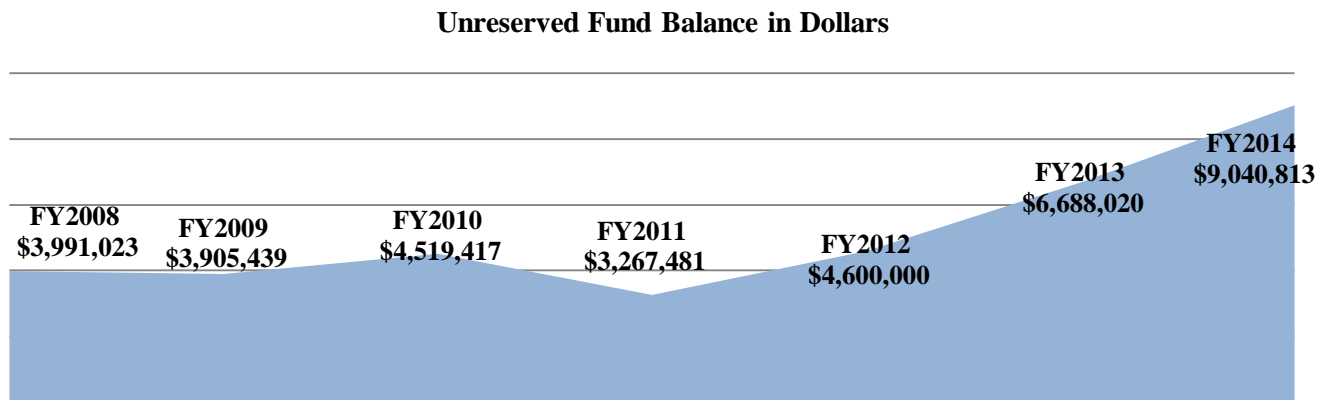
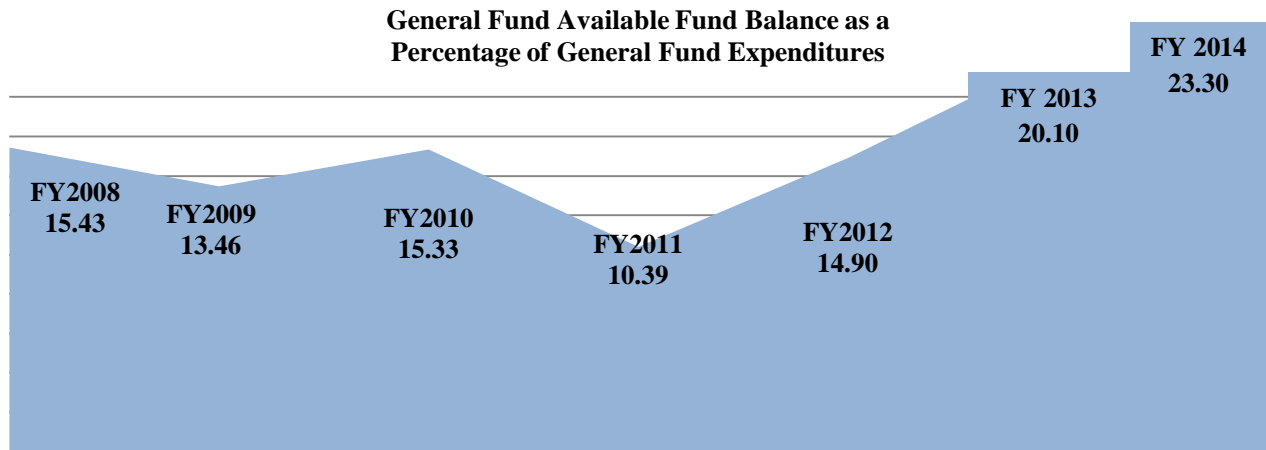
The General Fund (GF) is the largest fund with the City and represents most of the financial resources of the City. General Fund revenue includes monies collected from property taxes, licenses and permits, local taxes and other types of revenue. This fund usually includes most of the basic operating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

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

GENERAL FUND AVAILABLE FUND BALANCE

The General Fund available fund balance was \$9,040,813 at June 30, 2013. Staff doesn't anticipate a change from FY 13 to FY 14 in fund balance. This will help the City maintain steady fund balance with an estimate available fund balance at June 30, 2014 approximating \$6,850,000 or 23.3% of the estimated FY2014 General Fund expenditures.

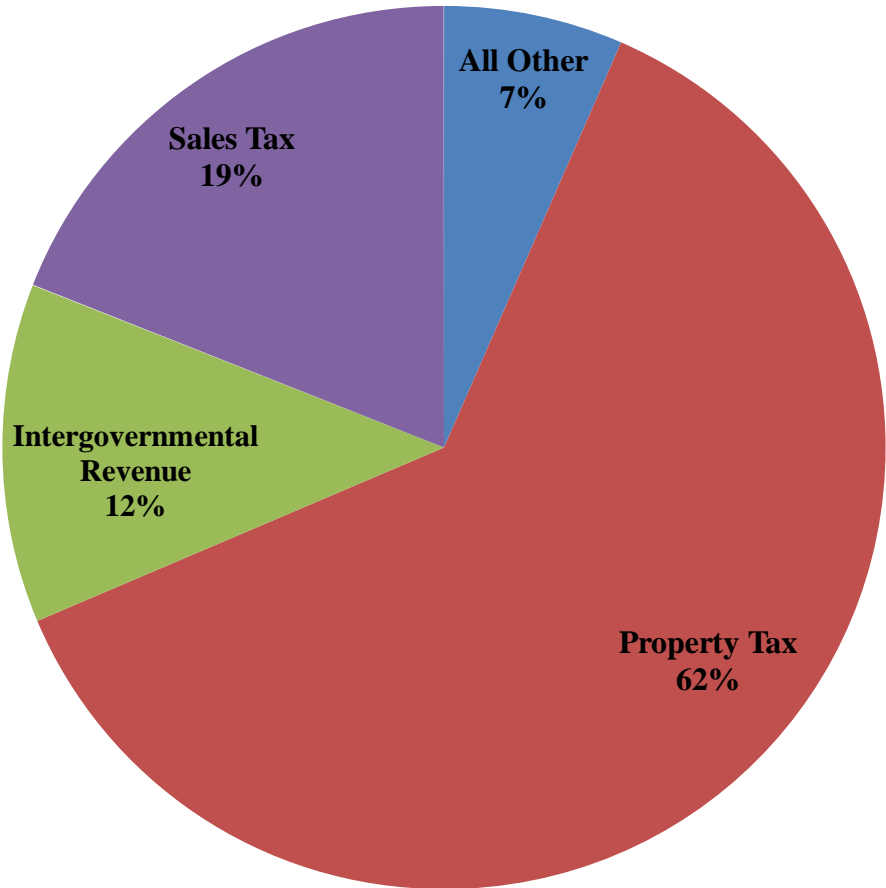
The Local Government Commission of the North Carolina (LGC) strongly recommends that cities and counties maintain an available fund balance at no less than 8% of General Fund expenditures. The LGC has more recently stated that fund balances larger than 8% may be more appropriate for smaller cities. City Council has set a goal of maintaining fund balance at no less than 25% of general fund expenditures.



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

REVENUES	FY 2013	FY 2014	FY 2014	FY 2015	FY 2015
	ACTUALS	BUDGET	PROJECTED BUDGET	MANAGER PROPOSED	ADOPTED
Ad Valorem Taxes- Current Year	18,651,784	18,842,768	18,842,768	20,642,940	20,642,940
Ad Valorem Taxes- Prior Year	380,309	335,000	335,000	343,375	343,375
TOTAL AD VALOREM TAXES	19,032,093	19,177,768	19,177,768	20,986,315	20,986,315
1% Sales Tax (Local)	2,622,933	2,500,000	2,500,000	2,860,000	2,860,000
1/2% Sales Tax (State)	3,589,273	3,553,000	3,553,000	3,630,000	3,630,000
TOTAL SALES TAXES	6,212,206	6,153,000	6,153,000	6,490,000	6,490,000
Fire District Sales Tax	65,190	70,000	70,000	70,000	70,000
Solid Waste Disposal Tax	24,981	29,000	29,000	-	-
Food Stamp Sales Tax	12,640	15,000	15,000	10,000	10,000
Beer And Wine Tax	174,180	195,000	195,000	185,000	185,000
Powell Bill Fund	1,245,717	1,249,000	1,249,000	1,265,000	1,265,000
Utility Taxes	1,840,519	1,800,000	1,800,000	1,850,000	1,850,000
ABC Funds	88,170	52,000	52,000	70,000	70,000
CDBG Administration Revenues	94,707	70,000	70,000	70,000	70,000
Cabarrus County Bond Payments	1,398,632	1,465,804	1,465,804	1,509,503	1,509,503
Build America Bond Subsidy Payments	485,139	447,746	447,746	433,883	433,883
Federal Fire Dept. Grant	652,455	661,882	661,882	150,000	150,000
TOTAL INTERGOVERNMENTAL	6,082,330	6,055,432	6,055,432	5,613,386	5,613,386
Vehicle License Tax	318,830	300,000	300,000	306,000	306,000
Rental Vehicle Sales Tax	4,498	4,500	4,500	4,500	4,500
Business Privilege License	283,830	220,000	220,000	84,000	84,000
Investment Income	104,432	105,000	105,000	105,000	105,000
Fines and Forfeitures	-	-	-	-	-
Officer Court Cost Reimbursement	24,890	24,000	24,000	21,500	21,500
Planning and Zoning Fees	104,020	75,000	75,000	125,000	125,000
Recreation Fees and Charges	237,559	220,000	220,000	235,000	235,000
Recreation Sponsorship Donations	46,796	60,000	60,000	60,000	60,000
Street Lighting Fees and Charges	20,945	25,000	25,000	20,000	20,000
Fire Fees and Charges	34,598	35,000	35,000	21,000	21,000
Police Charges and Fees	57,802	60,338	60,338	60,338	60,338
City Code Violation Revenue	32,414	17,000	17,000	25,000	25,000
Tower Rental	89,281	90,000	90,000	95,000	95,000
Building Rental	2,845	3,000	3,000	3,000	3,000
Reimbursements from Enterprise funds	1,605,173	1,247,219	1,247,219	1,307,608	1,307,608
Proceeds from Debt Financing	-	-	-	-	-
Miscellaneous Revenue	246,604	205,854	205,854	175,000	175,000
TOTAL OTHER	3,214,517	2,691,911	2,691,911	2,647,946	2,647,946
FUND BALANCE APPROPRIATION	-	859,361	859,361	35,000	35,000
TOTAL GENERAL FUND	34,541,146	34,937,472	34,937,472	35,772,647	35,772,647

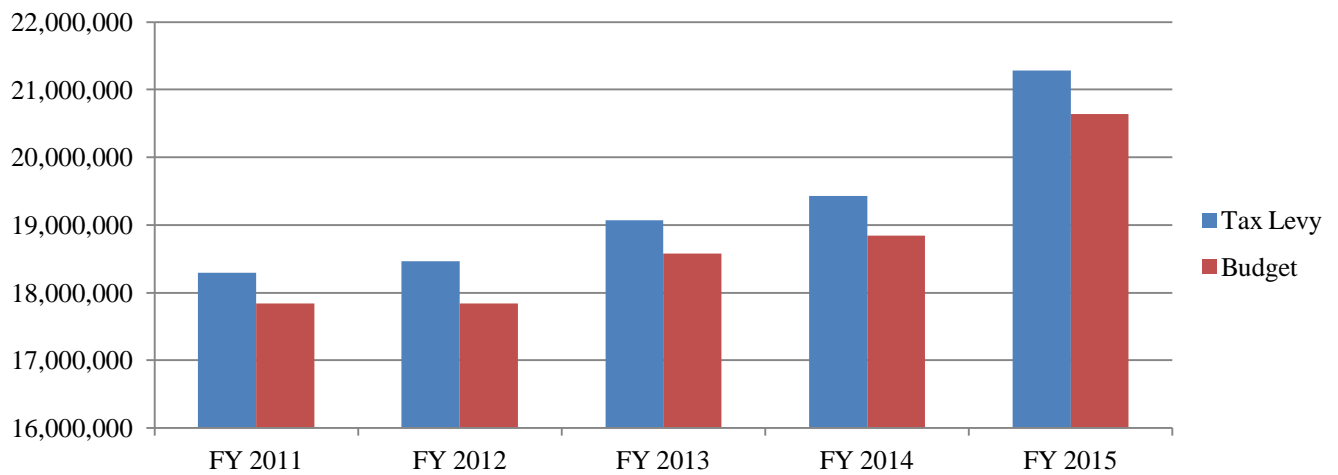
GENERAL FUND REVENUE ESTIMATE FOR FY2015
\$35,772,647



PROPERTY TAX

The anticipated property assessment for FY 2015 will be approximately \$3,546,893,759. The tax levy at **sixty cents** will be \$20,642,940 for FY 2015. The current year levy is \$19,425,531 and property value is \$3,468,844,752. The projected budget estimate for FY 2015 is \$20,642,940 for property tax compared to \$18,842,768 for the FY 2014, an increase of \$1,800,172. The difference between the levy and the budget estimate is a statutory requirement that the budgeted property tax cannot be more than the current estimated levy times last year's collection percentage (last year (FY2014) was 97%). It is estimated that \$2,391,540 of the \$20,642,940 levy is related to the incremental value of the TIF district.

<u>Property Tax</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Increase</u>
Estimated Levy	18,295,595	18,466,959	19,069,891	19,425,531	21,281,363	\$1,855,832
Budget	17,837,895	17,845,012	18,574,000	18,842,768	20,642,940	\$1,800,172



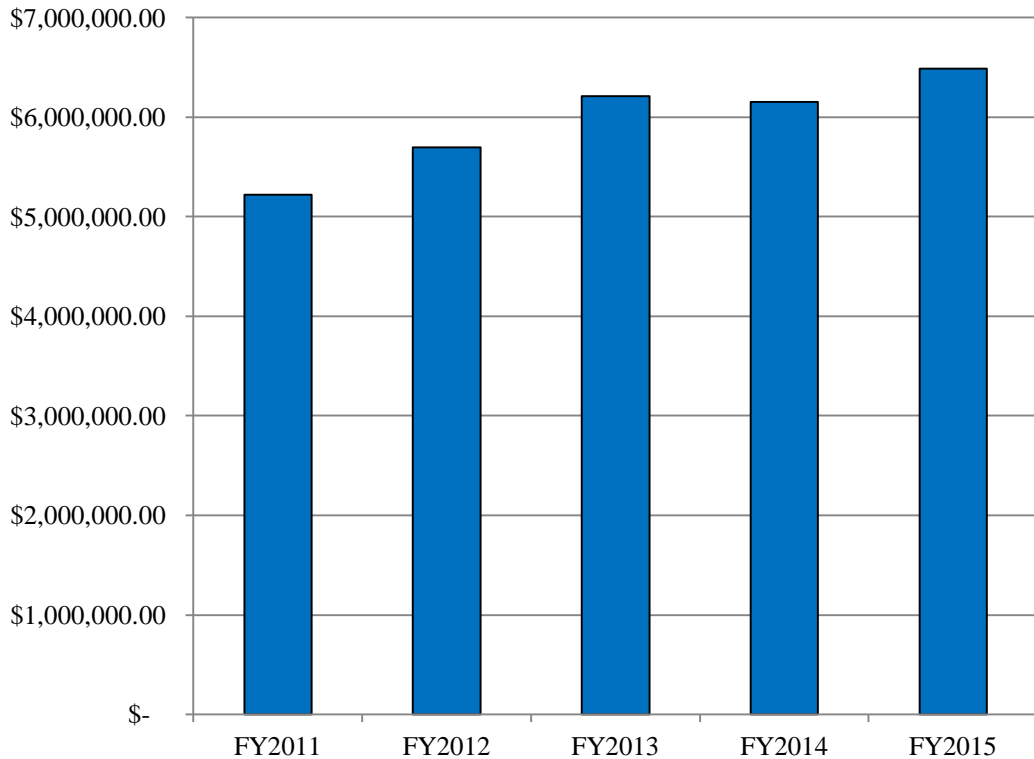
SALES TAX

The State distributes Sales Tax collected in each county by either the Property Tax Method or the Population Method. The distribution method is selected by the Board of County Commissioners in April of each year. The Cabarrus County Board of Commissioners chooses the Property Tax Distribution Method and the Rowan Board of Commissioners chooses the Population Distribution Method. The City's allocation in Cabarrus is based on our Property Tax levy in Cabarrus County compared to the levies of other governments in the county. For FY2012 we are allocated approximately 7.91 % of the sales tax returned to Cabarrus County by the State. The FY2013 allocation percentage is 8.10% per the Cabarrus County Finance office. The 2 sales tax revenues reflect an anticipated 4.5% growth for FY 15.

Rowan County allocates sales tax using the population method. We expect that the City's allocation in Rowan will remain at approximately 5% for FY2015.

	ACTUAL FY2012	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	ADOPTED FY2015
ONE CENT SALES TAX	2,383,781	2,622,933	2,600,000	2,600,000	2,860,000
HALF CENT SALES TAX	3,314,188	3,589,273	3,553,000	3,553,000	3,630,000
TOTAL GENERAL FUND	5,697,969	6,212,206	6,153,000	6,153,000	6,490,000

SALES TAX COLLECTIONS

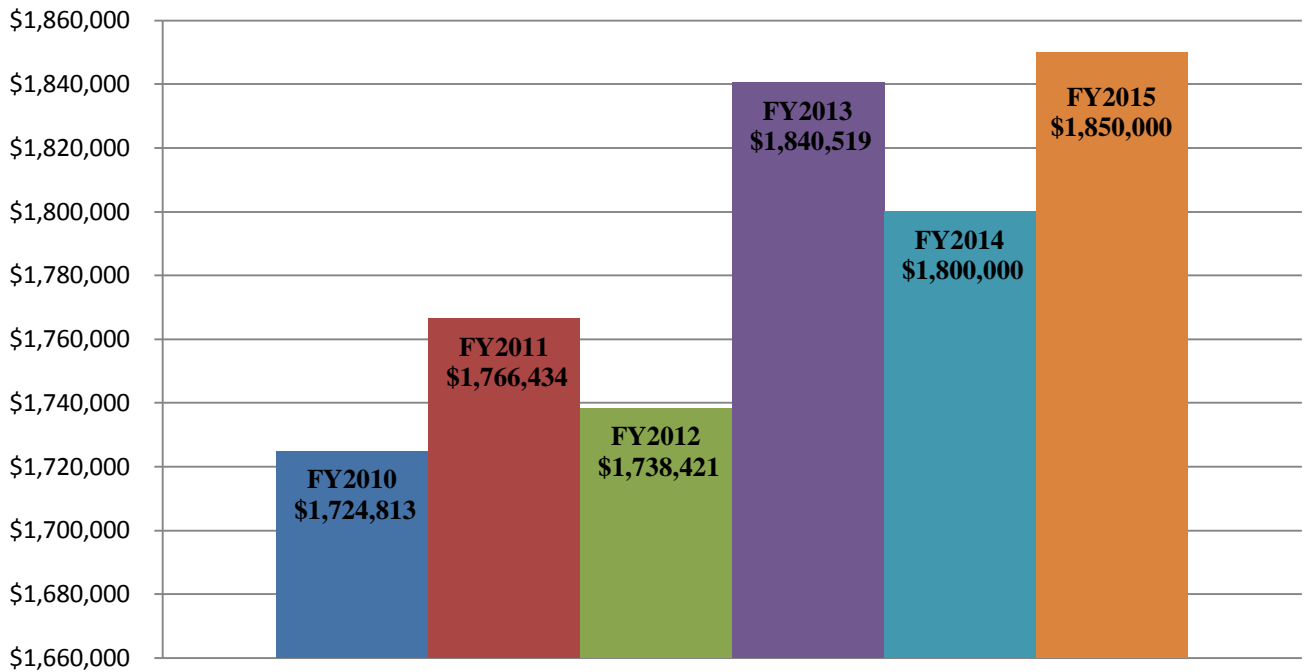


Utility Taxes

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

	ACTUAL FY2011	ACTUAL FY2012	ACTUAL FY2013	PROJ. FY2014	BUDGET FY2015
UTILITY TAX REVENUES	1,766,434	1,738,421	1,840,519	1,800,000	1,850,000

UTILITY TAX COLLECTIONS



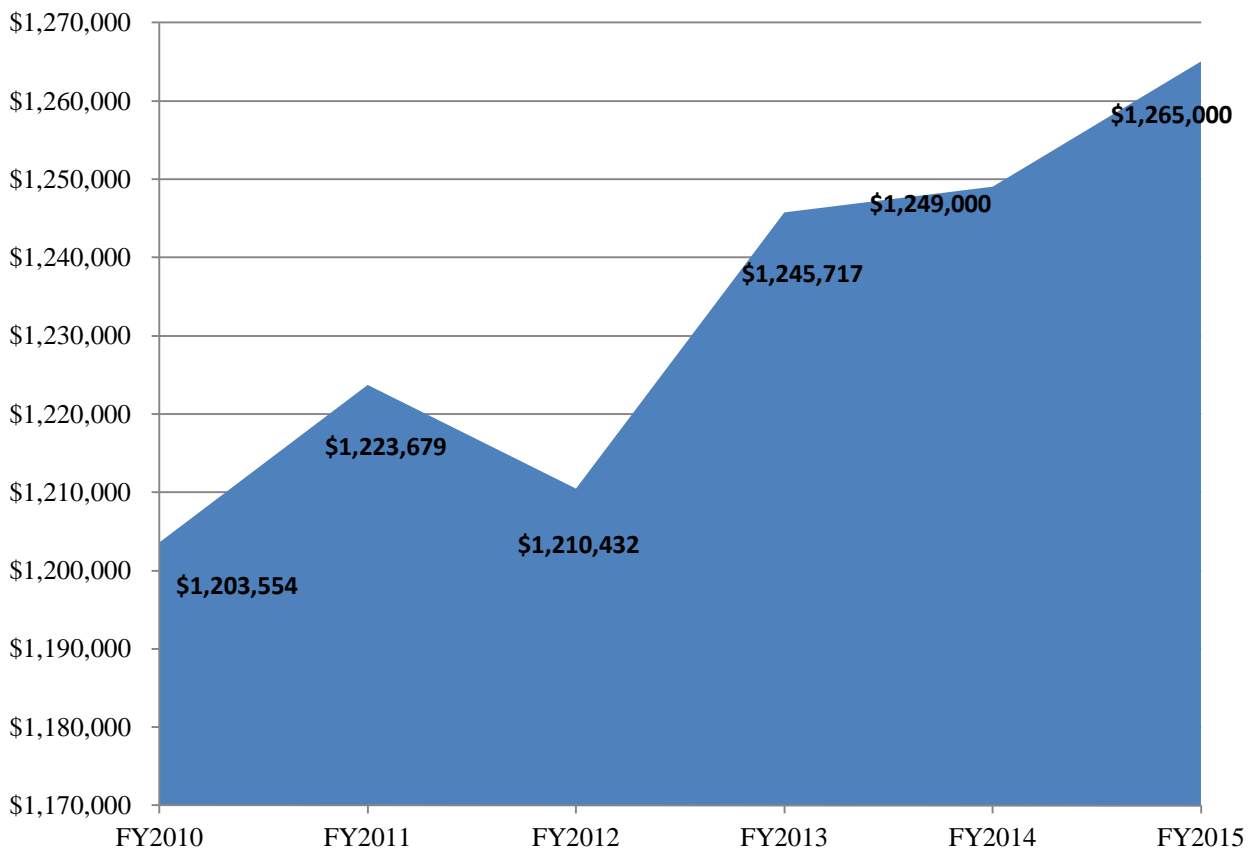
The City receives franchise tax from utilities which furnish electricity and cable TV. The City receives a sales tax for telephone services and an excise tax for piped natural gas services.

State Powell Bill Street Funds

The Powell Bill funds received from the State for street maintenance have been fairly constant over the past four years. It is projected that slow growth will continue to occur in the future.

	ACTUAL FY2011	ACTUAL FY2012	ACTUAL FY2013	ACTUAL FY2014	BUDGET FY2015
POWELL BILL FUNDS	1,223,679	1,210,432	1,245,717	1,262,023	1,265,000

POWELL BILL FUNDS RECEIVED



The City will receive from the State approximately \$20.71 per citizen and approximately \$1,640 per mile of City maintained streets next year compared to \$20.16 and \$1,596 in FY2014. These funds can only be used for City streets and sidewalks. The population and street mileage used is 43,000 and 223.8, respectively.

GENERAL FUND EXPENDITURES (SUMMARY)

BUDGET & STAFFING SUMMARY

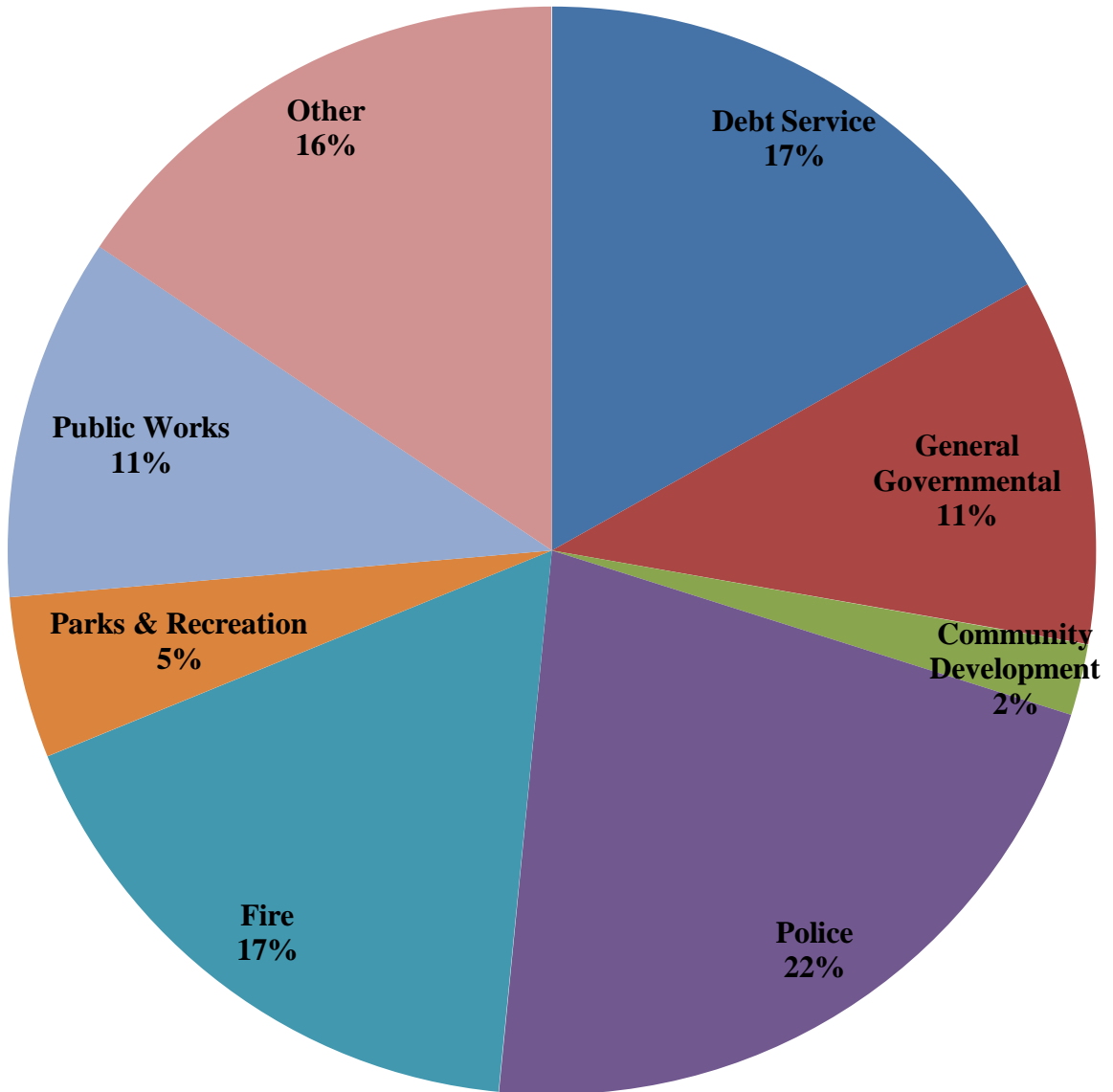
EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	12,933,657	16,127,690	14,597,319	14,597,319
OPERATING	25,310,080	18,035,182	20,453,768	20,453,768
CAPITAL	3,356,989	774,600	721,560	721,560
TOTAL	41,600,726	34,937,472	35,772,647	35,772,647
POSITIONS	243	243	245	245

Overall, the General Fund Adopted Budgeted Expenditures have increased by \$835,175 or 2 from the previous fiscal year. This is due primarily to rise in operating expenditures for equipment repair and the rising cost of utilities. An increase in capital expenditures is representative of the second year in a change in philosophy whereby the City will plan to utilize more cash for capital purchase instead of relying on debt.

**CITY OF KANNAPOLIS
EXPENDITURE DETAIL ANALYSIS**

EXPENDITURES	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
GENERAL FUND					
GOVERNING BODY	108,405	158,223	158,223	127,140	127,140
CITY MANAGER	675,993	685,280	685,280	779,898	779,898
ECONOMIC DEVELOPMENT	448,108	535,638	535,638	579,589	579,589
COMMUNITY RELATIONS AND NON-PROFIT	67,145	186,670	186,670	199,510	199,510
HUMAN RESOURCES	281,204	317,666	317,666	330,626	330,626
LEGAL SERVICES	318,518	280,273	280,823	296,355	296,355
INFORMATION TECHNOLOGY	416,276	414,297	414,297	512,060	512,060
FINANCE	835,699	871,374	871,374	741,738	741,738
GENERAL SERVICES	299,720	473,800	473,800	362,300	362,300
TOTAL GENERAL GOVERNMENT	3,451,068	3,923,221	3,923,221	3,929,216	3,929,216
COMMUNITY DEVELOPMENT					
PLANNING AND ZONING	563,825	571,370	571,370	571,370	571,370
CODE ENFORCEMENT	187,583	197,975	197,975	187,975	187,975
TOTAL COMMUNITY DEVELOPMENT	751,408	769,345	769,345	759,345	759,345
PUBLIC SAFETY					
POLICE	7,490,859	7,515,228	7,515,228	7,795,157	7,795,157
FIRE	6,373,614	5,936,361	5,936,361	6,189,977	6,189,977
TOTAL PUBLIC SAFETY	13,864,473	13,451,589	13,451,589	13,985,134	13,985,134
TOTAL PARKS AND RECREATION	1,549,358	1,809,504	1,809,504	1,731,669	1,731,669
PUBLIC WORKS					
ADMINISTRATION AND ENGINEERING	1,022,878	1,548,001	1,548,001	1,197,142	1,197,142
POWELL BILL – STREETS	1,129,497	1,249,000	1,249,000	1,526,185	1,526,185
STREET LIGHTING	479,157	533,500	533,500	559,000	559,000
TRAFFIC SIGNS AND MARKINGS	258,430	329,799	329,799	339,547	339,547
OPERATIONS CENTER	197,758	214,004	214,004	249,588	249,588
TOTAL PUBLIC WORKS	3,087,720	3,874,304	3,874,304	3,871,462	3,871,462
TOTAL NON-DEPARTMENTAL	4,795,106	3,714,158	3,714,158	3,502,995	3,502,995
TRANSFERS TO OTHER FUNDS	2,827,259	2,255,789	2,255,789	1,933,264	1,933,264
TOTAL DEBT SERVICE	11,274,334	5,139,562	5,139,562	6,059,562	6,059,562
TOTAL GENERAL FUND	41,600,726	34,937,472	34,937,472	35,772,647	35,772,647

GENERAL FUND EXPENDITURE FOR FY2014
\$35,772,647



FISCAL YEAR 2015**DEPARTMENT: GOVERNING BODY****PROGRAM: Governing Body****MISSION STATEMENT:**

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

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	71,867	78,940	78,940	78,940	78,940
OPERATING	36,538	79,283	79,283	48,200	48,200
CAPITAL	-	-	-	-	-
TOTAL	108,405	158,223	158,223	127,140	127,140
POSITIONS	7	7	7	7	7

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Personnel Expenses: No Change (0%)
Operating Expenses: \$31,083 Decrease (-39.2%)
Total Budget: \$31,083 Decrease (-19.7%)

Increases:

- \$3,000 Special Expenses

Reductions/Decreases:

- \$34,183 Election Costs
- No other significant changes are included

FISCAL YEAR 2015**DEPARTMENT: CITY MANAGER****PROGRAM: Office of the City Manager****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	628,377	639,330	639,330	740,448	740,448
OPERATING	47,616	45,950	45,950	39,450	39,450
CAPITAL	-	-	-	-	-
TOTAL	675,993	685,280	685,280	779,898	779,898
POSITIONS	8	8	8	8	8

ACCOMPLISHMENTS:

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

ACTION PLAN:

1. Provide continued leadership and direction to the core business activities of the City and direct staff support to carry out the City Council's priority list for 2014-2015.
2. Fully implement the 5-Year Financial Management Plan to maximize resources and facilitate the growth and change coming to the City.
3. Fully implement the 10-Year Personnel and Operating Plan.
 - a. Continue to strive towards a fully staffed professional Fire Department.
 - b. Catch up on personnel needs in other departments and strive to maintain the necessary staffing to stay ahead of the growth impacts.
4. Support the City's workforce.

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

City Manager – Administration

Personnel Expenses:	\$101,118 Increase (+15.8%)
Operating Expenses:	\$6,500 Decrease (-14.2%)
Total Budget:	\$94,618 Increase (+13.8%)

Increases:

- \$101,118 (Includes Moving Communications Director Position to Administration)

Reductions/Decreases:

- \$2,500 Travel and Training
- \$2,000 Special Expenses
- \$2,000 Meeting Expenses

Eliminated/Not Considered:

- N/A

Personnel:

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

City Manager – Communications

Personnel Expenses: No Change

Operating Expenses: No Change

Total Budget: No Change

Other Continued Services included in Communications and Community Relations:

- Funding for two Citizen/Employee Academies
- \$35,000 Connect CTY (Year 1 of a 3 year contract)
 - A city-wide message notification system for residents and businesses via personalized telephone, email, PDA/Pagers, and text messages. Messages can be sent in any language. 35,000 contacts per hour. Recipients can be selected by individual, group, or via a map. Includes private and unlisted numbers (updated monthly). Messages can be recorded and selected for a future delivery date as far as a year in advance. Citizens can update their information or opt out of the list via a city web link to Connect CTY.
 - \$1.92 per address (using 2000 census data). Down from \$2.50 per address. Price is locked for 3 years.
 - Uses include: Holiday trash collection schedule, leaf collection updates, utility payment reminders, road closures, water conservation information, water line breaks, meeting notifications, neighborhood watch alerts, senior wellness checks, permit/license notifications, and many more uses.
- \$10,000 to continue Outreach Educational Programs related to the NC Research Campus and increased citizen promotion and participation associated with Environmental Stewardship Committee, North Carolina's Spring & Fall Clean Sweep Campaigns, and festival support.

City Manager – Memberships and Non-Profits

- **Personnel Expenses: N/A**
- **Operating Expenses: \$12,840 Increase (+10.70%)**
- **Total Budget: \$12,840 Increase (+10.70%)**

Increases:

- \$15,000 NC Music Hall of Fame
- \$4,273 NC League of Municipalities
- \$413 National League of Cities
- \$161 UNC School of Government

Decreased:

- \$10,017 Centralina COG (There is no funding allocated for the COG)

Other Continued Services included:

- \$28,582 NC League of Municipalities Membership Dues (Based per capita).
- \$25,000 NC Music Hall of Fame Development Support
- \$21,300 Cabarrus Arts Council

-
- \$9,000 Intimidators July 4th/Kannapolis History Celebration Sponsorship (Payable March/April 2015; offset by team's sponsorship of city events and Christmas Parade)
 - \$7,945 Cabarrus/South Rowan MPO
 - \$6,750 600 Festival
 - \$6,490 Metropolitan Mayor's Coalition.
 - \$4,950 Institute of Government
 - \$2,000 Collegiate Golf Tournament hosted at Irish Creek
 - \$2,500 Alliance for Innovation Membership
 - \$1,733 Cabarrus Crime Stoppers
 - \$1,350 YMCA Strong Kids Campaign
 - \$900 Charlotte Biotech Conference
 - \$900 Five Ventures Entrepreneur Competition (Charlotte Research Institute)
 - \$800 Chamber Annual Meeting
 - All other non-profit funding previously included in the General Fund budget will be considered as part of the CDBG non-profit funding.

FISCAL YEAR 2015

DEPARTMENT: ECONOMIC DEVELOPMENT

PROGRAM: Economic Development

MISSION STATEMENT:

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	-	-	-	-	-
OPERATING	448,108	535,638	535,638	579,589	579,589
CAPITAL	-	-	-	-	-
TOTAL	448,108	535,638	535,638	579,589	579,589
POSITIONS	-	-	-	-	-

ACCOMPLISHMENTS:

1. Completed a branding study and adopted a new brand for Kannapolis to shape the City’s identity and marketing message.
2. Completed a market study of downtown Kannapolis to identify opportunities for increased business activity.
3. Provided incentive package to stimulate private development of 360,000 square foot speculative building in Afton Ridge Business Park.
4. Provided fast-track permitting to facilitate Stewart Haas expansion.
5. Secured grant for neighborhood bicycle network plan.
6. Began corridor improvement initiative along S. Cannon Blvd.
7. Restarted Kannapolis Farmers Market in downtown area.
8. Continued support of the development of the North Carolina Research Campus.

ACTION PLAN:

1. Develop and implement economic develop marketing plan through new in-house Communications Director.
2. Begin implementation of branding concepts, including wayfinding, new logo, and increasing bicycle and pedestrian networks.
3. Analyze and evaluate “game changes” for downtown, including conducting a market study for a downtown baseball stadium concept.
4. Re-examine and prioritize projects in Economic Development Plan.
5. Apply for an EDA grant to develop a strategic plan for the NC Research Campus.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses: N/A**
- **Operating Expenses: \$43,951 Increase (+8.21%)**
- **Total Budget: \$43,951 Increase (+8.21%)**

Increases:

- \$136,143 Recruitment Initiatives
- \$6,800 EDC Contribution (Two reasons: Moved Rowan EDC from Memberships to Economic Development; and, increased their budget \$1,202 from \$5,500 to \$6,702)

Reductions/Decreases:

- \$93,992 Strategic Initiatives (Moved Director of Communications to Administration)

Budget Includes:

- Cabarrus EDC \$61,800
- Lobbyist \$45,000
- Recruitment Initiatives \$323,881
- Strategic Initiatives \$153,908

Items Eliminated/Not Considered:

- N/A

FISCAL YEAR 2015**DEPARTMENT: GENERAL GOVERNMENT****PROGRAM: Human Resources****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	222,198	266,366	266,366	279,326	279,326
OPERATING	59,006	51,300	51,300	51,300	51,300
CAPITAL	-	-	-	-	-
TOTAL	281,204	317,666	317,666	330,626	330,626
POSITIONS	4	4	4	4	4

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	2009	2010	2011	2012	2013
*Applications Processed	1,522	1,851	1408	2052	1419
*Applications Referred within one week of closing date	100%	100%	94%	100%	100%
*Average # of Days from Application to Hire	51.14	89.23	50.46	49	47.6
*Hiring Percentage	5.3%	3.67%	3.27%	2.44%	2.32%
**Percentage of New Hires Successfully Completing Probation	90.9%	83.3%	92.3%	90%	88%

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

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

ACTION PLAN:

In addition to on-going operations of the department:

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** **\$12,960 Increase (+4.9%)**
- **Operating Expenses:** **No Change**
- **Total Budget:** **\$12,960 Increase (+4.9%)**

Increases:

- 3% Merit Pay Allowance in Personnel

Reductions/Decrease:

- \$1,000 Contracted Services

Eliminated/Not Included:

- Annual Employee/Safety Banquet

Continued Services Includes:

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

Personnel:

- Funded Positions: Four (4)

- No new capital outlay is included

FISCAL YEAR 2015**DEPARTMENT: LEGAL SERVICES****PROGRAM: Legal Services****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	199,231	208,323	208,323	214,005	214,005
OPERATING	119,287	72,550	72,550	82,350	82,350
CAPITAL	-	-	-	-	-
TOTAL	318,518	280,873	280,873	296,355	296,355
POSITIONS	2	2	2	2	2

ACCOMPLISHMENTS:

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

ACTION PLAN:

1. Continue to provide the services identified above.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** \$5,682 Increase (+2.7%)
- **Operating Expenses:** \$9,800 Increase (+13.5%)
- **Total Budget:** \$15,482 Increase (+5.5%)

Increases:

- 3% Merit Pay Allowance in Personnel
- \$2,000 Dues and Subscriptions
- \$6,500 Travel and Training

Reductions/Decreases: None**Personnel:**

- Funded Positions: Two (2)

FISCAL YEAR 2015**DEPARTMENT: GENERAL GOVERNMENT****PROGRAM: Information Technology****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2014	ADOPTED FY2014
PERSONNEL	-	-	-	-	-
OPERATING	416,276	414,297	414,297	445,900	445,900
CAPITAL	-	-	-	66,070	66,070
TOTAL	416,276	414,297	414,297	512,060	512,060
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.
5. See the budget highlights below for details of FY2014 plan.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses: N/A**
- **Operating Expenses: \$31,693 Increase (+7.7%)**
- **Total Budget: \$31,693 Increase (+7.7%)**

- **Increase:**
 - \$15,240 Twenty-six (26) computer replacements; Windows 7 upgrade and memory upgrade for 74 computers; and three (3) replacement servers.
 - \$8,549 Network Administration
 - \$6,205 Annual Maintenance Fees
- **Decrease:**

- None
- **Unfunded:**
 - Full-time Systems Integrator (\$84,000)
- **Other Continued Services included:**
 - \$291,600 Network Administration and Management (David Hancock \$95,022, David Jordan \$95,022, Tony Eury \$76,836, and \$24,720 PT tech dedicated to fire IT)
 - \$78,000 Software Maintenance for the following operations: Harris Utility Billing and Financial Software, Crystal Reports, Cityworks / Work Order program, Blackberry, Laserfiche, Spam Protection, Virus Protection, File Backup Software.
 - \$35,000 Network System Support (262)
 - \$15,435 Harris Support (Jerry L.)
 - \$15,435 Cityworks Support (Jerry L.)
 - \$4,130 eCare Support (Garry Washburn)

Capital Outlay:

- None (other than Twenty-six replacement computers and three servers in *Equipment and Tools*)
- The replacement of existing and outdated IT hardware and software was revisited in FY14 with the replacement of 10 computer/laptop computers and 10 police mobile laptops. Increased investment in technology serves as an accelerator for progress and efficiency. Technology is a consumable resource and should continue to be annualized in future budgets. The continued replacement and improvement of the City's technology infrastructure is critical to improving our inter-operability with other local government units, private developers, citizens, and economic developers around the world. Any delay in updating software and hardware components citywide will jeopardize the effectiveness of operations between internal and external departments and lessen staffs' ability to fully utilize technological resources currently available.
- **Information Technology Reminder:** In FY07, an independent audit was performed by the Center for Public Technology at the UNC-CH School of Government to help benchmark our IT projects, service, and upgrades. The audit summarized that the City's current IT contract with Technologies Edge as a "great deal" and a responsible use of IT funds. However, the audit did outline that on or about FY 2010 the City could possibly be in a position to consider the economy of scale associated with a growing city and create an in-house IT department. The slowing economic conditions and decrease in new IT capital expenses have delayed the need to consider an in-house IT program. In FY 07, Council approved a total of \$414,946 to initiate Phase I-Part B of a 3-yr IT improvement plan. In FY 08, City Council approved \$428,991 to complete Phase II. Under normal circumstances, FY09 would have completed the 3-yr IT improvement plan and focused on replacing workstations and upgrading the operating systems for all workstations to Office 2007 (many workstations still operate on Office 2000); however, the implementation of the police departments OSSI and opening of the new customer service center in 2010 created unexpected demands on IT staff that delayed the full implementation IT improvement plan. In FY14, the implementation of new fire software (secured through a grant) created the need for a new PT Network Administrator dedicated to the fire department. A revised program service study in FY14 showed our contracted service contract with Technologies Edge continues to be a better value for our residents than bringing IT in-house. Last year's FY14 IT budget addressed the most dire preventive maintenance and replacement of computers and/or servers that have crashed during the fiscal year or require additional storage for expanding programs.

FISCAL YEAR 2015**DEPARTMENT: GENERAL GOVERNMENT****PROGRAM: Finance Department****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	453,790	467,940	467,940	529,488	529,488
OPERATING	254,590	303,431	303,431	212,250	212,250
CAPITAL	127,319	-	-	-	-
TOTAL	835,699	871,374	871,374	741,738	741,738
POSITIONS	7	7	7	7	7

ACCOMPLISHMENTS:

1. The Finance Department has received the GFOA's *Distinguished Budget Award* for the FY2013 budget. This is the fourteenth year the City has received this award.
2. The Finance Department has received the GFOA's *Certificate of Achievement for Excellence in Financial Reporting* for the City's *Comprehensive Annual Financial Report (CAFR)* for FY2013. This is the twentieth year the City has received this award.
3. Successfully implemented the accounting and budgeting modules into the new Munis software platform.
4. The Finance Department has been able to reposition and retask key personnel due to gained efficiencies realized with the implementation of the new Munis software platform.
5. The City is currently executing several projects funded through the issuance of revenue bonds totaling \$18 million.
6. The City is completing the 2nd year of its Fellowship program in the Finance Department.

PERFORMANCE INDICATORS:

ACTIVITY	Calendar Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
Number of Funds Accounted for on General Ledger	42	55	50	17	24
Number of Accounts Payable checks issued	3141	6002	5601	5484	6,040
Number of Purchase Orders processed	465	813	680	501	331
Number of Payroll Checks issued	43	51	12	12	5
Number of Direct Deposit of Payroll checks	4429	8937	9262	9504	10256
Number of Financing applications filed with the LGC	1	1	0	2	1
Number of Financing achieved through area banks	1	0	0	0	0
Number of Accounting entries processed (JE & BA)	473	770	559	1151	871
Number of Bank Statements Reconciled	78	168	180	83	96

ACTION PLAN:

1. Obtain the Budget Presentation award from the GFOA for the fiscal year beginning July 1, 2014.
2. Obtain the Financial reporting award from the GFOA for the fiscal year ending June 30, 2014.
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 construction of the new City Hall and Police Headquarters.
5. Develop a financial plan that will outline the available square footage for private use in the new City Hall/Police Headquarters.
6. Revise the General Management Service fee allocation plan between the City's operational funds for use with the FY16 budget preparation.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** **\$61,548 Increase (+13.2%)**
- **Operating Expenses:** **\$91,181 Decrease (-30.1%)**
- **Total Budget:** **-\$29,633 Decrease (-3.8%)**

- **Increase:**
 - 3% Merit Pay Allowance in Personnel
 - \$29,595 Reclassification: Budget Analyst
 - \$1,500 Audit
 - \$1,000 Meetings

- **Reductions/Decreases:**
 - \$75,500 Travel and Training (End of Munis Software Conversion)
 - \$18,181 Contracted Services (End of Munis Software Conversion)

Personnel:

- Funded Positions: Eight (8)

- No new capital outlay is included.

FISCAL YEAR 2015

DEPARTMENT: GENERAL SERVICES

PROGRAM: General Services

NOTE:

The budget for General Services is established for utilities, building and grounds maintenance expenses, non-department specific contracted services, real property rental, maintenance and repair of equipment, etc.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	-	-	-	-	-
OPERATING	299,720	473,800	473,800	362,300	362,300
CAPITAL	-	-	-	-	-
TOTAL	299,720	473,800	473,800	362,300	362,300
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

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

ACTION PLAN:

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$111,500 Decrease (-23.5%)
- **Total Budget:** \$111,500 Decrease (-23.5%)

Increases:

- \$7,500 Janitorial Contract
- \$5,000 Electricity
- \$5,000 Equipment Rental
- \$3,000 Gas Utilities
-

Reductions/Decreases:

- \$132,000 Special Expenses (Post Office Demo, Creek Fuel Spill Cleaning)

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

FISCAL YEAR 2015

DEPARTMENT: COMMUNITY DEVELOPMENT

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

MISSION STATEMENT:

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	-	3,000	3,000	3,000	3,000
OPERATING	751,408	766,345	766,345	756,345	756,345
CAPITAL	-	-	-	-	-
TOTAL	751,408	769,345	769,345	759,345	759,345
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

1. Started S. Cannon Blvd emphasis for code enforcement as part of the corridor improvement program.
2. Reviewed and recommended awards for the façade & site improvement grant program for S. Cannon Blvd.
3. Continued to respond to code enforcement efforts in other parts of the City.
4. Worked with City staff to demolish dilapidated properties using CDBG funds where eligible.

ACTION PLAN:

1. Assist with development of neighborhood bicycle plan and policies needed to support implementation.
2. Implement plan to bring Planning Director and other related staff in-house.
3. Update Comprehensive Plan.
4. Evaluate Accela permitting software for use across departments for better coordination.
5. Continue to provide general planning administration services, mapping support, and zoning administration services.
6. Continue code enforcement efforts with emphasis on commercial corridors.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Community Development– Planning and Zoning

- **Personnel Expenses:** No Change
- **Operating Expenses:** No Change
- **Total Budget:** No Change

- FY15 begins the three-year transition of bringing Planning and Zoning in-house. Using appropriated funds, a Planning Director will be hired and imbedded in Benchmark operations until construction on the new City Hall is complete. Over the next three years, all remaining functions on planning and zoning will be transitioned into an in-house operation.

Community Development– Code Enforcement

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$10,000 Decrease (-5.1%)
- **Total Budget:** \$10,000 Decrease (-5.1%)

- Similar to planning and zoning, code enforcement was once budgeted as a service fee and fluctuated tremendously with service demands from staff, council, citizens, and business owners. In FY09, this budget was increased to accommodate more aggressive code enforcement, cover costs associated with lengthy statutory procedures, and realistically budget recurring costs. In FY10, staff reduced the amount of proactive code enforcement to help reduce the financial burden on the City's budget, that trend continued in FY13; However in FY14 the trend was reversed an \$24,473 was added to the budget to accommodate an increased need for more aggressive code enforcement in FY14. This year, FY15, the code enforcement budget is decreasing \$10,000.

FISCAL YEAR 2015**DEPARTMENT: POLICE****PROGRAM: Police Services****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	5,225,319	5,579,312	5,579,312	5,930,360	5,930,360
OPERATING	1,485,772	1,642,097	1,642,097	1,592,757	1,592,757
CAPITAL	779,768	293,819	293,819	272,040	272,040
TOTAL	7,490,859	7,515,228	7,515,228	7,795,157	7,795,157
POSITIONS	102	103	103	103	103

ACCOMPLISHMENTS:

1. Maintained the agency's international accreditation status.
2. Reported crimes continue to be well below that of similar sized cities in North Carolina, a trend that has proven consistent for more than a decade.
3. Amended our City policy and implemented the Leads Online pawn reporting system.
4. Acquired space in the new storage facility located on South Main St. in order to centralize our storage area and moved all mobile specialized vehicles, to include the Mobile Command Unit, Armored Vehicle, SRT Equipment Truck, Crime Scene Unit, and support trailers, to new secure, covered facility.
5. Implemented a FTO incentive plan for Telecommunicators.
6. Obtained and filled the Communications Center Managers position.
7. Joined the Mecklenburg Regional Radio system and upgraded and reprogrammed all of our radios and consoles to the P25 platform.
8. Implemented and/or continued programmed replacement of agency equipment to include Tasers, wireless digital patrol vehicle camera systems, and speed measuring devices.
9. Implemented and updated the agency social media sites to include both Facebook and Twitter. Both accounts are linked with the agency CAD system to "push" certain calls for service intended for public notifications.
10. Expanded the regional COPLINK program to the national LinX exchange. The new LinX exchange currently has combined over a 500 million record database across the nation.
11. Implemented Advanced Authentication within the mobile environment for a more secured agency network.
12. Upgraded the existing tower site to ensure compliance with Federal standards with the emergency radio equipment.
13. Implemented measures regarding the new national standards on CJIS compliance. Work still in progress with this accomplishment.
14. Lead by the agency's Traffic Unit, the Kannapolis Police Department Unit ranked third in the state regarding points earned from the Governor's Highway Safety Program. These points are being used to replace an additional five (5) wireless digital patrol vehicle camera systems.

PERFORMANCE INDICATORS:

ACTIVITY	FY2011	FY2012	FY2013	FY 2014
Homicide and Deaths Investigations*	12	7	2	55
Assault Investigations*	66	82	34	34

*Information is provided on a calendar year, and as such, is not available for FY2015.

ACTION PLAN:

1. Maintain fully accredited status by the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA).
2. Maintain a below average crime rate (calculated as Part I crimes per 100,000 population) as compared to North Carolina suburban cities of similar size, and foster a strong perception of community safety
3. Expand the staffing level and service capacity of the police department to compensate for area growth and evolving community needs.
4. Initiated plans and work with Human Resources Director to tie a pay incentive plan into our existing Career Development Plan.
5. Plan, recruit participants, and conduct our first Citizens Police Academy in the first half of FY15.
6. Move all of our equipment from multiple offsite storage facilities into the new storage facility on S. Main.
7. Implement the use of dedicated programs designed to increase operational effectiveness and efficiencies of personnel and reduce agency liability.
8. Reduce the impact of illegal drug trafficking through aggressive enforcement and interdiction efforts.
9. Expand the agency social media sites with an emphasis placed on targeted neighborhood notifications in addition to adding Google+ as a linked account.
10. Research and implement a specialized position for the Felony Investigative Unit regarding special victims, (child and senior adult).
11. Continued progression with the secondary and backup communications center site located at the off-site Cabarrus County building.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Police – Administration

- **Personnel Expenses:** \$38,625 Increase (+7.9%)
- **Operating Expenses:** \$7,059 Increase (+1.6%)
- **Total Budget:** \$45,684 Increase (+4.9%)

Once again, the Police Department will continue to focus on the provision of core services during FY15. The service demands facing the police department continue to change, with a significant increase in traffic concerns and an expanding number of special event activities requiring supplemental police coverage. The police department continued to meet these demands with reduced operating expenses in the last four fiscal years: FY10 (\$35,000), FY11 (\$14,087), FY12 (\$23,000) and FY13 (\$7,500).

Increase:

- 3% Merit Pay Allowance in Personnel
- \$2,000 Vehicle Maintenance and Repair
- \$7,000 Equipment Rental

Reductions/Decreases:

- \$2,000 Motor Fuel

Personnel:

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

Police – Support Services

- **Personnel Expenses: \$172,619 Increase (+8.4%)**
- **Operating Expenses: \$131,381 Decrease (-20.3%)**
- **Total Budget: \$41,238 Increase (+1.5%)**

Increase:

- 3% Merit Pay Allowance in Personnel
- \$2,000 Maintenance and Repair – Equipment
- \$1,019 Maintenance and Repair – Vehicles

Reductions/Decreases:

- \$134,400 (Transition from Cabarrus radio system installation to system maintenance)

Personnel:

- \$14,081 Position Reclassification: Records Supervisor
- Funded Positions: Nineteen (19) sworn; Twenty (20) civilian

Eliminated from consideration:

- \$43,870 New Detective Position
- \$43,000 Career Advancement Program
- \$42,105 New Civilian Evidence Custodian
- \$39,050 Detective Vehicle (\$25,000) and Operating Expenses (\$14,050)
- \$17,000 Cross Match Upgrade (Existing Public Safety Supply line item can absorb this expense)
- \$11,460 OSSI Freedom (Existing Public Safety Supply line item can absorb this expense)
- \$8,000 Civilian Evidence Custodian Operating Expenses
- \$8,000 Polygraph Training
- \$2,300 VHF Radio Backups

Capital Outlay: N/A

Police – Field Operations

- **Personnel Expenses: \$139,804 Increase (+4.6%)**
 - **Operating Expenses: \$74,982 Increase (+13.5%)**
 - **Total Budget: \$214,786 Increase (+6.0%)**
-

Increase:

- 3% Merit Pay Allowance in Personnel
- \$57,432 Public Safety Supplies (see below)
- \$25,000 Maintenance and Repair – Vehicles
- \$3,750 Small Equipment and Tools
- \$3,200 Equipment Rental

Reductions/Decreases:

- \$13,000 Maintenance and Repair – Equipment
- \$2,800 Uniforms

Capital:

- \$272,040 - 9 police cruisers (\$30,222 each; includes radar, camera, and striping)
- \$42,432 Replace sixteen (16) Ballistic Vests
- \$10,400 Replace sixteen (16) Ballistic Helmets

Eliminated from consideration:

- \$175,480 Four (4) New Patrol Officers
- \$105,000 Operation Costs for Four (4) New Officers
- \$100,000 Vehicles for Four (4) New Officers

Personnel:

- Funded Positions: Fifty-eight (58)

FISCAL YEAR 2015
DEPARTMENT: FIRE

PROGRAM: Fire Services

MISSION STATEMENT:

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	4,560,596	4,811,635	4,811,635	5,071,391	5,071,391
OPERATING	1,261,461	1,051,926	1,051,926	1,045,586	1,045,586
CAPITAL	551,557	72,800	72,800	73,000	73,000
TOTAL	6,373,614	5,936,361	5,936,361	6,189,977	6,189,977
POSITIONS	85	85	85	86	86

ACCOMPLISHMENTS:

1. Received FEMA Fire Prevention & Safety grant award to purchase and install residential emergency key boxes, carbon monoxide detectors and hearing impaired smoke detectors to improve the safety of our citizens.
2. Successfully implemented an independent VHF back-up radio system for Fire Department emergency use and for daily use by Public Works and Parks & Recreation.
3. Initiated a growth-oriented future fire station study.
4. Received grant funding from the University of North Carolina at Chapel Hill to continue delivery of the "Learn Not to Burn" program.
5. Successfully updated the Kannapolis Fire Department's Strategic Plan.

PERFORMANCE INDICATORS: (as of March 31, 2014)

ACTIVITY	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
Reported Incidents	6077	6285	5206
Response to In-City Incidents within Six Minutes	82%	90%	83%
Number of Citizens receiving Safety Presentations	40,599	34,837	21,378
Number of School age Children receiving Safety Presentations	21,198	29,052	17,506
Business Inspections	1,252	714	1026
Career Training Hours Completed	26,616	28,785	21,774
Customer Service Surveys Mailed	600	600	517
Customer Survey Satisfaction Rate	96%	100%	100%

ACTION PLAN:

1. Maintain a citizen satisfaction rate of 96% of those surveys fielded.
2. Ensure all apparatus and vehicles are mechanically in service 98% of the time.

3. Provide a minimum of 15 firefighters to working structure fires within 9 minutes of dispatch 85% of the time.
4. Provide 98% of the elementary school children in Kannapolis with an annual safety lecture.
5. Provide public education contact with 25% of the citizens in Kannapolis.
6. Provide inspections for 90% of the City's commercial occupancies requiring inspections.
7. Provide a three working day turn-around time on 96% of requested plan reviews.
8. Ensure career personnel attend 75% of all training classes.
9. Reserve personnel attain 6 hours per month training 100% of the time.
10. Conduct 4 training classes that required external specialists to train personnel (i.e. Duke Energy).
11. Adopt and implement the standard of coverage document identifying necessary distribution and concentration of resources to effectively serve the community.
12. Implement an effective apparatus and equipment acquisition and replacement program.
13. Employ a qualified and diverse workforce by defining deficiencies with the demographics of the department.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Fire – Administrative Services

- **Personnel Expenses:** **\$5,000 Increase (+2.1%)**
- **Operating Expenses:** **\$5,913 Increase (+1.5%)**
- **Total Budget:** **\$10,913 Increase (+1.7%)**

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

Increases:

- 3% Merit Pay Allowance in Personnel
- \$8,226 Contracted Services – Odell VFD
- \$1,500 Meetings
- \$1,307 Dues and Subscriptions

Reductions/Decreases:

- \$5,800 Maintenance and Repairs: Buildings and Grounds

Capital:

- \$30,000 Replace staff vehicle (11 year old Crown Vic)

Eliminated from consideration:

- \$44,708 New Logistics Manager
- \$32,103 New Office Executive Assistant
- \$18,500 New ATV with fire pump skid unit
- \$10,000 Operating Costs for New Logistics Manager
- \$10,000 Operating Costs for New Office Executive Assistant
- \$7,000 Replace Station 1 HVAC Unit (16 years old)
- \$3,600 Replace Electric Ranges at Stations 1, 3, & 4 (16-35 years old)

Personnel:

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

Fire – Emergency Services

- **Personnel Expenses:** **\$229,476 Increase (+6.2%)**
- **Operating Expenses:** **\$47,597 Increase (+9.2%)**
- **Total Budget:** **\$277,073 Increase (+6.6%)**

Increases:

- 3% Merit Pay Allowance in Personnel
- \$32,900 Overtime
- \$39,810 Small Equipment and Tools
- \$10,000 Replace twenty (20) Sets of Turnout Gear

Reductions/Decreases:

- \$2,865 Medical Expenses

Capital:

- \$60,000 Equipment for replacement Engine F706
- \$43,000 Replace Fire Hose nozzles, Jaws of Life (3), or Thermal Camera

Personnel:

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

Eliminated from consideration:

- \$52,996 New Fire Training Captain
- \$10,000 Operating Expenses for New Fire Training Captain
- \$5,000 Enclosed Trailer for Logistical Supplies and Daily Deliveries
- \$3,000 Replace Firecom Headsets
- \$9,710 Fire Hose Testing (Can be accommodated with existing \$18,870 in R&M: Equipment)

No other significant changes are included.

Fire – Technical Services

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

Increases:

- 3% Merit Pay Allowance in Personnel
- \$1,400 Motor Fuel

Reductions/Decreases:

- \$520 Maintenance and Repair: Vehicles

Capital Outlay:

- None

Personnel:

- Funded Positions: Four (4)

Eliminated from consideration:

- Hazmat Training Prop \$6,000 (Can be accommodate with \$14,750 in Public Safety Supplies)
 - No other significant changes are included.
-

Fire – SAFER Grant/Technical Services

- **Personnel Expenses:** \$49,319 Increase (+8.2%)
- **Operating Expenses:** \$60,730 Decrease (-100%)
- **Total Budget:** -\$11,411 Decrease (-1.7%)

This Grant expires during FY15. All personnel expenses will be rolled over to regular salaries in FY16.

Increases: N/A

Reductions/Decreases: N/A

Personnel: Grant Funded Positions - Sixteen (16) FT

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

FISCAL YEAR 2015**DEPARTMENT: PARKS AND RECREATION****PROGRAM: Parks, Recreation, Beautification,
Grounds Maintenance, Gateways
and Cemetery****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	777,604	843,361	843,361	855,069	855,069
OPERATING	723,844	957,443	957,443	842,900	842,900
CAPITAL	47,910	8,700	8,700	33,700	33,700
TOTAL	1,549,358	1,809,504	1,809,504	1,731,669	1,731,669
POSITIONS	11	11	11	11	11

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

ACCOMPLISHMENTS:

1. Reached over 55,000 people with programs at Village Park and Veterans Park, including 7 movies, 7 concerts, 1 ballet performance, 4 Thursdays on Main lunch concerts, 3 Thursdays on Main evening concerts, 5 literary arts programs, and 29 co-sponsored events.
2. Seventh summer of splash pad operation with over 24,300 paid admissions and over 35,000 through the gate.
3. Sixth year of operation for the Rotary Express train ride. Train riders exceeded 41,500 for the year.
4. Winter land Express set a new record with a ridership of 12,259 with an estimated 7,000 touring the park light display.
5. Received over \$50,000 in sponsorships to support the Summer Entertainment Series.
6. Completed \$2.5 million dollar renovation of Veterans Park. Had over 2,500 guests to the re-opening, including Governor Pat McCrory and Congressman Richard Hudson.
7. As of May 1, 2014, we have sold and installed 1,870 bricks for Veterans Park.
8. Planted 10 trees and over 100 shrubs as part of the Village Park landscape improvement plan.
9. Continued usage agreement with Kannapolis Middle School to utilize facilities for community functions.
10. Operated 4 Adult Athletic Leagues with over 635 participants. Includes Men's and Women's Fall League Softball, Men's and Women's Spring Softball Leagues.
11. Maintained seven parks and 49 parcels of City-owned land.
12. Improved maintenance of the grounds and medians at the North Carolina Research Campus
13. Improved maintenance operations for the Kannapolis Cemetery.
14. Managed 972 shelter reservations, 891 athletic field reservations, and 499 building reservations between Village Park and the Kannapolis Train Station.

15. Maintained over 800 trees, including all cherry trees on Loop Rd and Oakwood Ave. as well as all right-of-way trees on the NCRC.
16. Spread over 7,500 bales of pine needles around parks and properties.
17. Installed over 3,500 flowers in parks and other city properties.
18. Installed additional 570 cu. yds. of safety surface in playgrounds.
19. Created new parking area near Rite-aid to provide additional parking for use during events.
20. Third summer of beer/wine pavilion adding over \$6,000 to special event revenues.
21. Operated 2013 "Kannapolis Christmas" event with an attendance of over 3,000.
22. Held Christmas Tree Lighting program in Village Park with over 1,000 in attendance. That same night kicked off the 6th year of the winter land Express and Celebration of Lights.
23. Continued development of the Dale Earnhardt Plaza. Including additional landscaping and the installation of an additional 13 engraved bricks.
24. Continued up fit of the new warehouse facility for Parks and Recreation Operations. Added three additional storage facilities to the site for Police and P&R use.
25. Acquired several easements for the Rocky River Greenway corridor.
26. Began implementation of separate "division" budgets for managers.
27. Installed new infield material on the ball fields at Safrit Park.
28. Replaced the roof on the shop at Bakers Creek Park.

ACTION PLAN:

1. Begin property acquisition and construction for the Irish Buffalo Creek Greenway.
2. Complete the P&R Comprehensive Master Plan.
3. Provide additional part-time staff to assist with the full service operation of Village Park (park building, spray park, shelter rentals, special events and train operations), and other park maintenance operations.
4. Continue to provide additional funding for the Summer Concert Series and Movies in the Park program.
5. Continue enhancement of programs to include the summer concerts, movies in the park, Stories Under the Stars, coordinated program efforts with the Cabarrus Arts Council, Kannapolis Library, Kannapolis Intimidators, youth organizations, and other departments.
6. Continue to grow the Jiggy with the Piggy BBQ competition to make it one of the best in the region.
7. Add new mowing equipment to replace older less efficient equipment to better assist with day to day maintenance operations.
8. Complete the up fit improvements to the warehouse on S. Main St. including new landscaping, outside materials storage areas, and windscreen installation on the fences.
9. Continue to fulfill landscape plan requirements for Village Park.
10. Continue development of winter land Express and Festival of Lights display throughout park in December.
11. Continue involvement in the development of open space and greenways.
12. Continue design development of the Rocky River Greenway.
13. Continue work with Christ the King High School in the possible joint development of athletic facilities for the west side of the City.
14. Continue development and records archiving of Kannapolis Cemetery.
15. Investigate the opportunity to open a new section of the cemetery providing an additional 54 plots to be sold to the general public.
16. Develop cost estimates to construct a columbarium as part of the cemetery improvements.
17. Begin a more thorough investigation to adding a more comprehensive athletics program to the department.
18. Work on street lighting and landscape improvement project for Laureate Way and Watson-Crick Drive.

19. Provide the opportunity for all f/t staff to attend the NRPA National Convention being hosted in Charlotte in October.
20. Work on replacing the all the signage at Bakers Creek Park and on the Bakers Creek Greenway.
21. Continue to beautify the parks with native plants which will allow us to offer outdoor educational programs in the future.
22. Continue to provide affordable day trip opportunities for schools and daycares to the parks.
23. Increase the number of healthy choices in our concession stands and implement concession guidelines.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Parks – Parks

- **Personnel Expenses: \$11,708 Increase (+1.4%)**
- **Operating Expenses: \$68,043 Decrease (-11.3%)**
- **Capital Machinery and Equipment: \$33,700 (See Below)**
- **Total Budget: -\$56,335 Decrease (-3.9%)**

Increase:

- 3% Merit Pay Allowance in Personnel
- \$11,300 Cleaning Supplies
- \$10,000 Part-time salaries
- \$7,000 Equipment Rental
- \$4,000 Electricity
- \$2,500 Uniforms
- \$2,000 Gas Utilities (Veteran's Park Flame)
- \$2,000 Medical Expenses
- \$1,500 Travel and Training (NRPA Convention in Charlotte for all staff)

Reductions/Decreases:

- \$32,000 Contracted Services (FY14 Master Plan)
- \$30,343 Train Supplies (Budget amendment as necessary)
- \$19,300 Small Tools and Equipment
- \$11,000 Maintenance and Repair: Buildings and Grounds
- \$3,000 Water and Sewer

Capital Machinery and Equipment:

- \$25,000 Replace F150 (2000 model; 111,000 miles)
- \$8,700 Replace one gator utility

Eliminated from consideration:

- \$8,700 Replace a second gator utility
- \$4,845 PT Operations Specialists (PT Salaries increased \$10,000 FY15; \$30,000 increase since FY12)

Personnel:

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

Parks – Programming

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$28,500 Increase (+11.6%)
- **Total Budget:** \$28,500 Increase (+11.6%)

Increase:

- \$25,000 Jiggy Jam Weekend (split out from Summer Event Series)
- \$12,000 Summer Event Series (Expanded Summer Concert Lineup)

Reductions/Decreases:

- \$10,500 Program Supplies

Includes:

- \$25,000 Christmas Festival (Not Parade)
 - No other significant changes are included.
-

Parks – Stadium

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$50,000 Decrease (-58.8%)
- **Total Budget:** \$50,000 Decrease (-58.8%)

Increase: N/A

Reductions/Decreases:

- \$50,000 Building Maintenance and Grounds

Includes:

- \$25,000 Lawn Maintenance

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

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

Staff created this enterprise fund (the “Stadium Fund”) in the FY 2012 budget. This fund allows Staff and City Council to readily track the revenues and expenses and to easily track any subsidies from other City funds that may be necessary in the future.

The documents to consummate the property transaction and a new lease agreement with Smith Family Baseball were finalized in early 2012.

The team has requested a new lease which they believe is better suited to both the team's interest and the City's interest. City Staff agreed, and city council approved in April 2012 the proposed new lease that met several significant objectives for the City:

- The new lease is simplified. The previous lease was very complicated and its implementation relied significantly on unaudited data provided to the City from the Smith Family Baseball.
- Reduction of long term risk to the City. The old lease would provide 5 total years of day to day maintenance of the facility. The new lease reduces that by as many as 12 years if both the renewal terms are exercised. The new lease also eliminates open ended requirements of the City having to meet future minor league baseball standards as it relates to the stadium facility (those are in the current lease).
- The new lease provides the *opportunity* (with exercised renewals by Smith Family Baseball) for 15 more years of continued economic output from the facility and the property.

The essential terms of the proposed lease:

1. Term: 5 years with two 5 year renewals
2. Rent: \$1.00
3. Ticket Sales: Lessee receives all revenue from baseball and lessee events. Lessor receives all revenue from Lessor sponsored events.
4. Utilities: Lessee pays all year (all utilities including, electric, gas, water and sewer changes)
5. Stadium Maintenance: Lessor provides stadium maintenance years 1, 2 and 3 for items over \$200. Lessee provides stadium maintenance for all items over \$200 in years 4 and 5 plus both 5 year renewal terms but with cap of \$25,000 per item/incident/occurrence. Lessor pays for balance of items over \$25,000. Lessee pays for all items under \$200 throughout lease.
6. Exterior Landscaping: Lessor pays during initial 5 year term. Lessee pays during 5 year renewal terms.
7. Concessions: Lessee retains.
8. Parking: Lessee retains for baseball and lessee sponsored events. Lessor retains for lessor sponsored events.
9. Advertising: Lessee retains advertising revenues and has right to revenues for stadium naming rights during lease term.
10. Default: \$75,000 liquidated damages per year in event of default by vacating.

The current lease provides the Lessor between \$20,000 and \$30,000 in revenues over expenditures based on recent figures provided by Rowan County. The new lease removes most of that those excess revenues but it also removes most of the significant liabilities the Lessor (City) will assume via maintenance obligations. The new lease is designed to be good balance between providing economic incentives to maintain professional baseball in Kannapolis and minimizing long term liability to the City for maintaining a 15 year stadium that is showing some age.

The new lease is generally silent on the responsibility for new capital expenditures (construction of new buildings or expansions, major expenditures/upgrades to facilities). It is the intention of staff to secure City Council approval for any new buildings or substantial capital improvements.

It is also the intention of staff to utilize the Stadium Fund (\$325,000 +) for ongoing maintenance of the stadium and any capital that is mutually agreed upon by the City and Smith Family Baseball. For the past several years this day to day maintenance has been about \$25,000 annually. However, in the first year it will likely exceed that amount due to the lack of maintenance over the past few years. In a worse-case scenario, based on the new lease provisions, expenditures will need to stay under about \$108,000 annually to avoid having to utilize other city funds. This will include the ongoing maintenance.

FISCAL YEAR 2015**DEPARTMENT: PUBLIC WORKS****PROGRAM: Administration and Engineering****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	352,501	451,601	451,601	410,192	410,192
OPERATING	50,031	693,000	693,000	710,750	710,750
CAPITAL	620,346	403,400	403,400	76,200	76,200
TOTAL	1,022,878	1,548,001	1,548,001	1,197,142	1,197,142
POSITIONS	6	6	6	7	7

ACCOMPLISHMENTS:

1. Reviewed and/or provided construction observation for 20 commercial site plans.
2. Reviewed and/or provided construction observation for 11 residential subdivisions.
3. Managed with other departments to update Water and Sewer GIS mapping data.
4. Coordinated with WSACC staff to identify and reduce inflow & infiltration (I&I).
5. Prioritized Transportation Improvement Projects.
6. Managed project information for the CIP program.
7. Provided assistance with other department's mapping needs.
8. Assisted with Infrastructure Audit.
9. Maintained Stormwater Permit Tracking Process.
10. Coordinated with NCDOT on transportation improvement projects.

PERFORMANCE INDICATORS:

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

ACTIVITY	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Streets – Private Development (by linear feet)	2,676	1,846	4,275	1,104	1,944
Water – Private Development (by linear feet)	12,328	9,100	5,802	4,380	14,479
Sewer – Private Development (by linear feet)	13,741	8,800	6,223	2,991	12,618

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. Carry on with paving gravel streets through the CCBG program.
4. 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.
5. Respond to contractor requests for site visits or testing within 24-hours of request.
6. Continue to work with the other departments towards completion of Standard Construction Details and Specifications.
7. Update document plan review and construction checklist.
8. Conduct preconstruction conferences with home builders to ensure that City standards are being maintained during the home building process.
9. Continue evaluating existing street policies.
10. Continue to work with all divisions of Public Works to improve electronic mapping system.
11. Maintain a CIP programs for Water, Sewer, Stormwater and Transportation.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** \$41,409 Decrease (-9.2%)
- **Operating Expenses:** \$17,750 Increase (+2.6%)
- **Capital Infrastructure:** \$76,200 (See Below)
- **Total Budget:** -\$23,659 Decrease (-2.1%)

Increase:

- 3% Merit Pay Allowance in Personnel
- \$18,720 Contract Engineering
- \$5,000 Travel and Training
- \$7,500 Contract Surveying
- \$1,000 Uniforms

Reductions/Decreases:

- \$7,000 Contracted Services
- \$1,000 Meetings

Capital Infrastructure:

- \$51,600 Little Texas Road Sidewalk Match
- \$24,600 Hwy 73 Sidewalk Match

Eliminated from consideration:

- \$32,103 Administrative Assistant
- \$25,579 Warehouse Assistant

Positions:

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

- No new personnel are included.
- No other significant changes are included.

FISCAL YEAR 2015**DEPARTMENT: PUBLIC WORKS****PROGRAM: Traffic Signs and Markings****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	130,922	145,237	145,237	148,895	148,895
OPERATING	127,508	184,562	184,562	190,652	190,652
CAPITAL	-	-	-	-	-
TOTAL	258,430	329,799	329,799	339,547	339,547
POSITIONS	3	3	3	3	3

ACCOMPLISHMENTS:

1. The Sign Shop has maintained and repaired all signs throughout the City in a timely manner, making and installing over 1,172 signs this year.
2. It has been federally mandated that all street name signs on multi-lane roads with speeds higher than 40 mph must be 12-inches in height; therefore we replaced all street name signs on Lane Street and on Jackson Park Road, also made them decorative along with the stop signs.
3. Cut limbs at over 88 locations.
4. Constructed all banners for the "Concerts in the Park" series, as well as the Jiggy with the Piggy event with over 100 signs and banners.
5. The Sign Shop mows 6-months a year, maintaining more than 25 locations every 2-weeks (84,000 LF) along with some sidewalk and curb beautification.
6. Lowered 257 street signs for XR Repeater Project.
7. Recorded speed limit retro reflective readings and replaced over 150 failing signs to meet minimum requirements.
8. Replaced over 400 stop signs on the replacement schedule.

ACTIVITY	FY 2011	FY 2012	FY 2013	FY 2014
Street Name Signs Installed or Repaired	203	98	336	341
Information Signs Installed or Repaired	884	1,369	836	1,128

ACTION PLAN:

1. It has been federally mandated that all street name signs on multi-lane roads with speeds higher than 40 mph must be 12-inches in height; therefore we will proceed with replacement of all other 4-lane roads throughout the City.

2. Install decorative stop signs and 12-inch street signs on N. Loop and sections of Dale Earnhardt Blvd.
3. Create speed limit blanket replacement schedule.
4. Record retro-reflective data on all warning signs and begin to replace failed signs.
5. Continue an inventory system on all signs inside City limits and place them on a schedule to date and replace the signs as needed.
6. Continue forwarding repair requests within 24-hours of receipt of request.
7. Continue enhancing the mowing program.
8. Replace 200 stop signs that are scheduled for replacement this year.
9. Ensure signs and markings are maintained in good condition with the following priorities and procedures:
 - 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.

New installations for new developments will be fabricated and installed promptly.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses: \$3,658 Increase (+2.5%)**
- **Operating Expenses: \$6,090 Increase (+3.3%)**
- **Total Budget: \$9,748 Increase (+3.0%)**

Increased:

- 3% Merit Pay Allowance in Personnel
- \$4,420 Overtime
- \$2,500 Maintenance and Repair: Vehicles
- \$2,500 Office Supplies

Decreases:

- \$500 Small equipment and tools

Eliminated from consideration:

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

Personnel:

- Positions Funded: Three (3)

FISCAL YEAR 2015**DEPARTMENT: PUBLIC WORKS****PROGRAM: Powell Bill – Streets****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	289,707	326,447	326,447	336,205	336,205
OPERATING	839,790	922,553	922,553	989,430	989,430
CAPITAL	-	-	-	200,550	200,550
TOTAL	1,129,497	1,249,000	1,249,000	1,526,185	1,526,185
POSITIONS	8	8	8	8	8

ACCOMPLISHMENTS:

1. Completed five (5) cycles of scheduled mowing.
2. Completed three (3) maintenance cycles on unpaved street sections.
 - a. The road sections were graded with additional aggregate added as necessary and compacted.
 - b. The drainage ditches were cleaned as needed.
3. Continued to track the number of pavement repairs per streets.
4. Completed majority of utility cut repairs within 24-hours after receiving work order from Water Resources Division.
5. Identified potential areas for potholes and made the necessary repairs before larger pothole problems could occur.
6. Focused on proper sub-grade preparation and made extremely large quantity asphalt patches* in areas where streets were badly failing such as Glenn Avenue, Flicker Street, Blackwelder Street, Grove Avenue, Small Street, Pleasant Avenue, East D Street, Mable Avenue bridge, Windsong Avenue, Lindler Street, just to name a few. (*The total amount of asphalt used last year is 2,481.8 tons through April 15, 2014)
7. Many of our crew members received Road Scholar certificates from the LTAP program in Raleigh and this program has been beneficial in learning about street repair. We will continue with the advanced program.

PERFORMANCE INDICATORS:

ACTIVITY	FY 2011	FY 2012	FY 2013	FY 2014
Reconstruction Resurfacing (miles)	0.36	0	17	1.6
Utility Cuts Repaired	176	169	194	163
Pavement Repairs (includes potholes)	1,538	837	1,114	1,190
Shoulder Work (feet)	15,695	23,815	8,691	35,034
Sidewalk Repairs (feet)	2,707	10	0	100

ACTION PLAN:

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** \$9,758 Increase (+3.0%)
- **Operating Expenses:** \$66,877 Increase (+7.3%)
- **Total Budget:** \$76,635 Increase (6.1%)

Increases:

- 3% Merit Pay Allowance in Personnel
- \$52,615 Contracted Services
- \$15,000 Maintenance & Repair Motorized Equipment
- \$4,007 Maintenance & Repair Streets

Reductions/Decreases:

- \$10,900 Overtime

Includes:

- \$485,000 Street Resurfacing
- \$150,000 Sidewalk Repairs

Eliminated from Consideration:

- \$153,495 Five (5) Construction Maintenance Worker I
- \$30,000 Sand Spreaders and Snow Plows

Items of Interest:

- State Powell Bill funds is projected to increase \$21,000 from \$1,244,000 to \$1,265,000. The city will receive \$20.71 per citizen (FY14 \$20.16) and approximately \$1,640 per mile (FY14 \$1,596) of maintained roadway.
- Background: At the direction of City Council, in FY 08 staff reduced the Powell Bill Fund Balance through an aggressive street improvement program. During FY 08, the budget included the projected use of the remaining Powell Fund Balance of approximately \$536,000. There are no longer any Powell Bill reserves. The following appropriations have been invested in street paving:
 - 2007-08: \$536,000
 - 2008-09: 0
 - 2009-10: \$500,000

- 2010-11: \$214,823
- 2011-12: \$319,934
- 2012-13: \$483,674
- 2013-14: \$483,674
- 2014-15: \$485,000

Personnel:

- Funded Positions: Eight (8)

Capital:

- \$46,280 Replace S-6 Patch Truck (Finance 5 years)
- \$77,250 Replace S-52 Flail Mower
- \$77,000 Replace Skid Steer Loader

Eliminated from Consideration:

- \$125,000 Replace S-43 Knuckle Boom Truck (FY16 CIP)
- \$18,000 New Salt and Sand Spreader
- \$12,000 Replacement of Snow Plow Blade

FISCAL YEAR 2015**DEPARTMENT: PUBLIC WORKS****PROGRAM: Streets and Highways****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	-	-	-	-	-
OPERATING	479,157	533,500	533,500	559,000	559,000
CAPITAL	-	-	-	-	-
TOTAL	479,157	533,500	533,500	559,000	559,000
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

1. Identified lights that have been removed for reasons unknown (construction, accidents, etc.), had reinstalled and credits issued.
2. Coordinated the removal of unused wooden poles.
3. Citywide light scans – two complete scans twice a year and two partial scans that include only major thoroughfares.
4. In a major storm event – a Citywide scan is completed within 10-days of the event.
5. Revised the current Street Lighting Policy and submitted it to the Public Works Director.

PERFORMANCE INDICATORS:

ACTIVITY	FY2011	FY2012	FY2013	FY2014
New Lights Installed	97	87	67	62
Requests for New Lighting	151	31	46	44
Repair Requests Received	163	433	525	419

ACTION PLAN:

1. Continue to respond to citizen requests for improved street lighting.
2. Continue to review street lighting inventory.
3. Continue to work with Duke Energy to address repair problems.
 - a. Lights should be repaired within 3-5 business days.
4. Continue to work with Duke Energy to provide lighting design for Kannapolis Parkway.
5. Continue to work with Duke Energy to provide more timely installation of street lighting for developments.
6. Continue to coordinate with developers to determine type of light design at pre-construction meeting; also, requiring installation prior to acceptance of subdivision.

7. Continue to work with homeowner's associations for input if decorative fixtures are requested in place of standard fixtures.
8. Continue to work with the developer and/or homeowner's associations and Duke Energy to determine lighting needs.
9. Continue forwarding repair requests to appropriate service provider within 24-hours of receipt of request.
10. Continue the Citywide street lighting scans.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$25,500 Increase (+4.8%)
- **Total Budget:** \$25,500 Increase (+4.8%)

Increases:

- \$16,000 Electricity
- \$9,500 Contracted Services (Royal Oaks Neighborhood Tree Trimming; NCRC Replacement Lights)
- No other significant changes are included.

FISCAL YEAR 2015**DEPARTMENT: PUBLIC WORKS****PROGRAM: Public Works Operation Center****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	-	-	-	-	-
OPERATING	197,758	214,004	214,004	249,588	249,588
CAPITAL	-	-	-	-	-
TOTAL	197,758	214,004	214,004	249,588	249,588
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

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

ACTION PLAN:

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$35,584 Increase (+16.6%)
- **Total Budget:** \$35,584 Increase (+16.6%)

Increases:

- \$25,236 Equipment Rental (Right-sizing of historical trend)
- \$5,000 Maintenance and Repair: Office Equipment (Re-allocation from another line item)
- \$3,768 Electricity (8% Duke Energy Increase)

Decreases:

- \$2,500 Contracted Services

Eliminate from Consideration:

- \$25,000 Pest Removal/Pigeons in Dock's and Vehicle Bays
- No new or replacement capital.
- No other significant changes are included.

FISCAL YEAR 2015**DEPARTMENT: OTHER****PROGRAM: Non-Departmental****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	2,529,848	-	-	-	-
OPERATING	1,245,138	3,432,543	3,432,543	3,502,995	3,502,995
CAPITAL	1,020,120	236,274	236,274	-	-
TOTAL	4,795,106	3,668,817	3,668,817	3,502,995	3,502,995
POSITIONS	0	0	0	0	0

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** \$11,751 Decrease (-0.44%)
- **Operating Expenses:** \$82,203 Increase (+10.9%)
- **Total Budget:** \$70,452 Increase (2.1%)

Increase:

- \$152,557 Contingency Appropriation
- \$80,000 Insurance – Self Insured
- \$5,425 HAS 7 HRA Benefits
- \$4,400 Workers Comp Insurance

Reductions/Decreases:

- \$77,000 Special Expenses (NCDOT's closeout of several old bridge / Tropical Storm damage projects)
- \$43,000 Incentive Grants
- \$21,576 Retiree Insurance
- \$10,000 Insurance – Public Officials
- \$10,000 Insurance – General Liability
- \$10,000 Insurance - Buildings

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

- Transfer to other funds used to be listed here in Non-Departmental. Transfers are now captured on a separate spreadsheet.

- The proposed budget includes approximately \$303,355 to continue funding a medical spending account for all currently funded full time positions and retirees. Employees continue to have a choice of two plans: a Healthcare Reimbursement Account (HRA) or a Healthcare Savings Account (HSA). Implementation of the spending accounts and consumer driven health plan has attributed favorably to controlling rising healthcare costs that enabled the City to implement a self-insured program and Wellness/Nurse Practitioner program in FY 2010.

In FY14, Our most recent Program Impact Report shows claims for managed employees, meaning those employees who are in compliance with their healthy life plans, have decreased by 19.9% while claims for the unmanaged group increased by 101.9%. The unmanaged group is comprised of 84 employees who either chose not to participate in the program or are not compliant with their healthy life plans. The improvements among the managed group are most evident when viewed by risk factor: 26.83% decrease in claims paid for blood pressure related risks; 10.12% decrease in claims paid for treatment of cardiovascular conditions; 2.12% decrease for claims related to diabetes. As of April 2012, net claims are down 12.5% and are at a rate less than that of three years ago. Total health program costs (medical, pharmacy, health clinic, medical spending accounts, and fixed costs) are down 9.1% and are also at a rate that is less than that of three years ago.

- Implementation of a Tobacco User Fee which reduces the employer's contribution to the employee's medical spending account by 25% in FY13 and 50% in FY 14.
- BMI incentive: Employees will continue to work toward reducing their body mass index over the next twelve months.
- Incentive Grants
 - SP Richards \$56,000

FISCAL YEAR 2015

DEPARTMENT: OTHER

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

MISSION STATEMENT:

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	-	-	-	-	-
OPERATING	-	27,443	27,443	180,000	180,000
CAPITAL	-	-	-	-	-
TOTAL	-	27,443	27,443	180,000	180,000
POSITIONS	0	0	0	0	0

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$152,557 Increase (+5.56%)
- **Total Budget:** \$152,557 Increase (+5.56%)

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

FISCAL YEAR 2015**DEPARTMENT: GENERAL DEBT SERVICE****PROGRAM: General Fund Debt Service****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	-	-	-	-	-
OPERATING	11,274,334	5,139,562	5,139,562	6,059,562	6,059,562
CAPITAL	-	-	-	-	-
TOTAL	11,274,334	5,139,562	5,139,562	6,059,562	6,059,562
POSITIONS	0	0	0	0	0

THE GENERAL FUND DEBT IS AS FOLLOWS:

	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	REMAINING TERM	INTEREST RATE
INSTALLMENT PURCHASE 2013 <i>PROPOSED</i>	1,463,723	164,375	29,590	193,965	9 YEARS	2.08%
MUNICIPAL CENTER/POLICE HEADQUARTERS*	28,708,000	98,300	1,130,859	925,000	20 YEARS	Unknown
PNC REFINANCE <i>VILLAGE PARK BUILDING</i>	365,867	52,267	7,056	59,323	8 YEARS	2.00%
PNC REFINANCE <i>FIRE ST., ROGERS LAKE, BRIDGES</i>	4,499,563	619,271	86,599	705,870	10 YEARS	1.98%
BB&T <i>EQUIPMENT 2011</i>	505,843	42,153	19,846	61,999	11 YEARS	4.05
SUNTRUST <i>EQUIPMENT 2009</i>	390,956	142,760	10,314	153,074	2 YEARS	3.17%
ROWAN COUNTY <i>BASEBALL STADIUM</i>	2,937,500	62,500	-	62,500	47 YEARS	0.00%
NCRC TIF BONDS <i>2010 SERIES A</i>	12,375,000	1,585,000	602,900	2,187,900	6 YEARS	var.
NCRC TIF BONDS <i>2010 SERIES B</i>	19,310,000	-	1,405,768	1,405,768	13 YEARS	var.
GRAND TOTAL FOR FY2014	\$ 70,556,452	\$ 2,766,626	\$ 3,292,932	6,059,558		

*LOB's scheduled to be issued mid-August 2014. All numbers are estimates at this time.

WATER AND SEWER FUND

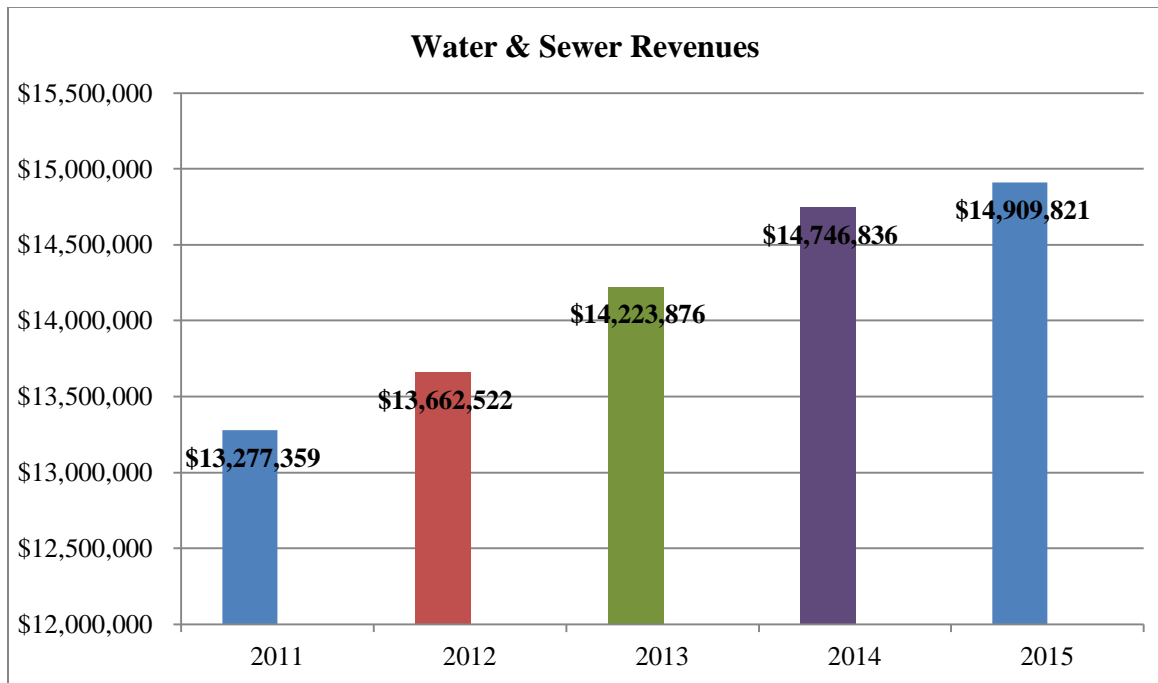
The Water and Sewer Fund (W/S Fund) is the second largest fund with the City. The W/S Fund revenue includes monies collected from charges for water and sewer services, fees, sales tax, and other revenue. This fund includes most of the operating services, such as administration, billing and collection,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

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

WATER AND SEWER FUND REVENUES

CITY OF KANNAPOLIS REVENUE DETAIL ANALYSIS WATER AND SEWER FUND

REVENUES	ACTUAL FY2012	ACTUAL FY2013	BUDGET FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
CHARGES FOR WATER & SEWER RETAIL	12,116,512	12,300,934	13,496,836	13,585,321	13,585,321
CHARGES FOR WATER & SEWER WHOLESALE	256,812	306,819	300,000	325,000	325,000
TAP FEES	51,650	56,960	60,000	60,000	60,000
CONNECTION FEES	259,978	335,930	325,000	375,000	375,000
RECONNECTION FEES	107,740	169,210	165,000	165,000	165,000
PENALTIES	320,767	360,883	375,000	385,000	385,000
INVESTMENT INCOME	35,561	2,851	15,000	11,000	11,000
OTHER	-	690,289	-	-	-
MISCELLANEOUS REVENUE	513,502	-	10,000	3,500	3,500
TOTAL WATER & SEWER FUND	13,662,522	14,223,876	14,746,836	14,909,821	14,909,821



As shown in the chart above, Water & Sewer revenues have remained relatively steady over the past three years. The estimated revenues for FY2015 are higher than the revenues for FY 2014 due to some normal growth in the system.

WATER AND SEWER FUND REVENUES: FY2015

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

The water fixed rate increased in FY14 by 95 cents and the variable rate increased by 35 cent per 1,000 gallons on both water and sewer rates. In FY14, outside city limit customers were subject to the same increases plus 20% to the fixed and variable water rates. Rates for FY15 remained the same as FY14.

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

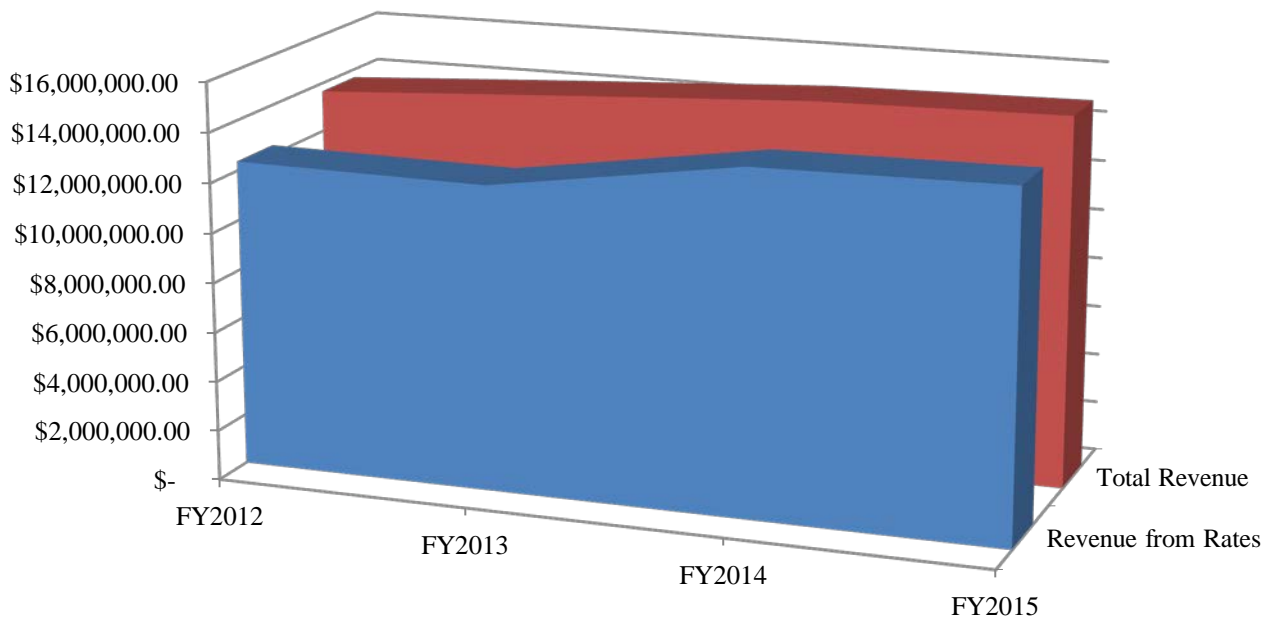
Due to no rate change, the amount to be paid by a City customer at different levels of usage compared to current year is as follows (based on a customer using both water and sewer):

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

	ACTUAL FY2012	ACTUAL FY2013	PROJECTED FY2014	BUDGET FY2015
WATER & SEWER REVENUES FROM RATES	12,373,324	12,250,000	13,796,836	13,910,321
WATER & SEWER TOTAL REVENUES	13,662,522	14,223,876	14,746,836	14,909,821

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

WATER AND SEWER REVENUES AND RATES OVERLAPPING



The chart above reflects a steady climb in overall revenues, but revenues generated by rates were relatively flat over the past two fiscal years, until rate increases were implemented gave a moderate increase to total revenues. The water and sewer rate increase amount totals to \$1,323,665 more than budget FY 2013. From FY 14 to FY 15, revenues increased by \$162,985. These funds will be primarily focused on funding the Albemarle Water Line, a water meter replacement program, Irish Buffalo Creek sewer line, and Kannapolis lake intake/clearwell improvements.

WATER AND SEWER FUND EXPENDITURES FY2015

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	1,896,527	2,121,711	2,121,711	2,365,706	2,365,706
OPERATING	10,235,664	11,081,775	11,081,775	11,325,886	11,325,886
CAPITAL	592,441	1,543,350	1,543,350	1,218,229	1,218,229
TOTAL	12,724,632	14,746,836	14,746,836	14,909,821	14,909,821
POSITIONS	44	45	45	45	45

Overall, the Water and Sewer Fund Expenditures have increased \$162,985 or 1.10%. The operating budget increased \$244,111 or 2.20% over previous year. There are no significant changes to services or operations in the Water and Sewer fund. Personnel costs increased \$243,995 or 11.5%.

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
ADMINISTRATION	-	-	-	-	-
BILLING & COLLECTION	917,305	607,388	607,388	709,509	709,509
DISTRIBUTION	2,464,527	3,317,413	3,317,413	2,612,381	2,612,381
SEWAGE TREATMENT	2,693,521	2,712,919	2,712,919	2,727,984	2,727,984
WATER TREATMENT PLANT	1,928,794	2,334,584	2,334,584	3,021,142	3,021,142
GENERAL MANAGEMENT SERVICES	1,019,497	1,050,000	1,050,000	-	-
TRANSFERS TO FUNDS	-	850,000	850,000	1,850,677	1,850,677
DEBT SERVICE	3,700,988	3,874,532	3,874,532	3,988,128	3,988,128
TOTAL EXPENDITURES	12,724,632	14,746,836	14,746,836	14,909,821	14,909,821

FISCAL YEAR 2015**DEPARTMENT: WATER AND SEWER****PROGRAM: Billing and Collection****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	335,888	387,038	387,038	479,659	479,659
OPERATING	581,417	220,350	220,350	229,850	229,850
CAPITAL	-	-	-	-	-
TOTAL	917,305	607,388	607,388	709,509	709,509
POSITIONS	7	7	7	7	7

ACCOMPLISHMENTS:

1. Maintained a high collection rate by continued enforcement of City Cut Off procedures for non-payment of past due accounts
2. Maintained security of customer information as required by law/
3. Completed data base scrub to pick up storm water and recycle charges on missing addresses in system
4. Completed implementation of “discovery” process for Business License Department
5. Implemented cross training of all staff members.
6. Started training for new meter change out project

PERFORMANCE INDICATORS:

ACTIVITY	FY 2011	FY 2012	FY 2013	FY 2014
Average number of Customer Billings	216,000	216,000	216,000	216,000
Average number of new applications	3,985	3,846	3,753	3,898
Average number of walk-in payment & assistance needed customers	73,869	71,516	70,900	71,153
Average number of bank drafts	15,086	15,379	14,218	16,507
Average number of credit card customers	23,565	23,687	20,225	24,500
Water and Sewer collection percentage	97.00%	97.3%	97.6%	97.00%

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

ACTION PLAN:

1. Strive to enhance customer service under the supervision of customer service director located in the City Manager’s budget.
2. Maintain high collection rate by continued monitoring of past dues.
3. Continue to encourage automatic draft of customer payments.

4. Continue to find ways to cut down on customer walk in traffic.
5. Work with the City Attorney to increase collections of past due storm water accounts.
6. Work with the City Attorney to identify and collect business license fees from noncompliant businesses.
7. Implement Council approved plan for billing rental property owners for storm water fees when properties are vacant.
8. Implement and complete meter change out program offering assistance and guidance to customers regarding schedules and billing changes.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** **\$92,621 Increase (+23.9%)**
- **Operating Expenses:** **\$9,500 Increase (+4.3%)**
- **Total Budget:** **\$102,121 Increase (+16.8%)**

Increased:

- 3% Merit Pay Allowance in Personnel
- \$92,621 Salaries (Includes Transfer of Director of Revenue from City Manager-Admin)
- \$10,000 Postage
- \$1,000 Equipment Rental

Reductions/Decreases:

- \$2,000 Telephone

Personnel: No Budget Impact Proposal

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

FISCAL YEAR 2014**DEPARTMENT: WATER AND SEWER****PROGRAM: Distribution****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	1,105,202	1,259,890	1,259,890	1,383,592	1,383,592
OPERATING	826,254	802,173	802,173	862,829	862,829
CAPITAL	533,071	1,255,350	1,255,350	365,960	365,960
TOTAL	2,464,527	3,317,413	3,317,413	2,612,381	2,612,381
POSITIONS	27	28	28	28	28

ACCOMPLISHMENTS:

1. Replaced 5,891 meters
2. Repaired 20 water main breaks
3. Repaired/inspected 331 service leaks
4. Installed 46 water services
5. Updated 179 water meter set ups
6. Meter Techs performed 4,973 cut-offs for non-payment and 4,344 reconnects.
7. Meter Techs performed 4,069 scheduled meter turn-ons for new customers.
8. Meter Readers performed 14,300 meter reads each month.
9. Four (4) employees received AWWA Water Distribution & Wastewater Collections certifications.

PERFORMANCE INDICATORS:

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

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 read meters each month within a 28-32 day billing window.
6. Continue to perform all meter turn-on and off requests the same day as scheduled.

7. Continue to perform in-house landscaping after completion of each job.
8. Finish installation of AMI meters and collector systems.
9. Continue to perform in-house landscaping after completion of each job.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** \$123,702 Increase (+9.8%)
- **Operating Expenses:** \$60,656 Increase (+7.6%)
- **Capital Machinery:** \$115,960 (See Below)
- **Capital Improvement:** \$250,000 (See Below)
- **Total Budget:** \$184,358 Increase (+8.9%)

Increases:

- 3% Merit Pay Allowance in Personnel
- \$17,300 Maintenance and Repair: Lift Stations Replace six (6) telemetric units with SCADA Units
- \$12,500 Small Equipment and Tools
- \$10,250 Materials for W&S Service
- \$8,000 Contracted Services
- \$1,000 Printing (Door Hanger Printing)

Decreases:

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

Includes:

- \$17,300 Replace six (6) telemetric units with SCADA Units (44600)
- \$12,500 Replace See Snake Camera/Replace Inoperable Tamp (46200)
- \$8,000 Leak Detection (48000)
- \$40,500 Contract Grounds Maintenance – Outfall Clearing (48220)

Capital:

- \$88,269 Replace Generator
- \$65,000 Replace Backhoe
- \$40,000 Replace WTP-3 Truck
- \$18,000 Portable Air Compressor
- \$32,960 Replace PWOC Forklift

Eliminated from Consideration:

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

Personnel:

- Funded: Twenty-Eight (28)

FISCAL YEAR 2015**DEPARTMENT: WATER AND SEWER****PROGRAM: Sewage Treatment****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	-	-	-	-	-
OPERATING	2,693,521	2,712,919	2,712,919	2,727,984	2,727,984
CAPITAL				-	-
TOTAL	2,693,521	2,712,919	2,712,919	2,727,984	2,727,984
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 719 sewer blockages.
3. Hydraulically cleaned 103,478 feet of sewer main.
4. Performed CCTV inspections 26,494 feet of sewer main.
5. Performed 728 routine inspections and 38 emergency inspections to the wastewater lift stations.
6. Repaired 48 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 remaining sanitary sewer outfall line and mark manholes with reflective sign markers.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** N/A
- **Operating Expenses:** \$15,065 Increase (+0.6%)
- **Total Budget:** \$15,065 Increase (+0.6%)

Increases:

- \$15,065 Sewage Treatment Interceptor Variable Rate (Right-sizing budget due to increased flow)

Decreases: N/A

Items of Interest:

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

FISCAL YEAR 2015

DEPARTMENT: WATER AND SEWER

PROGRAM: Filter Plant

MISSION STATEMENT:

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	453,177	474,783	474,783	502,455	502,455
OPERATING	1,416,247	1,571,801	1,571,801	1,666,418	1,666,418
CAPITAL	59,370	288,000	288,000	852,269	852,269
TOTAL	1,928,794	2,334,584	2,334,584	3,021,142	3,021,142
POSITIONS	10	10	10	10	10

ACCOMPLISHMENTS:

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

PERFORMANCE INDICATORS:

ACTIVITY	FY2011		FY2012		FY2013		FY2014	
	Billion Gallons	MGD	Billion Gallons	MGD	Billion Gallons	MGD	Billion Gallons	MGD
Total Water Treated	1.21	3.31	1.39	3.80	1.48	4.04	1.10	3.63
City Water Use	1.21	3.32	1.21	3.32	1.31	3.58	.91	3.00
Unit Cost of Treatment (\$/1,000 gal)	\$1.61		\$1.62		\$1.20		\$1.51	

*MGD = million gallons per day

ACTION PLAN:

1. Continue operating with 100% compliance of all State and Federal water quality standards. Compliance is verified by routine sampling, testing and reporting of the following:
 - a. Continuous automated monitoring of plant conditions including chemical feed rates, turbidity and chlorine residual supplemented by daily sampling of raw water, water in process and finished water for biological and chemical concentration.
 - b. Continue State approved sampling plan by scheduling routine collection and testing of 50 samples monthly throughout the distribution system for chlorine residual and bacteria.
 - c. Continue annual testing of raw finished water for approximately 150 organic and inorganic chemical compounds.
 - d. Submit monthly reporting to the NC Department of Environmental Resources, Water Supply Division.
2. Continue to produce annual drinking water consumer confidence report and distribute report to all consumers, citizens, press and regulatory agencies.
3. Review stormwater and other non-point discharges to Kannapolis Lake and develop strategies to eliminate these discharges.
4. Implementation of EPA's Stage 2 Disinfection program.
5. Implement City-wide flushing program for distribution water quality.
6. Comply with all water quality standards with no violations.
7. Train new operator to replace retired operator.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** \$27,672 Increase (+5.8%)
- **Operating Expenses:** \$94,617 Increase (+6.0%)
- **Capital Machinery:** \$252,269 (See Below)
- **Capital Infrastructure:** \$600,000 (See Below)
- **Total Budget:** \$122,289 Increase (+6.0%)

Increases:

- 3% Merit Pay Allowance in Personnel
- \$75,000 Maintenance and Repair: Buildings and Grounds
- \$7,000 Maintenance and Repair: Equipment
- \$3,732 Uniforms
- \$3,240 Janitorial Contracts
- \$1,700 Maintenance and Repairs: Vehicles

Reductions/Decreases: N/A

Capital Machinery:

- \$84,000 Telemetry Upgrades
- \$75,000 WTP and Pump Station Roof Replacement
- \$40,000 Tepid Water Safety Showers
- \$7,000 Upgrade Pump Actuator from pneumatic to electric

Capital Infrastructure:

- \$600,000 Albemarle Water Purchase

Eliminated from consideration:

- \$38,442 Maintenance Technician I
- \$38,442 Maintenance Technician I
- \$30,702 Construction Maintenance Worker I
- \$30,702 Construction Maintenance Worker I

Personnel:

- Funded: Ten (10)

FISCAL YEAR 2014**DEPARTMENT: WATER AND SEWER****PROGRAM: General Management Services****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	-	-	-	-	-
OPERATING	1,019,497	1,050,000	1,050,000	1,102,500	1,102,500
CAPITAL	-	-	-	-	-
TOTAL	1,019,497	1,050,000	1,050,000	1,102,500	1,102,500
POSITIONS	0	0	0	0	0

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Decrease:**
 - 49,233
- \$1,102,500 Total Transfer to General Fund. The generally accepted practice of transferring funds from Water and Sewer Fund to the General Fund was re-introduced in FY09 following a three-year period without a transfer. The intent of the transfer is to ease the pressure on the General Fund. This transfer is done annually in efforts to maintain the integrity of the Water and Sewer Fund as a true enterprise fund which “pays” for outside services provided by the General Fund such as road patching, insurance coverage, engineering services and certain administrative functions.
- No other significant changes are included.

FISCAL YEAR 2015**DEPARTMENT: WATER AND SEWER****PROGRAM: Water and Sewer Debt Service****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
DEBT SERVICE	3,700,988	3,874,532	3,874,532	3,988,128	3,988,128
TOTAL	3,700,988	3,874,532	3,874,532	3,988,128	3,988,128
POSITIONS	0	0	0	0	0

THE WATER AND SEWER DEBT IS AS FOLLOWS:

	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	REMAINING TERM	INTEREST RATE
BB&T	\$ 918,333	\$ 76,528	\$ 36,030	\$ 112,558	11 YEARS	4.05%
2011 Equipment						
BB&T						
Sewer Line Refinancing	\$ 195,300	\$ 86,800	\$ 3,613	\$ 90,413	1 YEAR	2.20%
2011 REVENUE BONDS	\$ 13,247,000	\$ 1,020,800	\$ 377,540	\$ 1,398,339	11 YEARS	2.85%
FOR WATER SYSTEM						
2002 REVENUE BONDS	\$ 1,732,348	\$ 408,389	\$ 63,455	\$ 471,844	5.5 YEARS	3.89%
FOR WATER & SEWER LINES						
PNC BANK	\$ 613,067	\$ 76,633	\$ 25,074	\$ 101,707	8 YEARS	4.09%
NC RESEARCH CAMPUS WATER						
PNC BANK	\$ 491,480	\$ 46,734	\$ 18,284	\$ 65,018	9 YEARS	3.81%
AFTON RUN SEWER						
PNC	\$ 578,082	\$ 78,816	\$ 11,021	\$ 89,837	8 YEARS	3.87%
KANNAPOLIS PARKWAY WATER						
STATE REVOLVING LOAN	\$ 273,090	\$ 15,174	\$ 6,773	\$ 21,945	18 YEARS	2.48%
2ND CREEK PUMP STATION						
2013 REVENUE BONDS	\$ 18,245,000	\$ 670,000	\$ 966,464	\$ 1,236,463	24 YEARS	Var.
TOTAL FOR FY2015	\$ 36,293,700	\$ 2,479,874	\$ 1,508,254	\$ 3,988,128		

- \$113,596 Increase (+2.93%).
 - Bond Principal \$2,429,874
 - Bond Interest \$1,458,254
 - Debt Issuance Cost \$100,000

ENVIRONMENTAL FUND

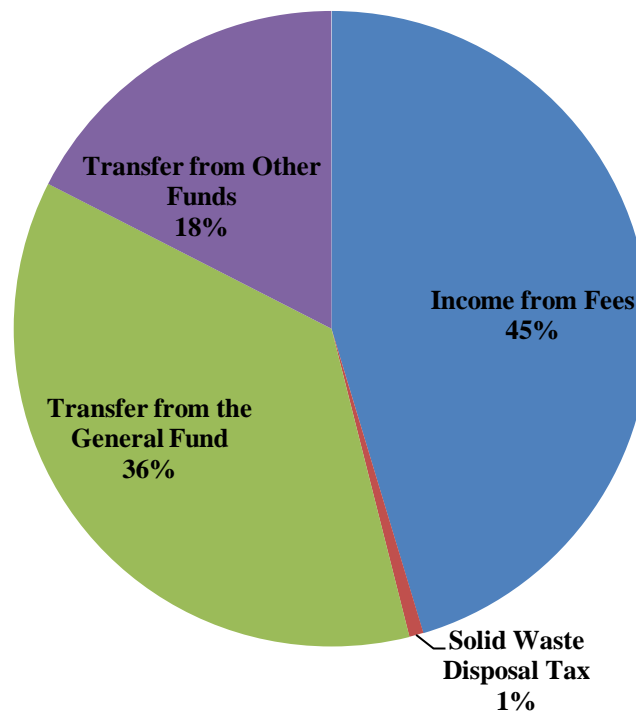
City Council approved a new recycling program in March 2011, which started on July 1, 2011. The fund consists of monies collected from the monthly user fee that all residents must pay, and revenue collected from the Sonoco Facility for material deposited at their facility. To ensure the success of the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

For FY2013, the Recycling Fund was renamed the Environmental Fund. Solid waste services such as residential refuse collection and yard waste collection were relocated from the General Fund and accounted for here. The recycling fee was increased from \$3.20 per month to \$6.85 per month to help with the fee of these services. For FY2014, the user fees will remain unchanged.

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

REVENUES	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	ADOPTED FY2015	MANAGER PROPOSED FY2015
INCOME FROM FEES	1,264,360	1,290,000	1,290,000	1,616,000	1,616,000
SOLID WASTE DISPOSAL TAX	-	-	-	26,000	26,000
INVESTMENT INCOME	-	-	-	-	-
OTHER	-	-	-	-	-
TRANSFER FROM GENERAL FUND	1,400,000	1,670,000	1,670,000	1,300,000	1,300,000
TRANSFER FROM OTHER FUNDS	650,000	600,000	600,000	623,177	623,177
MISCELLANEOUS REVENUE	372	-	-	-	-
TOTAL ENVIRONMENTAL FUND	3,314,732	3,560,000	3,560,000	3,565,177	3,565,177

Environmental Fund Revenue



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

**ENVIRONMENTAL FUND EXPENDITURES FY2015
BUDGET & STAFFING SUMMARY**

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	-	50,549	50,549	51,848	51,848
OPERATING	3,314,732	3,333,522	3,333,522	3,337,400	3,337,400
DEBT SERVICE	-	175,929	175,929	175,929	175,929
CAPITAL	-	-	-	-	-
TOTAL	3,314,732	3,560,000	3,560,000	3,565,177	3,565,177
POSITIONS	0	1	1	1	1

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

ACCOMPLISHMENTS: RECYCLE

1. Continued single-stream recycling program for all Kannapolis residents.
2. Increased diversion of recyclables from the landfill and reduced the waste stream.
3. E-waste recycling event collected and diverted from the landfill approximately 8-tons of electronic waste and approximately 4.5 tons of shredded paper.
4. Continued electronic waste self-service drop off at Public Works Operation Center.
5. Continued participation in the recycling program by all Kannapolis City Schools.
6. Implemented the Coca-Cola Recycle and Win Program in conjunction with the cities of Charlotte, Concord and Harrisburg.
7. Increased education and outreach through community and school events.

PERFORMANCE INDICATORS:

ACTIVITY	FY2011	FY2012	FY2013	FY2014
Customers served	N/A	6,801	16,801	16,869
Tons Recycled	N/A	3,044.95	2,873.24	2,429.46
Average Participation	N/A	73.25%	78.35%	77.30 %

ACTION PLAN: RECYCLE

1. Implement commercial recycling program.
2. Continue outreach and education in an effort to reduce the cost of solid waste collection.
3. Increase education and outreach in areas with low participation through Connect CTY calls, direct mailers and community events.
4. Continue to monitor the performance of the recycling contractor to ensure quality of service in accordance with the contract.

ACCOMPLISHMENTS: Solid Waste-Residential

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

ACTION PLAN: Solid Waste-Residential

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

ACCOMPLISHMENTS: Yard Waste

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

ACTION PLAN: Yard Waste

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

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

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

Increases:

- \$50,095 Contracted Services – Yard Waste
 - CPI 1.5%
 - FY14 = 3.63 FY15 = 4.00 per house per month

Decreases:

- \$5,548 Contracted Services – Recycling
 - CPI: 1.5%
 - FY14 \$1.85 FY15 \$1.88
 - \$29,000 is allotted for schools.
- \$14,706 Contract Services – Solid Waste
 - CPI: 1.5%
 - Solid Waste FY14 = 5.51 FY15 \$5.58
 - Bulk Waste FY14 = 1.56 FY15 \$1.58

Items of Interest:

- The City is proposing an increase in the household solid waste fee from \$6.85 per house per month to \$9.35 per house per month. This \$2.50 increase is in accordance with the City's 10 year financial plan.
- By way of comparison, the elimination of all transfers into the environmental fund would require a monthly household rate of \$17.70 per month.
- Includes \$175,929 Debt Service Payment on Recycling Carts
- During the City Council budget workshop on April 23, 2012 staff was directed to begin the implementation a newly proposed Financial Plan based on a staff proposed 10-year financial forecast model. The Financial Plan planned for the elimination of fund transfers and called for the creation of an Environmental Fund and fee system that collectively accounted for all services related to solid waste, yard waste, and recycling. Following discussion, City Council approved the consolidation of services and creation of the Environmental Fund beginning with a fee monthly residential fee of \$3.65 per household.
- The City conducted a housing survey in conjunction with Waste Management in 2014. As a result of that housing survey, the number of billing units dropped from 17,100 to 16,789. So while unit costs are increasing for each service. Some overall service costs are decreasing.
- Tipping fees are remaining constant for FY15 at \$36.13 / ton
- Due to a change in yard waste disposal options, the City has contracted with Agromatters, in Cabarrus County for its yard waste disposal (\$67,500). This change in disposal options has also increased Waste Management's disposal costs. For this reason, the City agreed to a different growth factor in the CPI modifier for Yard Waste disposal. For FY15, the household rate will be \$4.00. This is up \$0.37 per account per month, or 10.2%

- Our current Waste Management Contract is as follows (Equates to \$13.04 per household per month):
 - Recycling Contract \$1.88 per household
 - Garbage Collection \$5.58 per household
 - Yard Waste Collection \$4.00 per household
 - Residential Bulk Service \$1.58 per household

Eliminated From Consideration:

- N/A

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

- One (1)

STORMWATER FUND

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

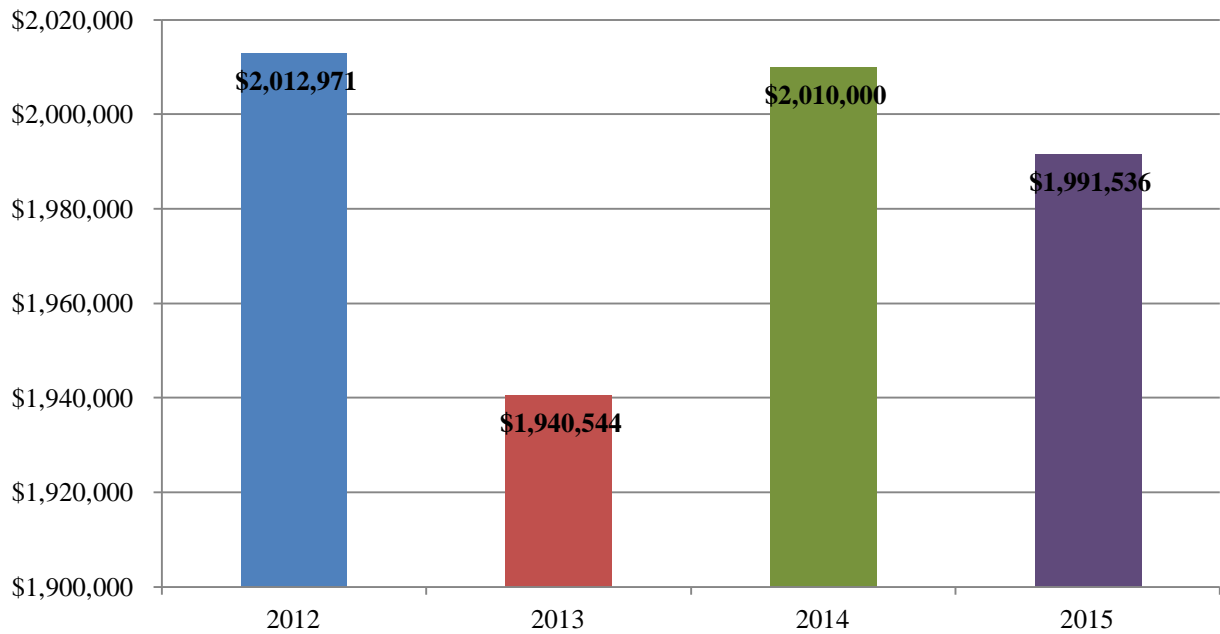
STORMWATER FUND REVENUES

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

REVENUES	ACTUAL FY2012	ACTUAL FY2013	BUDGET FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
CHARGES FOR SERVICES	1,503,285	1,670,889	1,760,000	1,760,000	1,866,536
INTEREST ON INVESTMENTS	608	-	-	-	-
MISCELLANEOUS REVENUE	-	94,655	-	-	-
TRANSFER FROM GENERAL FUND	-	-	-	-	-
TRANSFER FROM WATER AND SEWER FUND	509,077	175,000	250,000	250,000	125,000
FUND BALANCE APPROPRIATION	-	-	-	-	-
TOTAL STORMWATER FUND	2,012,971	1,940,544	2,010,000	2,010,000	1,991,536

The Stormwater Fund Balance at June 30, 2013, is expected to be \$743,682.

Stormwater Revenues



As shown in the chart above, Stormwater revenues have remained steady. The estimated revenues for FY2015 are slightly lower than the revenues for FY 2014.

FISCAL YEAR 2015**DEPARTMENT: PUBLIC WORKS****PROGRAM: Stormwater****MISSION STATEMENT:**

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

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	475,829	563,792	563,792	566,246	566,246
OPERATING	1,464,715	1,446,208	1,446,208	1,368,590	1,368,590
CAPITAL	-	-	-	56,700	56,700
TOTAL	1,940,544	2,010,000	2,010,000	1,991,536	1,991,536
POSITIONS	13	13	13	13	13

ACCOMPLISHMENTS:

1. Replaced the Cook St Culvert structure over a 3 day period.
2. Maintained and inspected the critical pipe list.
3. Year-to-date we completed and closed approximately 655 work orders.
4. Rebuilt and repurposed the ARGO for PDE spraying (growth retardant) to cut mowing costs.
5. Year-to-date we repaired an estimated 25,416 feet of ditches and cut 15,677 feet of shoulder.
6. Proactively ditching 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.

PERFORMANCE INDICATORS:

ACTIVITY	FY2010	FY2011	FY2012	FY 2013/14
Miles of ditches and shoulders cleared annually	4.5	4	4.5	7.8
Linear feet of drainage culvert hydraulically cleaned	4,181	1,497	1,700	1,000
Storm drainage structures constructed annually	28	31	45	46
Number of stormwater complaints resolved within 30 days	593	593	492	655

ACTION PLAN:

1. Continue emphasis on customer service through efficient planning and execution of activities in the core areas of the stormwater program.
 - i. 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.
 - i. Public education and outreach
 - ii. Public participation/involvement

- iii. Illicit discharge detection and elimination
 - iv. Construction site runoff control
 - v. Post-construction runoff control
 - vi. 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.
 - i. Employees will have the opportunity to receive their Road Scholar and Advanced Road Scholar certifications.
 - ii. Also, employees will have an opportunity to obtain a NC Pesticide License.
 5. Update inventory, survey and mapping of culverts in the City.
 6. Continue decreasing the cost of culvert maintenance by performing work in-house.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** **\$2,454 Increase (+0.4%)**
- **Operating Expenses:** **\$70,832 Decrease (-12.5%)**
- **Total Budget:** **\$68,378 Decrease (-6.0%)**

Increases:

- 3% Merit Pay Allowance in Personnel
- \$35,000 Contracted Services (Reallocation of line items in Munis)
- \$5,000 Equipment Rental
- \$2,500 Office Supplies

Decreases:

- \$66,580 Consulting Services (Reallocation of line items in Munis)
- \$45,732 Maintenance and Repair: Streets

Eliminated from Consideration:

- Four (4) Construction Maintenance Worker I \$122,796 (\$30,699 each)

Items of Interest:

- Stormwater Fee increased \$0.40. Rate increase generates a projected increase of \$106,536
- ERU = Equivalent Residential Unit

Tier	FY2014	FY2015
1	\$3.60	\$3.90
2	\$4.80	\$5.20
3	\$6.00	\$6.50
Commercial	\$4.80/per ERU	\$5.20/per ERU

- \$125,000 decrease in revenue transfer from Water Fund
- \$205,108 Total transferred to General Fund.

Personnel:

- Funded Positions: Thirteen (13)

TRANSIT FUND

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

The proposed FY2014 Transit System Fund Budget is \$449,263. This is the thirteenth year this fund has existed. This year it will be funded from a combination of revenues from the dedicated Vehicle License Tax and the General Fund.

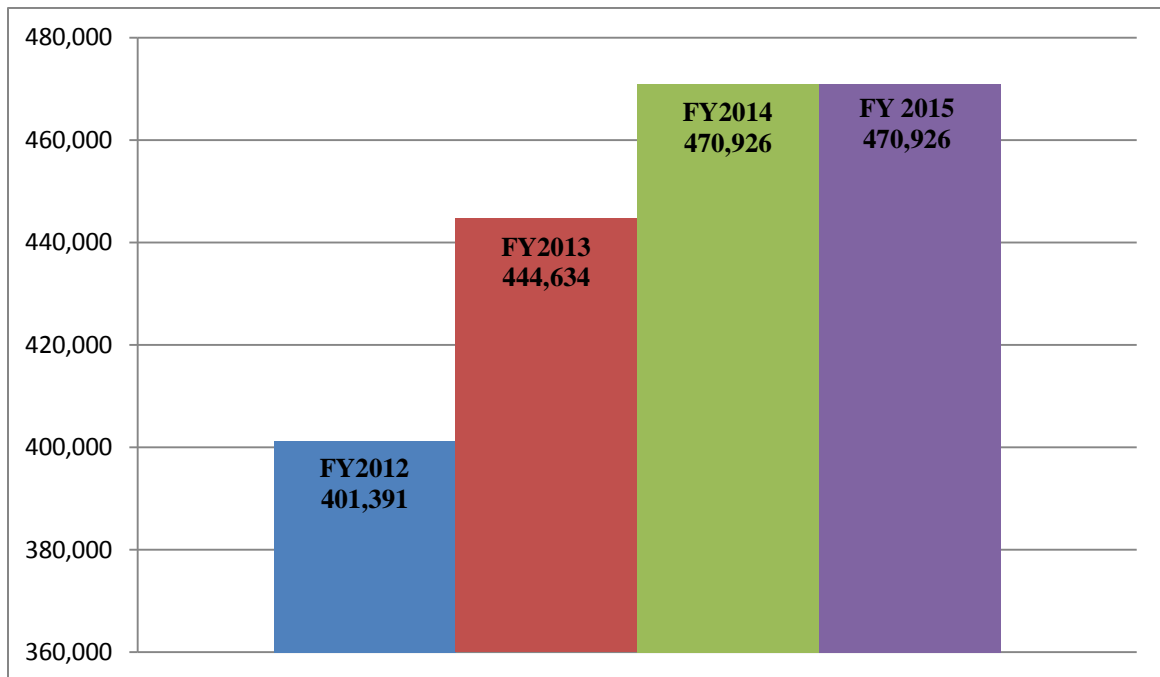
City Council has adopted a formal inter-local agreement with the City of Concord to establish a jointly supported Urban Area Transit System for our two cities. The largest part of this entire initiative would be funded by the State and Federal governments. In FY2014, the City's share of total system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

TRANSIT FUND REVENUES

CITY OF KANNAPOLIS REVENUE DETAIL ANALYSIS TRANSIT FUND

REVENUES	ACTUAL FY2012	ACTUAL FY2013	BUDGET FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
VEHICLE LICENSE TAX	160,376	159,370	167,137	163,000	163,000
INTEREST ON INVESTMENTS	55	-	-	-	-
TRANSER FROM GENERAL FUND	240,960	285,264	303,789	307,926	307,926
TOTAL TRANSIT FUND	401,391	444,634	470,926	470,926	470,926

TRANSIT FUND REVENUES



The chart above shows revenues have risen each year. This is explained by an increase in service levels. Additional routes have been added with the most significant being a route to Landis, China Grove, and Salisbury to the north of Kannapolis. For FY15, the estimated revenues are \$4,137 less than FY14.

FISCAL YEAR 2015

DEPARTMENT: TRANSIT FUND

PROGRAM: Regional Transit Bus System

MANDATED SERVICE:

MISSION STATEMENT:

To provide funds for the new regional transit system.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	-	-	-	-	-
OPERATING	444,634	470,926	470,926	470,926	470,926
CAPITAL	-	-	-	-	-
TOTAL	444,634	470,926	470,926	470,926	470,926
POSITIONS	0	0	0	0	0

PROJECTED RIDER LOCAL OPERATING EXPENDITURES FY2015:

	CITY OF CONCORD	CITY OF KANNAPOLIS	
Operations, including Saturday	577,213	348,396	Generally fixed - Depends on Farebox Revenue
Administration, Marketing & Planning	75,000	75,000	Generally fixed for year
Transit Center	-	-	To be determined (could increase)
Capital	93,354	93,354	Determined by needs
Vehicle Tax (<i>less</i>)	(310,000)	(163,000)	
TOTALS	435,567	353,750	

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

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

Points of Interest:

- 65% Concord and 35% Kannapolis Split
- \$470,926 Budgeted. No change from last year
- \$7,500 Cost share for Rowan Express is included
- The budget includes \$163,000 in revenue from a \$5.00 vehicle tax (restricted to transit).
- Includes a \$307,926 Transfer from General Fund.
- 100% of expenditures are for the Kannapolis share of operating costs of the Transit System. All operating funds are administered by the City of Concord as the lead agency.
- All capital costs (buses, transfer hub, etc.) will be borne by the Federal Transit Administration with the 10% local match by the City of Concord.
- The FY 15 Budget includes:
 - Transit Planner position: \$ 54,087
 - ADA Paratransit Services: \$ 110,000
 - Sunday Service Ops: \$ 243,691
 - 1% Security \$ 16,220

SEPARATION PAY FUND

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

The City's normal contribution to the separation pay fund is based on actuarial reports as of December 31 of each year. The City chose to make a transfer from the General Fund for FY2013 in the amount of \$270,000. The city has also chosen to make a transfer for FY2014 in the amount of \$282,000. Budgeted payments from the plan are for an estimated four (4) retired City employees during FY2014. These retirees will continue to receive this benefit until age 62. Budgeted payments amount to \$282,000 for FY2014.

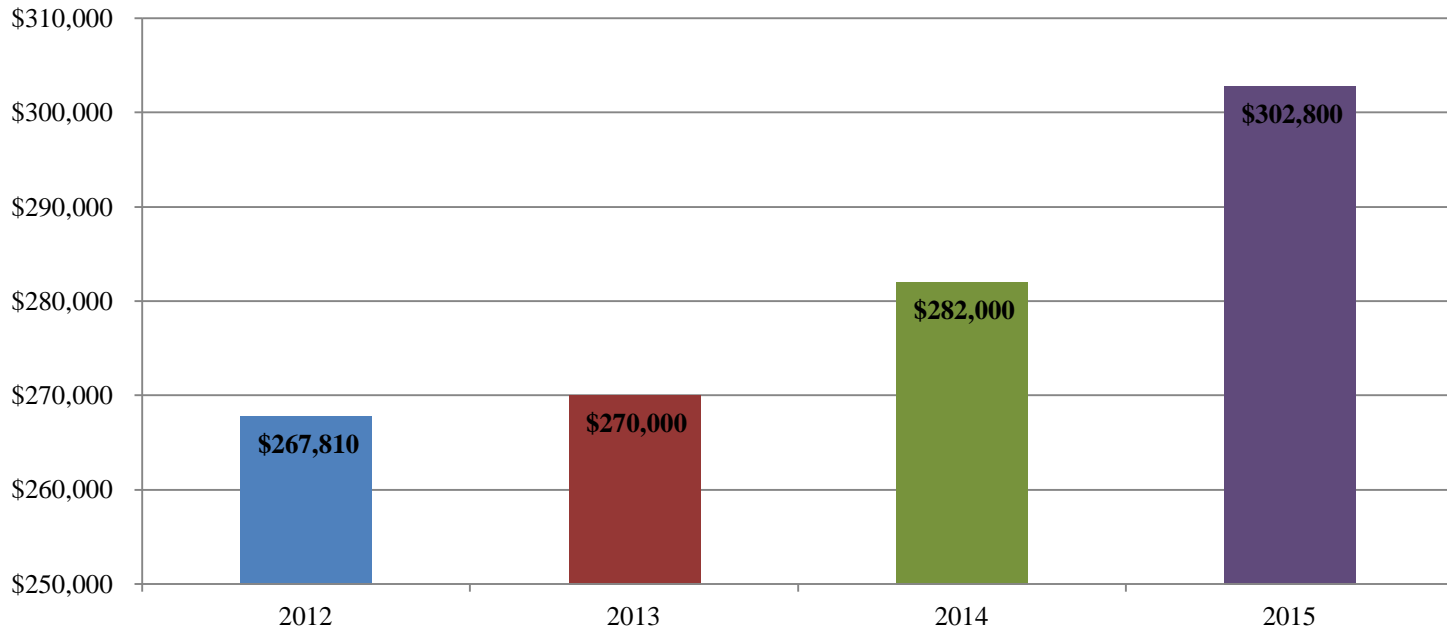
The Basis of Accounting for the Separation Allowance is the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the City has made formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the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

SEPARATION PAY FUND REVENUES

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

REVENUES	ACTUAL FY2012	ACTUAL FY2013	BUDGET FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
TRANSFER FROM GENERAL FUND	267,800	270,000	282,000	302,800	302,800
INTEREST ON INVESTMENTS	10	-	-	-	-
FUND BALANCE APPROPRIATION	-	-	-	-	-
TOTAL SEPARATION PAY FUND	267,810	270,000	282,000	302,800	302,800

Separation Pay Revenues



FISCAL YEAR 2015

DEPARTMENT: SEPARATION PAY

PROGRAM: SEPARATION PAY

MISSION STATEMENT:

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	ACTUAL FY2013	BUDGET FY2014	PROJECTED FY2014	MANAGER PROPOSED FY2015	ADOPTED FY2015
PERSONNEL	280,429	282,000	282,000	302,800	302,800
OPERATING	-	-	-	-	-
CAPITAL	-	-	-	-	-
TOTAL	280,429	282,000	282,000	302,800	302,800
POSITIONS	23	28	28	26	26

ACCOMPLISHMENTS:

1. Handled benefits for 26 retirees during FY2014.
2. Updated employees as to any changes in retirement benefits by the State.

ACTION PLAN:

1. Continue to provide benefits as required.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

- **Personnel Expenses:** \$20,800 Increase (+7.4%)
- **Operating Expenses:** N/A
- **Total Budget:** \$20,800 Increase (+7.4%)

Points of Interest:

- \$20,800 Increase (+7.4%)
- Includes a full \$302,800 transfer from the General Fund
- The budget assumes there will be a net increase of four (4) employees projected to retire at various times during the year in FY 15.
- The Separation Pay benefit is a supplemental benefit to retirees of the City who have not yet reached 62 years of age. This benefit ends when the employee reaches age 62.

CIP & FINANCIAL FORECAST

The City of Kannapolis implemented a new financial forecast and new financial policies in FY 2012. A part of the new plan was a 10 year Capital Improvement Plan. Also, a \ number of goal and individual policies were put into place to better guide the City on how to achieve the long term goals of Council. The City plans to update the CIP for FY 2014 in the fall. A staggered schedule of every 2 years will take place to maintain the forecasts relevance to the current needs of the citizenry. Some major ongoing projects noted are the Albemarle Water Line and the new City Hall/Police Headquarters Building starting construction in early 2014.

**CAPITAL OUTLAY SUMMARY
ONGOING CAPITAL PROJECTS**

Dept.	Project	Primary Funding Source	Capital Costs	Impact on Future Budgets	Amount included in FY2015 Annual Budget
Administrative	City Hall and Police Headquarters	Special Obligation Bonds	\$31,306,931	Annual Debt Service	925,000
Community Development	James Street Area Plan	CDBG Funds	\$75,000	Annual Debt Service	\$0
Parks & Recreation	Irish Buffalo Creek Greenway	Debt Financing	\$144,524	Annual Debt Service	\$0
Streets	Dale Earnhardt Boulevard Sidewalk	Cash / Grant	\$662,370	None	\$122,108
Stormwater	8 th Street Culvert Replacement	Debt Financing	\$1,260,000	Annual Debt Service	\$0
Water and Sewer	Shiloh Church Road Water Line	Debt Financing	\$1,042,000	Annual Debt Service	\$0
Water and Sewer	Highway 73 Water Line	Cash	147,000	None	\$0
Water and Sewer	Albemarle Water Line	Revenue Bonds	\$19,139,560	Annual Debt Service	\$1,236,463
Streets	Highway 73 Sidewalk	Cash/Grant	\$80,000	None	\$24,600
Streets	Little Texas Rd. Sidewalk	Cash/Grant	204,000	None	\$51,600
Community Development	Pine Street	Grants	\$3,100,294	None	\$0
Streets	Oakwood Avenue	Cash/Grants	\$820,000	None	\$0

**FISCAL YEAR 2015
GRANT PROJECTS**

Dept.	Project	Primary Funding Source	Project Budget	Impact on Future Budgets	Amount included in FY2015 Annual Budget
Community Development	Home Program 2011	US Dept. of Housing and Urban Development (HUD)	72,906 funds remaining	None, these funds will be used to provide transitional housing, down payment assistance, and rehabilitation expenses.	A Grant Project Ordinance was adopted by City Council for this project. No annually budgeted funds are used
Community Development	Home Program 2012	US Dept. of Housing & Urban Development (HUD)	98,697 funds remaining	None, these funds will be used to provide transitional housing.	A Grant Project Ordinance was adopted by City Council for this project. No annually budgeted funds are used
Community Development	Home Program 2013	US Dept. of Housing & Urban Development (HUD)	104,483 funds remaining	None, these funds will be used to provide transitional housing.	A Grant Project Ordinance was adopted by City Council for this project. No annually budgeted funds are used
Community Development	Community Development Block 2011	US Dept. of Housing & Urban Development (HUD)	31,888 funds remaining	These funds are to be used for Park improvements, supplements to non-profit public service organizations, and urgent repair	A Grant Project Ordinance was adopted by City Council for this project. No annually budgeted funds are used
Community Development	Community Development Block 2012	US Dept. of Housing & Urban Development (HUD)	89,267 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)	269,403 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.
Fire	16 Firefighter Positions for SAFER Grant	US Dept. of Homeland Security (DHS)	250,000 funds remaining	The grant is to fund 16 new firefighter positions.	The \$650,471 is budgeted in the General Fund. The grant will cover 100% of the amount budgeted.

FINANCIAL FORECAST AND CAPITAL IMPROVEMENT PLAN

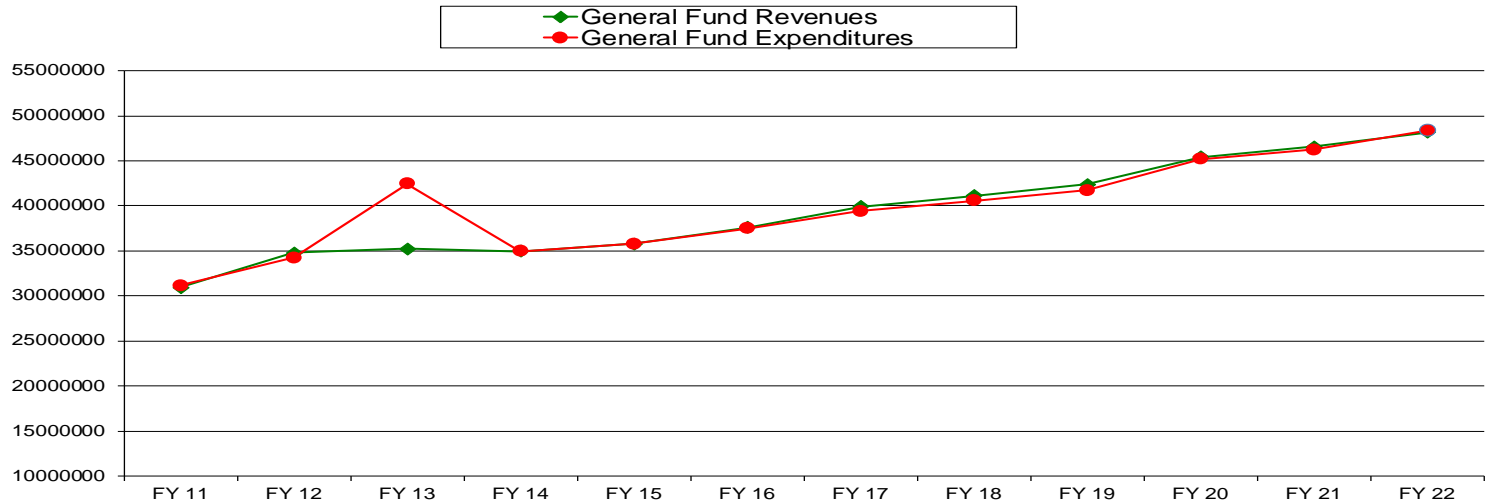
The following pages outline the City's Financial Forecasting Model for each fund as well as the Capital Improvement Plan. The Financial Forecasting Model enables the City to project future revenues and expenditures for years ahead to analyze the impact of rate adjustments over a period of time. Currently this fiscal year, the City of Kannapolis imposed a .04 cents rate adjustment for property taxes, which is now \$0.60 per \$100 assessed valuation. The City is projecting no rate adjustment for FY 2016, with a decrease expected in FY 2017, 2020 and 2021 in the General Fund. As for the Enterprise Funds, the Stormwater Fund and Environmental both experienced rate increases for FY 2015. In keeping with the 10 year Financial Plan, there are no water and sewer rate increases for FY 2015. For the Environmental Fund, per the 10 year Financial plan, a \$2.50 per home/per month increase in the household solid waste fee for FY 2015. Rate adjustments of \$2.50 are also in place for FY 2017, 2019 and 2021. The Stormwater Fund also experienced rate increases for FY 2015. This is the third of four annual rate increases in the Stormwater Fund, the fourth of which is set to take place in FY 2016.

The Capital Improvement Plan in the pages to follow shows the capital projects that will take place this fiscal year and upcoming fiscal years in the City. The General Fund has several capital projects that are included as part of the 10 year Capital Improvement Plan, such as: debt service for the new Municipal Building/Police Headquarters, local match for NCDOT sidewalk projects and the replacement of various equipment across the City. Several smaller capital projects are included in the FY 2015 Water and Sewer plan. Some of these projects include: telemetry system upgrades, water treatment plant roof replacement, and various equipment replacements and purchases. As for the Stormwater Fund, there is no new stormwater capital improvement projects planned for FY 2015. The next major capital improvement project is scheduled for FY 2019.

General Fund

General Fund												
	Actual FY 11	Actual FY 12	Actual FY 13	Estimated FY 14	Budgeted FY 15	Forecasted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
General Fund Revenues												
1 Real & Personal Property Tax	\$17,800,491	\$18,076,980	\$18,651,784	\$18,842,768	\$20,642,940	\$21,468,660	\$23,221,928	\$23,918,541	\$24,636,099	\$25,429,520	\$27,621,664	\$28,588,422
2 Vehicle Tax	\$325,848	\$324,356	\$318,830	\$300,000	\$306,000	\$313,650	\$323,060	\$334,367	\$347,741	\$363,390	\$381,559	\$400,637
3 Prior Years Collections	\$435,235	\$523,144	\$380,309	\$335,000	\$343,375	\$351,959	\$360,758	\$369,777	\$379,022	\$388,497	\$398,210	\$408,165
4 Local Option Sales Tax	\$5,218,704	\$5,697,969	\$6,212,206	\$6,153,000	\$6,490,000	\$6,719,230	\$7,021,595	\$7,337,567	\$7,667,757	\$8,012,807	\$8,373,383	\$8,750,185
7 Franchise Tax	\$1,766,434	\$1,738,421	\$1,785,595	\$1,750,000	\$1,800,000	\$1,838,594	\$1,884,559	\$1,931,673	\$1,979,964	\$2,029,463	\$2,080,200	\$2,132,205
8 Beer and Wine Tax	\$197,852	\$185,562	\$174,180	\$195,000	\$185,000	\$214,988	\$225,737	\$237,024	\$248,875	\$261,319	\$274,385	\$288,104
9 Cable Franchise Fee	\$63,557	\$86,807	\$54,925	\$50,000	\$50,000	\$51,005	\$51,515	\$52,030	\$52,551	\$53,076	\$53,607	\$54,143
10 Privilege Licenses	\$204,184	\$220,915	\$283,830	\$220,000	\$84,000	\$237,952	\$247,470	\$257,369	\$267,664	\$278,370	\$289,505	\$301,085
11 Powell Bill	\$1,223,679	\$1,210,432	\$1,245,717	\$1,249,000	\$1,265,000	\$1,274,105	\$1,286,846	\$1,299,714	\$1,312,712	\$1,325,839	\$1,339,097	\$1,352,488
13 Zoning Fees	\$39,739	\$20,589	\$104,020	\$75,000	\$125,000	\$82,688	\$86,822	\$91,163	\$95,721	\$100,507	\$105,533	\$110,809
14 Permits and Fees	\$106,727	\$83,580	\$80,259	\$77,000	\$80,850	\$84,893	\$89,137	\$93,594	\$98,274	\$103,187	\$108,347	\$113,764
15 Recreation Fees	\$177,814	\$187,781	\$284,355	\$220,000	\$235,000	\$273,163	\$279,992	\$286,991	\$294,166	\$301,520	\$309,058	\$316,785
17 Investment earnings	\$19,276	\$5,039	\$104,432	\$105,000	\$105,000	\$107,111	\$108,182	\$109,263	\$110,356	\$1,761,460	\$112,574	\$113,700
18 Other general revenues	\$3,339,363	\$6,083,281	\$3,662,816	\$3,109,885	\$2,752,874	\$3,226,107	\$3,258,368	\$3,290,952	\$3,323,861	\$3,357,100	\$3,390,671	\$3,424,578
19 Transfer from other funds	\$0	\$347,960	\$1,197,888	\$2,255,789	\$1,307,608	\$1,370,938	\$1,437,351	\$1,507,001	\$1,580,044	\$1,656,645	\$1,736,982	\$1,821,236
Total Revenues	\$30,918,903	\$34,792,816	\$34,541,146	\$34,937,442	\$35,772,647	\$37,615,040	\$39,883,319	\$41,117,026	\$42,394,807	\$45,422,700	\$46,574,774	\$48,176,306
General Fund Expenditures												
Personnel	\$14,402,426	\$12,341,263	\$12,933,657	\$16,127,690	\$14,597,319	\$18,241,428	\$18,971,085	\$19,729,928	\$20,519,125	\$21,339,890	\$22,193,486	\$23,081,225
Operations	\$13,398,720	\$13,941,025	\$11,866,935	\$10,639,761	\$13,808,158	\$10,710,053	\$11,218,781	\$11,751,673	\$12,309,877	\$12,894,596	\$13,507,090	\$14,148,676
Debt Service	\$3,084,278	\$4,141,102	\$11,274,334	\$5,139,562	\$6,059,562	\$6,876,502	\$7,894,763	\$7,744,466	\$7,792,941	\$9,789,211	\$9,548,053	\$10,098,745
Transfer to Other Funds	\$0	\$290,960	\$2,168,811	\$2,255,789	\$1,307,608	\$1,660,228	\$1,346,739	\$1,359,076	\$1,107,280	\$1,191,394	\$961,463	\$1,062,537
Capital	\$249,611	\$3,510,849	\$3,356,989	\$774,640	\$721,560	\$3,200,000	\$3,656,795	\$4,579,000	\$1,062,325	\$4,700,000	\$6,284,834	\$10,450,000
Total Expenditures	\$31,135,035	\$34,225,199	\$41,600,726	\$34,937,442	\$35,772,647	\$37,488,211	\$39,431,367	\$40,585,143	\$41,729,224	\$45,215,092	\$46,210,092	\$48,391,184
Revenue over Expenses	(\$216,132)	\$567,617	(\$7,059,580)	\$0	\$0	\$126,830	\$451,951	\$531,883	\$665,583	\$207,608	\$364,682	(\$214,879)

General Fund Revenues/Expenditures

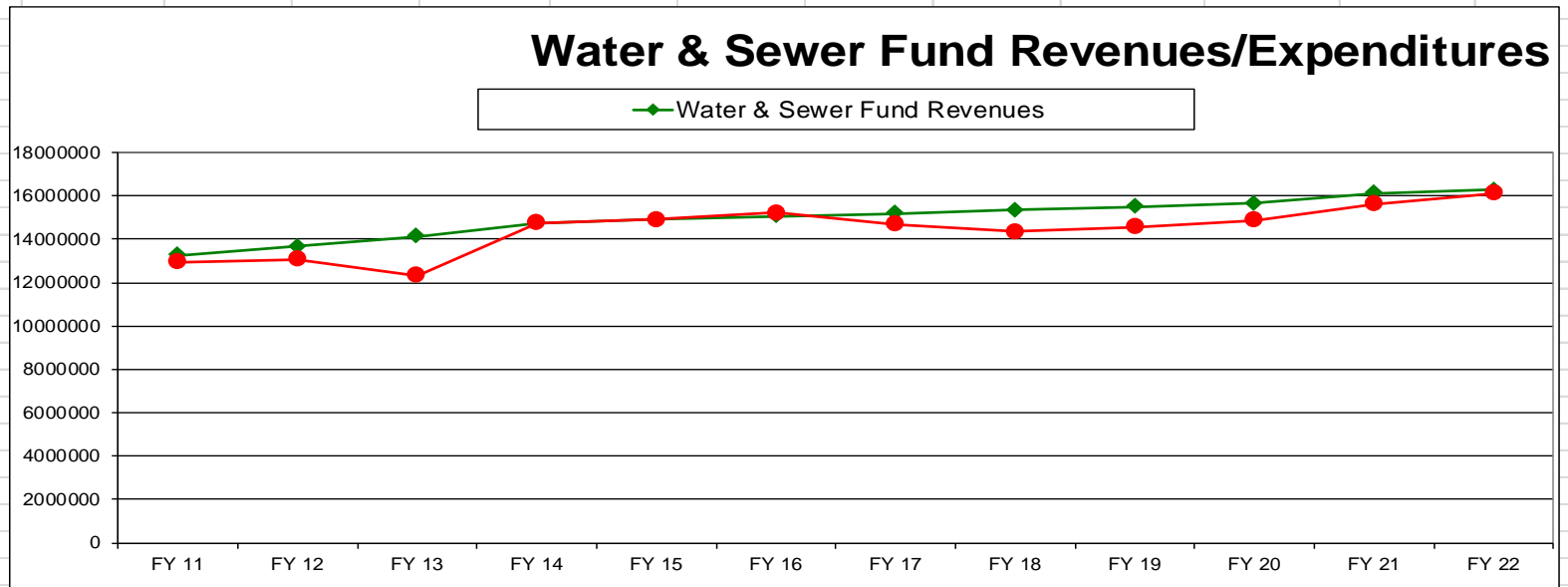


Water & Sewer Fund

Water & Sewer Fund Revenues	Actual FY 11	Actual FY 12	Actual FY 13	Estimated FY 14	Budgeted FY 15	Forecasted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
Retail Water & Sewer Charges	\$12,034,302	\$12,116,512	\$12,300,934	\$13,496,836	\$13,585,321	\$13,721,174	\$13,858,386	\$13,996,970	\$14,136,940	\$14,278,309	\$14,713,326	\$14,860,459
Wholesale Water Sales	\$351,102	\$256,812	\$306,819	\$300,000	\$325,000	\$328,250	\$331,533	\$334,848	\$338,196	\$341,578	\$344,994	\$348,444
Tap Fees & Connections	\$444,567	\$419,868	\$392,890	\$385,000	\$435,000	\$439,350	\$443,744	\$448,181	\$452,663	\$457,189	\$461,761	\$466,379
Interest on Investments	\$142,803	\$35,561	\$2,851	\$15,000	\$3,500	\$3,535	\$3,570	\$3,606	\$3,642	\$3,679	\$3,715	\$3,752
Other	\$304,660	\$833,769	\$1,220,382	\$550,000	\$561,000	\$566,610	\$572,276	\$577,999	\$583,779	\$589,617	\$595,513	\$601,468
Transfers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$13,277,434	\$13,662,522	\$14,223,876	\$14,746,836	\$14,909,821	\$15,058,919	\$15,209,508	\$15,361,603	\$15,515,220	\$15,670,372	\$16,119,309	\$16,280,503

Water & Sewer Fund Expenditures	Actual FY 11	Budgeted FY 12	Actual FY 13	Estimated FY 14	Budgeted FY 15	Forecasted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
Personnel	\$1,938,613	\$1,912,061	\$1,896,527	\$2,121,711	\$2,365,706	\$2,436,677	\$2,509,777	\$2,585,071	\$2,662,623	\$2,742,502	\$2,824,777	\$2,909,520
Operations	\$5,088,583	\$5,250,878	\$6,534,676	\$5,327,493	\$5,487,081	\$5,651,693	\$5,821,244	\$5,371,732	\$5,532,884	\$5,698,870	\$5,869,836	\$6,045,931
Transfer to Other Funds	\$224,910	\$2,318,763	\$0	\$1,900,000	\$1,850,677	\$1,782,625	\$1,615,506	\$1,671,282	\$1,580,096	\$1,657,100	\$1,552,455	\$1,626,328
Executed Debt Service	\$5,705,317	\$3,590,329	\$3,700,988	\$3,874,532	\$3,988,128	\$3,577,953	\$3,508,689	\$3,474,732	\$2,992,453	\$2,975,438	\$2,953,473	\$2,998,077
Capital & CIP Debt Service (Prop.)	\$7,543	\$0	\$592,441	\$1,523,100	\$1,218,229	\$1,763,575	\$1,232,948	\$1,253,035	\$1,791,390	\$1,802,998	\$2,423,931	\$2,547,271
Total Expenditures	\$12,964,966	\$13,072,031	\$12,724,632	\$14,746,836	\$14,909,821	\$15,212,524	\$14,688,165	\$14,355,851	\$14,559,445	\$14,876,908	\$15,624,472	\$16,127,127

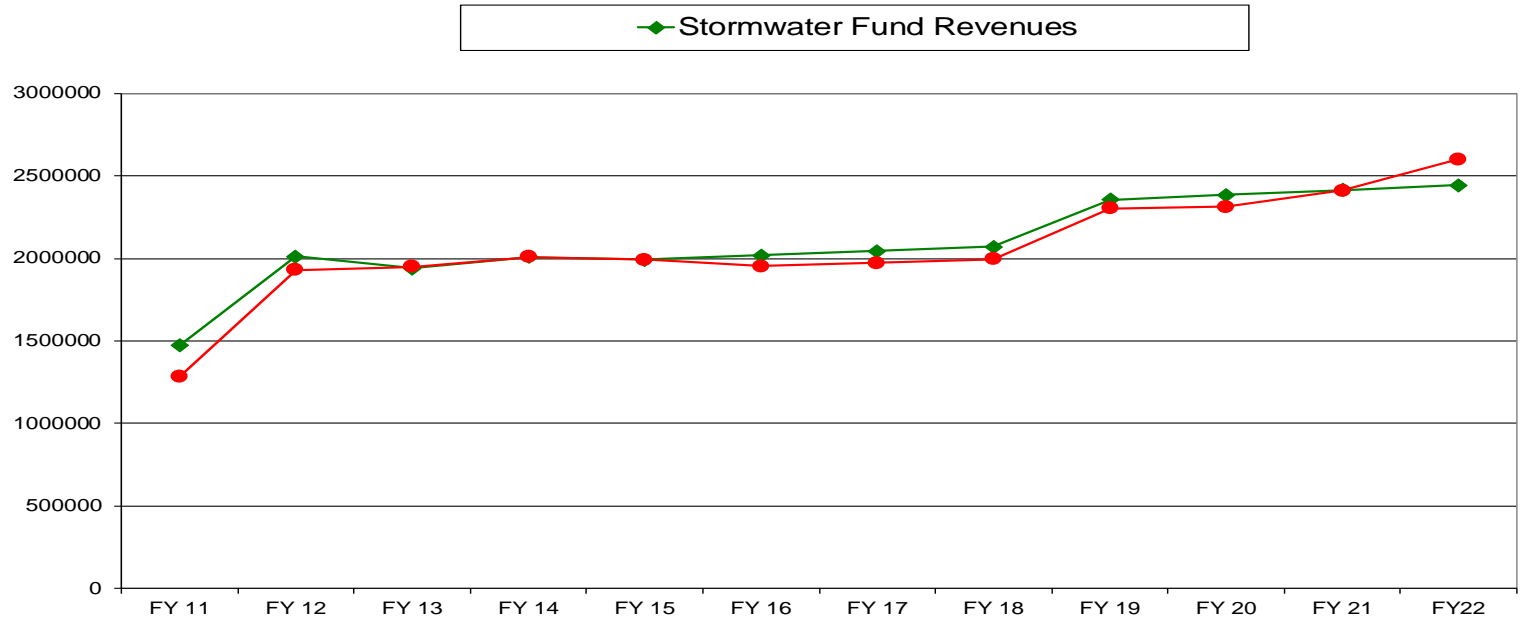
Revenue over Expenses	\$312,468	\$590,491	\$1,499,244	\$0	\$0	(\$153,605)	\$521,344	\$1,005,752	\$955,774	\$793,464	\$494,837	\$153,375
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Stormwater Fund

Stormwater Fund Revenues	Actual FY 11	Actual FY 12	Actual FY 13	Estimated FY 14	Budgeted FY 15	Forecasted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
Stormwater Fees	\$1,471,588	\$1,503,285	\$1,670,889	\$1,760,000	\$1,866,536	\$2,019,142	\$2,044,381	\$2,069,936	\$2,354,357	\$2,383,786	\$2,413,584	\$2,443,754
Other Revenue	\$800	\$63	\$94,655	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fund Balance Appropriation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earned	\$16	\$546	\$0	\$0	\$0	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Transfer from other funds		\$509,077	\$175,000	\$250,000	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$1,472,404	\$2,012,971	\$1,940,544	\$2,010,000	\$1,991,536	\$2,019,242	\$2,044,481	\$2,070,036	\$2,354,457	\$2,383,886	\$2,413,684	\$2,443,854
Stormwater Fund Expenditures	Actual FY 11	Budgeted FY 12	Actual FY 13	Estimated FY 14	Budgeted FY 15	Forecasted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
Personnel	\$499,727	\$532,027	\$475,829	\$563,792	\$566,246	\$582,101	\$598,400	\$615,155	\$632,379	\$650,086	\$668,288	\$687,000
Operations	\$621,722	\$448,629	\$485,653	\$567,531	\$496,999	\$510,915	\$525,221	\$539,927	\$555,045	\$570,586	\$586,562	\$602,986
Debt Service	\$161,110	\$835,267	\$799,802	\$681,458	\$666,483	\$647,297	\$628,925	\$609,620	\$875,223	\$843,365	\$897,062	\$1,039,984
Transfer to General Fund	\$0	\$113,853	\$187,828	\$197,219	\$205,108	\$213,312	\$221,845	\$230,718	\$239,947	\$249,545	\$259,527	\$269,908
Capital	\$0	\$0	\$0	\$0	\$56,700	\$0	\$0	\$0	\$3,115,000	\$0	\$1,310,000	\$1,920,000
Total Expenditures	\$1,282,559	\$1,929,776	\$1,949,112	\$2,010,000	\$1,991,536	\$1,953,625	\$1,974,390	\$1,995,420	\$2,302,594	\$2,313,582	\$2,411,439	\$2,599,878
Revenues over Expenditures	\$ 189,845	\$ 83,195	\$ (8,568)	\$ -	\$ 0	\$ 65,617	\$ 70,091	\$ 74,616	\$ 51,863	\$ 70,305	\$ 2,244	\$ (156,025)

Stormwater Fund Revenues/Expenditures



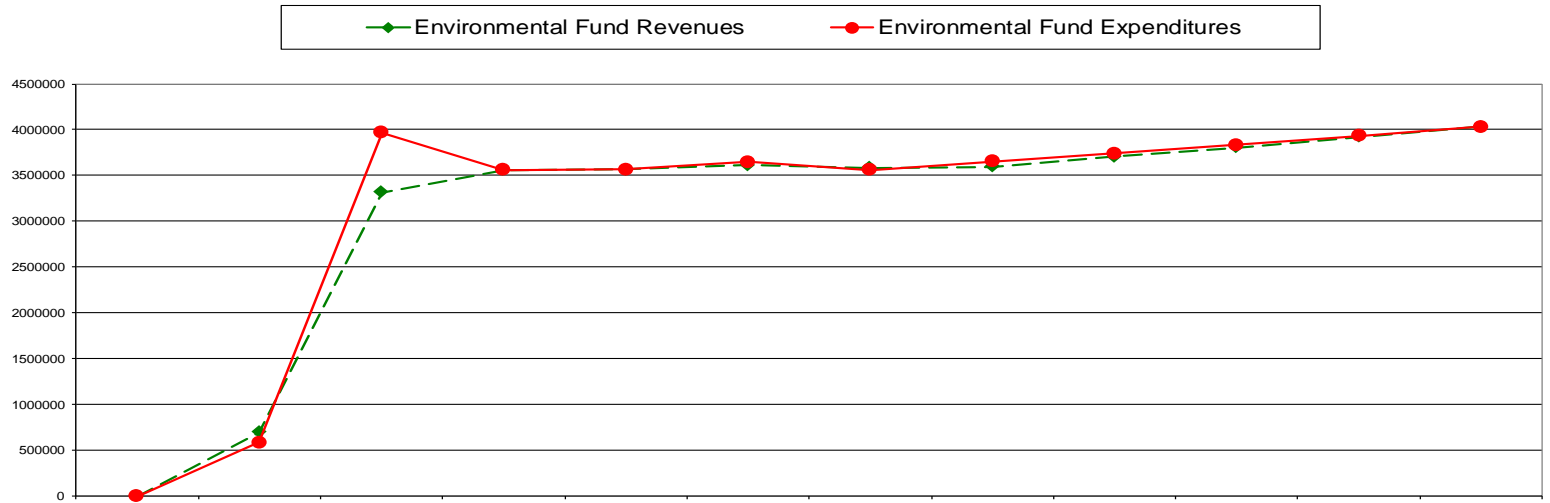
Environmental Fund

Environmental Fund Revenues	Actual FY11	Actual FY12	Actual FY13	Estimated FY14	Budgeted FY15	Forecasted FY16	Forecasted FY17	Forecasted FY18	Forecasted FY19	Forecasted FY20	Forecasted FY21	Forecasted FY22
Income from Fees	\$ -	\$630,730	\$1,264,360	\$1,290,000	\$1,616,000	\$1,632,160	\$2,158,482	\$2,180,066	\$2,711,867	\$2,738,986	\$3,276,376	\$3,309,139
Solid Waste Disposal Tax	\$ -	\$0	\$0	\$0	\$26,000	\$26,260	\$26,523	\$26,788	\$27,056	\$27,326	\$27,600	\$27,876
Other	\$ -	\$67,500	\$372	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations Fund Balance	\$ -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfers from Water & Sewer Fund	\$ -	\$0	\$650,000	\$600,000	\$623,177	\$625,000	\$400,000	\$395,000	\$240,000	\$250,000	\$75,000	\$75,000
Transfer from General Fund	\$ -	\$0	\$1,400,000	\$1,670,000	\$1,300,000	\$1,330,000	\$1,000,000	\$995,000	\$725,000	\$790,000	\$540,000	\$620,000
Total Revenues	\$ -	\$698,230	\$3,314,732	\$3,560,000	\$3,565,177	\$3,613,420	\$3,585,004	\$3,596,854	\$3,703,923	\$3,806,312	\$3,918,975	\$4,032,015

Environmental Fund Expenditures	Actual FY 11	Actual FY 12	Actual FY 13	Estimated FY 14	Budgeted FY 15	Forecasted FY 16	Forecasted FY 17	Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22
Personnel	\$ -	\$0	\$43,679	\$50,549	\$51,848	\$53,403	\$55,006	\$56,656	\$58,355	\$60,106	\$61,909	\$63,767
Operations	\$ -	\$409,798	\$3,748,425	\$3,283,959	\$3,337,400	\$3,420,835	\$3,506,356	\$3,594,015	\$3,683,865	\$3,775,962	\$3,870,361	\$3,967,120
Debt Service	\$ -	\$175,928	\$175,928	\$175,928	\$175,929	\$175,929	\$0	\$0	\$0	\$0	\$0	\$0
Capital	\$ -	\$0	\$0	\$49,564	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$ -	\$585,726	\$3,968,032	\$3,560,000	\$3,565,177	\$3,650,167	\$3,561,361	\$3,650,670	\$3,742,221	\$3,836,068	\$3,932,270	\$4,030,886

Revenues Over Expenditures	\$ -	\$112,504	(\$653,300)	\$0	\$0	(\$36,747)	\$23,643	(\$53,816)	(\$38,298)	(\$29,756)	(\$13,295)	\$1,129
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Environmental Fund Revenues/Expenditures



Capital Improvement Plan General Fund

	Project	Outside Funding	Kannapolis Cost	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
FY14-15	City Hall / Police Headquarters Irish Buffalo Creek Greenway (Phase 1) Highway 73 Sidewalk Little Texas Road Sidewalk Replacement of S-52 Flail Mower Replacement of Skid Steer Loader Replacement of S-6 Patch Truck	\$ 1,700,000 \$ 57,400 \$ 152,400	\$ 31,306,931 \$ 568,000 \$ 24,600 \$ 51,600 \$ 77,250 \$ 77,000 \$ 208,000	\$ 28,500,000 \$ 568,000 \$ 24,600 \$ 51,600 \$ 77,250 \$ 77,000 \$ 208,000							
FY 15-16	Fire Engine F706 Highway 3 Sidewalk PWOC Fuel Tank Storage Upgrade Replacement of S-43 Knuckleboom	\$ 398,400	\$ 540,000 \$ 99,600 \$ 125,000 \$ 125,000		\$ 540,000 \$ 99,600 \$ 125,000 \$ 125,000						
FY16-17	Bakers Creek Park Improvements I-3802B Sidewalk Fire Station #2 (Replacement) Village Park Phase 3 Replace S-26 Dump Truck Rocky River Greenway Dump Truck Replacement (S-5) Mini-Pumper / Brush Truck North Bakers Creek Branch Greenway	\$ 800,000	\$ 850,000 \$ 122,000 \$ 3,885,000 \$ 1,350,000 \$ 58,350 \$ 1,575,000 \$ 128,750 \$ 218,000 \$ 200,000			\$ 850,000 \$ 122,000 \$ 3,885,000 \$ 1,350,000 \$ 58,350 \$ 1,575,000 \$ 128,750 \$ 218,000 \$ 200,000					
FY17-18	Replace S-29 Sign Truck Irish Buffalo Creek Greenway (Phase 2) Westside Land Acquisition Resurfacing PWOC Parking Lot Mobile Command / Investigative Replacement of S-50 Dump Truck		\$ 71,027 \$ 1,337,000 \$ 2,500,000 \$ 139,050 \$ 98,750 \$ 60,100				\$ 71,027 \$ 1,337,000 \$ 2,500,000 \$ 139,050 \$ 98,750 \$ 60,100				
FY18-19	Irish Buffalo Creek Greenway (Phase 3) Tanker Truck (Station #2) Replace S-1 Pick-up Replace S-14 Dump/Attachments		\$ 1,337,000 \$ 302,704 \$ 45,020 \$ 166,562					\$ 1,337,000 \$ 302,704 \$ 45,020 \$ 166,562			
FY19-20	Replacement of S-54 Patch Truck		\$ 196,267						\$ 196,267		
FY20-21	Ladder Truck Replace S-46 Dump Truck Fire Alerting System Fire Engine F708 Fire Engine F-709 Fire Engine F707 Fire Station #3 Remodel Fire Station #1 Remodel	\$ 258,000	\$ 1,435,583 \$ 171,559 \$ 300,000 \$ 606,528 \$ 630,789 \$ 583,200 \$ 1,200,000 \$ 1,200,000							\$ 1,435,583 \$ 171,559 \$ 300,000 \$ 606,528 \$ 630,789 \$ 583,200 \$ 1,200,000 \$ 1,200,000	
FY21-22	Cloverleaf Parkway Improvements Haz-Mat Truck Replace S-56 Mini Excavator Replace S-47 Dump/Attachments SCBA Gear Fire Station #4 (Replacement) Rescue / Air Truck Communication Equipment		\$ 725,000 \$ 500,000 \$ 101,296 \$ 176,705 \$ 324,000 \$ 3,800,000 \$ 770,107 \$ 508,000								\$ 725,000 \$ 500,000 \$ 101,296 \$ 176,705 \$ 324,000 \$ 3,800,000 \$ 770,107 \$ 508,000
			\$60,876,328	\$29,506,450	\$889,600	\$8,387,100	\$4,205,927	\$1,851,286	\$196,267	\$6,127,659	\$6,905,108

Capital Improvement Plan Water & Sewer Fund

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

Capital Improvement Plan Stormwater Fund

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

GLOSSARY OF TERMS

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

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

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

Activity - A specific service or unit of work performed.

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

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

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

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

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

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

AWWA – American Water Works Association

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

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

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

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

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

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

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

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

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

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

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

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

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

C.O.P. – Community Oriented Policing

CAD - Acronym for Computer Aided Design.

CAFR – Certificate of Achievement in Excellence for Financial Reporting

CALEA – Commission on Accreditation for Law Enforcement Agencies

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

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

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

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

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

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

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

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

CD – Community Development.

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

CIP – Capital Improvement Program.

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

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

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

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

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

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

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

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

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

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

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

DWI – Driving under the influence of drugs or alcohol.

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

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

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

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

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

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

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

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

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

FTO – Field Training Officer.

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

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

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

FY – Fiscal Year.

GASB - Acronym for Government Accounting Standards Board.

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

General Fund - The largest fund within the City, the General Fund accounts for most of the financial resources of the government. General Fund revenue includes 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 per unit of resource input invested.

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

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

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

PWOC – Public Work Operations Center.

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

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

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

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

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

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

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

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

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

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

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

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

SFR – Single Family Residential.

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

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

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

SRO – School Resource Officer.

STEP – Selective Traffic Enforcement Plan

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

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

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

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

UDO – Unified Development Ordinance.

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

WAN – Wide Area Network .

WSACC – Water and Sewer Authority of Cabarrus County.

WTP – Water Treatment Plant.

CITY OF KANNAPOLIS CLASSIFICATION PLAN EFFECTIVE MARCH 1, 2009

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

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

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

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

<u>FISCAL YEAR</u>	<u>TAX RATE PER \$100</u>	<u>ASSESSED VALUATION</u>	<u>TAX LEVY</u>	<u>% INCREASE (DECREASE)</u>
1990	0.38	\$710,502,765	\$2,716,471	22%
1991	0.45	756,215,698	3,402,971	25%
1992	0.37	937,808,108 *	3,469,890	2%
1993	0.39	969,630,566	3,781,559	9%
1994	0.42	1,008,377,099	4,223,979	12%
1995	0.46	1,049,078,046	4,810,874	14%
1996	0.46	1,192,811,135 *	5,491,956	14%
1997	0.46	1,241,130,090	5,709,717	4%
1998	0.49	1,293,059,850	6,345,535	11%
1999	0.49	1,359,260,351	6,666,506	5%
2000	0.49	1,803,928,729 **	8,492,318	27%
2001	.047	1,847,521,353	9,052,855	7%
2002	0.49	1,983,954,396	9,721,377	7%
2003	0.49	2,027,762,094	10,717,459	10%
2004	0.53	1,969,103,832 ???	10,543,899	(1.6)%
2005	0.53	2,178,372,302 ****	10,826,510	3%
2006	0.497	2,270,062,374	11,282,210	4%
2007	0.497	2,375,528,118	12,054,762	7%
2008	0.497	2,560,383,000 ***	12,725,104	6%
2009	0.497	3,540,416,000 ****	17,348,038	36%
2010	0.49	3,699,101,000	18,225,595	4%
2011	0.49	3,733,730,000	18,295,595	0.4%
2012	0.49	3,762,762,000	18,437,534	0.7%
2013	0.56	3,405,337,747 *****	19,069,891	0.0%
2014	0.56	3,468,844,752	19,425,531	0.0%

*	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.