CITY COUNCIL
WORK SESSION
AGENDA
KANNAPOLIS CITY HALL
401 LAUREATE WAY, KANNAPOLIS, NC
JUNE 8, 2026
6:00 PM
Please Turn off Cell Phones or Place on Silent Mode.

CALL TO ORDER AND WELCOME

PLEDGE OF ALLEGIANCE

ADOPTION OF AGENDA - Motion to Adopt Agenda or make revisions

RECOGNITIONS & PROCLAMATIONS

A. **PROCLAMATION** - Juneteenth National Independence Day (Pam Scaggs, City Clerk)

SPEAKERS FROM THE FLOOR

CONSENT AGENDA - Motion to Adopt Consent Agenda or make revisions

A. **VOLUNTARY ANNEXATION** - (A-2026-05) 0.288 +/- acres of unaddressed contiguous property located on South Chapel Street **APPROVED FOR PUBLIC HEARING** (Elizabeth McCarty, Assistant Planning Director)

B. **VOLUNTARY ANNEXATION** - (A-2026-06) 18.7 +/- acres of contiguous property located at 6758 Davidson Highway and an Unaddressed Parcel on Davidson Highway **APPROVED FOR PUBLIC HEARING** (Elizabeth McCarty, Assistant Planning Director)

C. **FIRST READING TA-2026-02**: Kannapolis Development Ordinance (KDO) Text Amendment to several sections **RECEIVED** (Elizabeth McCarty, Assistant Planning Director)

D. **MINUTES** - April 27, 2026 (Open & Closed); April 30, 2026 Special Meeting and May 11, 2026 **APPROVED** (Pam Scaggs, City Clerk)

BUSINESS AGENDA

A. **PUBLIC HEARING -** Proposed Budget for FY 2026-2027 (Wilmer Melton, City Manager)

CITY MANAGER REPORT

CITY COUNCIL COMMENTS

MOTION TO ADJOURN

ADA Notice

In accordance with Title II of the Americans with Disabilities Act (ADA), any person requiring an accommodation to participate in a function or program of the City of Kannapolis should contact Daniel Jenkins, Assistant Human Resources Director & ADA Coordinator by phone at 704-920-4312, email adacoordinator@kannapolisnc.gov, or in person at Kannapolis City Hall as soon as possible, but not later than forty-eight (48) hours prior.

KANNAPOLIS

Office of the Mayor

KANNAPOLIS, NORTH CAROLINA
P R O C L A M A T I ON
"JUNETEENTH NATIONAL INDEPENDENCE DAY"

WHEREAS, on June 19, 1865, more than two years after the issuance of the Emancipation Proclamation, Union troops arrived in Galveston, Texas, and announced the freedom of enslaved African Americans, marking a pivotal moment in the history of the United States; and

WHEREAS, Juneteenth commemorates the end of slavery in the United States and stands as a celebration of freedom, resilience, and the enduring pursuit of equality and justice; and

WHEREAS, the observance of Juneteenth provides an opportunity to reflect upon our nation's history, honor the sacrifices and achievements of generations of African Americans, and recognize their immeasurable contributions to our communities, state, and nation; and

WHEREAS, Juneteenth encourages all people to engage in meaningful dialogue, education, and community engagement that foster understanding, unity, and respect among all residents; and

WHEREAS, Juneteenth was established as a federal holiday, affirming its national significance and recognizing the importance of remembering this chapter of American history; and

WHEREAS, the people of the City of Kannapolis are committed to advancing the principles of liberty, opportunity, and equal justice for all and to building a community where every person is treated with dignity and respect.

NOW, THEREFORE, the City Council of the City of Kannapolis, North Carolina does hereby proclaim Friday, June 19, 2026, as **Juneteenth National Independence Day** and calls upon all residents to observe this day through reflection, education, and participation in the Juneteenth celebration at Veteran's Park from 3:00 P.M. to 9:00 P.M., honoring the legacy of freedom and strengthening our shared commitment to equality and justice for all.

IN WITNESS WHEREOF, I, Mayor George Douglas Wilson, on behalf of the Kannapolis City Council, has caused the Great Seal of the City of Kannapolis to be affixed this 8th day of June 2026.

CITY OF KANNAPOLIS INCORPORATED SEAL 1984 NORTH CAROLINA

George Douglas Wilson, Mayor
City of Kannapolis

Kannapolis City Council

City Council Agenda Staff Report
June 8, 2026

To: Mayor and City Council

From: Elizabeth McCarty, Assistant Planning Director

Subject: **VOLUNTARY ANNEXATION** - (A-2026-05) 0.288 +/- acres of unaddressed contiguous property located on South Chapel Street **APPROVED FOR PUBLIC HEARING**

Recommended Action Requested by City Council

1. Motion to adopt Resolution Directing the Clerk to Investigate and Intent to Annex and to Certify the Sufficiency of the Petition to Annex; and
2. Motion to adopt a Resolution of Intent to Annex and Fix Date of Public Hearing for June 22, 2026.

Required Votes to Pass Required Action

Majority Present at Meeting

Background

Eric Troyer of Fortunate Development, LLC has submitted an application for voluntary annexation of approximately 0.288 +/- acres of unaddressed contiguous property located on S. Chapel Street. The property is further identified as Rowan County Parcel Identification Number 156 084. The property owner intends to build a single-family dwelling.

Fiscal Implications

None

Alternate Courses of Action

1. Table actions to a future meeting.
2. Take no action.

Attachments

1. 2026-22 Resolution of Intent to Annex A-2026-05
2. 2026-23 Resolution Directing the Clerk to investigate an intent to annex A-2026-05
3. Certificate of Sufficiency A-2026-05
4. A-2025-05 Application
5. Black and White A-2026-05
6. Vicinity A-2026-05
7. Vicinity Color A-2026-05

RESOLUTION #2026-22

RESOLUTION OF INTENT TO ANNEX AND FIX DATE OF PUBLIC HEARING ON QUESTION OF ANNEXATION

A-2026-05 – Unaddressed Parcel on Chapel Street

WHEREAS, pursuant to N.C.G.S Chapter 160A-31 *et seq.*, City Council may initiate annexation of real property contiguous to the City's boundary pursuant to a Petition for Annexation by all property owners located therein by adopting a Resolution stating its intent to annex the property described.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Kannapolis, North Carolina that:

Section 1. A public hearing on the question of annexation of the area described herein will be held at the Laureate Center, 401 Laureate Way, Kannapolis, NC at 6:00 PM on the 22nd day of June 2026.

Section 2. The area proposed for annexation is described as follows:

See attached Metes and Bounds Description and Annexation Survey.

Section 3. Notice of public hearing shall be published in the Independent Tribune on Thursday, June 11 and Thursday, June 18, 2026.

ADOPTED this the 8th day of June 2026.

George Douglas Wilson, Mayor
City of Kannapolis

ATTEST:

Pam Scaggs, CMC, NCCMC
City Clerk

SURVEYOR'S CERTIFICATION

I, Christopher S. Sparks certify that this map was drawn by me from an actual survey made by me deed description recorded in Book 1479 Page 788, etc.) (other); (that the ratio of precision as calculated by latitudes and departures is 1:10,000+, that the boundries not surveyed are shown as broken lines plotted from information found in Book 39 Page 109; that this map was prepared in accordance with G.S. 47-30, as amended.

Witness my hand and seal this 29TH day of APRIL, AD 2026

This plat is of another category, such as the recombination of existing parcels, a court ordered survey, or other exception to the definition of subdivision.

[redacted]

STATE OF NORTH CAROLINA
CABARRUS COUNTY

I, _____ Review Officer of Cabarrus County certify that this map or plat to which this certification is affixed meets all statutory requirements for recording.

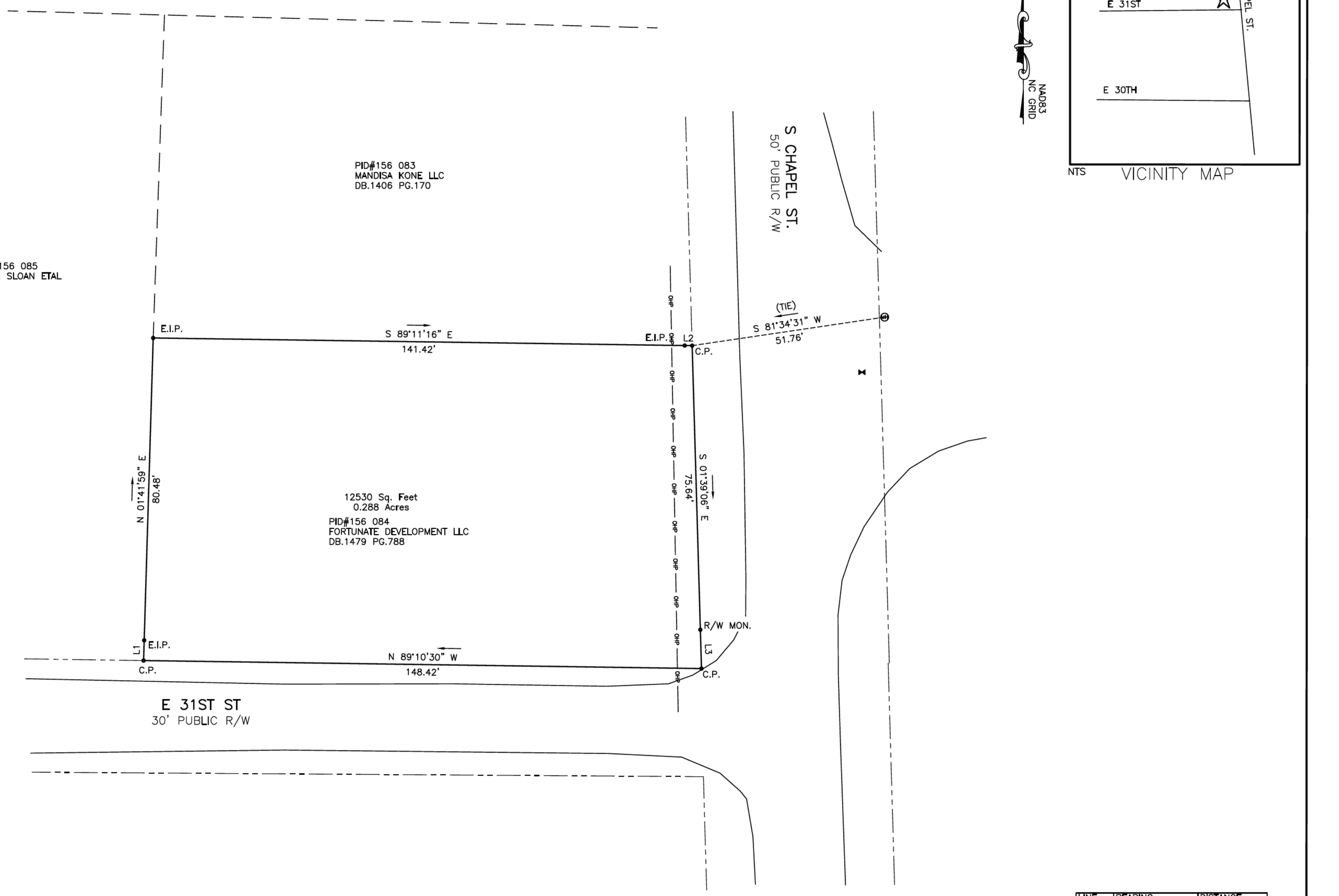
REVIEW OFFICER DATE

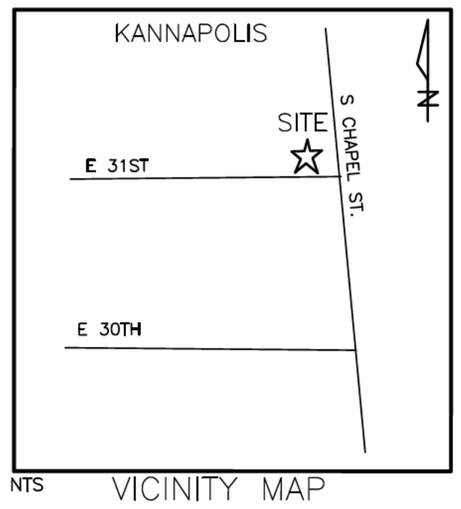
FINAL PLAT APPROVAL
City Of Kannapolis

I hereby certify that this plat is exempt from the subdivision regulations of the City of Kannapolis due to its exclusion from the definition of a subdivision as established by NCGS 160d-802(a)

PLANNING DIRECTOR DATE

Notes:
1. Iron pins at all lot corners unless otherwise noted.
2. Property may be subject to recorded or unrecorded rights-of-way or easements not observed.
3. Property is not located within 2000' of a NCGS monument.
4. Property is not located in a flood hazard area per FEMA Flood Insurance Rate Map 3710562500K, with an effective date of June, 16th 2009.
5. This property is not located within a watershed.
6. Total Site Acreage = 0.288 ACRES





LEGEND

E.P.	EDGE OF PAVEMENT
E.I.P.	EXISTING IRON PIN
N.I.P.	NEW IRON PIN
C.P.	COMPUTED POINT
C.B.	CATCH BASIN
E.P.	EDGE OF PAVEMENT
R/W	RIGHT OF WAY
W.M.	WATER METER
R.C.P.	REINFORCED CONCRETE PIPE
- - - - - -	SETBACKS
———	PROPERTY LINE
— — —	ADJOINERS PROPERTY LINES
———————	RIGHT-OF-WAY
MH	MANHOLE S.M.H.
	FIRE HYDRANT F.H.
	WATER VALVE W.V.

LINE	BEARING	DISTANCE
L1	N 01°41'59" E	5.40'
L2	S 89°11'16" E	1.98'
L3	S 01°39'06" E	10.34'

CURRENT OWNER
FORTUNATE DEVELOPMENT LLC
1090 QUIET COVE
KANNAPOLIS NC 28083

SPARKS SURVEYING, PA
4495 NEEDMORE RD.
WOODLEAF, N.C. 27054
PHONE(704) 577-8429
C-4914

ANNEXATION PLAT
OF
0 S CHAPEL ST.
KANNAPOLIS, NC 28083

PIN #156 084
DB 1479 PG 788
LOT#12 MB.9995 PG.458
CHINA GROVE TOWNSHIP ROWAN COUNTY

DESCRIPTION:
RECORD PLAT

Scale: 1" = 20'
Date: 4/29/26

0 20 40

MAP	S/M	PAR	S/P	U/IN	L/IN	C/C	PART	INT
156		084						22

Rowan County Assessor's Office

This certifies that there are no delinquent ad valorem real estate taxes, which the Rowan County Tax Collector is charged with collecting, that are a lien on:
Property Identification Number 156 084
This is not a certification that the Rowan County Property Identification Number matches this Deed description.

Tonya Parnell GH 03-30-2021 09:56:34
Rowan Co. Tax Collections Manager Clerk Date/Time

Type: CONSOLIDATED REAL PROPERTY
Recorded: 3/30/2021 10:00:03 AM
Fee Amt: $26.00 Page 1 of 2
Revenue Tax: $0.00
Rowan, NC
J. E. Brindle Register of Deeds

BK 1371 PG 444

No opinion on title is expressed or implied by the preparer of this document

No closing took place in the office of Nance & Overbey, PLLC. Document Preparation only.

Tax Map 156 Parcel 084

Stamps $ 0.00

Mail after recording to: Grantee

Brief Description for index: Lot 12 Carl Sherrill Land

NORTH CAROLINA GENERAL WARRANTY DEED

THIS DEED made the 19th day of March, 2021, by and between

GRANTOR	GRANTEE
IDA B. LONG, widow, not remarried	GEORGE R. LONG, JR.
111 E 29th Street Kannapolis, NC 28083	607 Halliwell Street Charlotte, NC 28262

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH

That the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in China Grove Township, Rowan County, North Carolina, and more particularly described as follows:

Lying1 mile South of Landis, N.C., on the Landis Road, being part of the Sherrill Land and bounded as follows:

BEGINNING at an iron stake on the side of the Landis Road and on Oak Street and runs thence with Oak Street West 150 ft. to an iron stake on said street, corner of Lot No. 11; thence N. 1 E. 86 ft. to a stake; thence East 150 ft. to a stake on the Landis Road; thence with the road S. 1 W. 86 ft. to the BEGINNING, being Lot No. 12 of the Carl Sherrill Land.

Being the property conveyed to Grantor by deed recorded in Book 537, page 53, Rowan County Registry.

THIS INSTRUMENT PREPARED BY NANCE & OVERBEY, PLLC, ATTORNEYS AT LAW, SALISBURY, NORTH CAROLINA

Submitted electronically by "Nance & Overbey, PLLC"
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Rowan County Register of Deeds.

THIS INDENTURE, Made this 30th day of July, 1968, between

Ola S. Hunter and hus.,
~~Hodgin~~ Alfred S. Hunter

of the County of Rowan and State of North Carolina, of the first part, and

George R. Long and wife,
Ida B. Long

of the County of Rowan and State of North Carolina, of the second part:

WITNESSETH, that the said parties of the first part, for and in consideration of the sum of ten ($10.00) dollars and other valuable considerations ~~Exmex~~ to the said parties of the first part in hand paid, the receipt whereof is hereby acknowledged, have bargained, sold and conveyed, and by these presents do bargain, sell and convey unto the said parties of the second part their heirs and assigns, the following described real estate, situate, lying and being in China Grove Township, County of Rowan and State of North Carolina, bounded as follows, to-wit:

Lying 1 mile South of Landis, N. C., on the Landis Road, being part of the Sherrill Land and bounded as follows:

BEGINNING at an iron stake on the side of the Landis Road and on Oak Street and runs thence with Oak Street West 150 ft. to an iron stake on said street, corner of Lot No. 11; thence N. 1 E. 86 ft. to a stake; thence East 150 ft. to a stake on the Landis Road; thence with the road S. 1 W. 86 ft. to the BEGINNING, being Lot No. 12 of the Carl Sherrill Land.

For back title reference see Deed Book No. 272, page 266 in the office of the Register of Deeds for Rowan County, North Carolina.



RESOLUTION #2026-23

RESOLUTION DIRECTING THE CLERK TO INVESTIGATE AN INTENT TO ANNEX

A-2026-05 – Unaddressed Parcel on Chapel Street

WHEREAS, City Council may initiate annexation of contiguous property owned by the petitioners by adopting a resolution stating its intent to annex the property of the area described herein; and

WHEREAS, N.C.G.S Chapter 160A-31 *et seq*, provides that the sufficiency of the petition shall be investigated by the City Clerk of the City of Kannapolis, North Carolina before further annexation proceedings consistent within the intent to annex can take place; and

WHEREAS, City Council of the City of Kannapolis, North Carolina deems it advisable to direct the City Clerk to investigate the sufficiency of the intent to annex.

NOW, THEREFORE, BE IT RESOLVED by City Council of the City of Kannapolis, North Carolina that:

The City Clerk is hereby directed to investigate the sufficiency of the above-described intent to annex under N.C.G.S. Chapter 160A-31 *et seq* and to certify as soon as possible to the City Council the result of the investigation.

ADOPTED this the 8th day of June 2026.

George Douglas Wilson, Mayor
City of Kannapolis

ATTEST:

Pam Scaggs, CMC, NCCMC
City Clerk

CERTIFICATE OF SUFFICIENCY
A-2026-05

To City Council of the City of Kannapolis, North Carolina.

I, Pam Scaggs, City Clerk, do hereby certify that pursuant to NCGS Chapter 160A-31 *et seq.*, I have investigated the petition attached hereto and have found as a fact that said petition is signed by all owners of real property lying in the area described therein.

In Witness Whereof, I have hereunto set my hand and affixed the seal of the City of Kannapolis, North Carolina, this the 8th day of June 2026.

Pam Scaggs, CMC, NCCMC
City Clerk

Planning Department
401 Laureate Way
Kannapolis, NC 28081
704.920.4350

KANNAPOLIS

Petition for Contiguous Annexation

So that we may efficiently review your request in a timely manner, it is important that all required documents are submitted with your application. Submit digitals and 1 hard copy of applications and accompanying documents to the Planning Department at the address above.

ANNEXATION REQUEST

Approval authority – City Council.

Property Address: 0 CHAPEL ST. KANNAPOLIS NC 28083

Applicant: ERIC TROYER / FORTUNATE DEVELOPMENT

Address: 1090 QUIET CV City: KANNAPOLIS State: NC Zip: 28083

Contact number: [redacted] Email: [redacted]

SUBMITTAL CHECKLIST

☒ Pre-Application Meeting – send an email to planreviewappointment@kannapolisnc.gov

☒ Annexation Checklist and Application – Complete with all required property owner signatures

☒ Stamped, signed black and white 18 x 24" survey of subject property prepared by a registered engineer or surveyor (not preliminary)

☒ Metes and Bounds description of subject property

PROCESS INFORMATION

Annexation involves two (2) separate City Council meetings:

First meeting: The City Clerk will certify the sufficiency of the annexation and City Council will set a date for the public meeting.

Second meeting: City Council will review the petition and either or approve or decline the annexation request:

1. Newspaper notification at least ten (10) days prior to the second Council meeting
2. Notification to the County or municipality from which the subject property is being annexed
3. Public Hearing
4. State recordation of the Resolution to Extend the Corporate City Limits, the signed/stamped 18X24" survey (can not be stamped as preliminary) and the Metes and Bounds Description.

By signing below, I acknowledge that I have reviewed the Submittal Checklist and have included the required submittal items and reviewed them for completeness and accuracy. I also acknowledge that my application will be rejected if incomplete.

Applicant's Signature: Eric Troyer Date: 4/30/26

Planning Department
401 Laureate Way
Kannapolis, NC 28081
704.920.4350

PETITION REQUESTING A CONTIGUOUS ANNEXATION

Approval authority – City of Kannapolis City Council

DATE: 7/30/26

To the City Council of the City of Kannapolis, North Carolina:

1. We, the undersigned owners of real property respectfully request that the area described in paragraph 2 below be annexed to the City of Kannapolis.

2. The area to be annexed, located at 0 CHAPEL ST KANNAPOLIS further identified as ROWAN County Parcel Identification Number 156 084, is contiguous to the primary limits of the City of Kannapolis, is approximately 0.27 acres, and the boundaries of such territory are as follows:

See Attached Signed, Stamped Survey Map and **Metes and Bounds Description**

3. This petition is signed by all property owners of the area to be annexed.

4. ☒ The undersigned owners acknowledge that the following City service(s) is (are) not presently available for immediate taps upon annexation: water ☒ ☐ sewer ☒; and, subsequently agree that the City shall not provide water and sewer service to the area to be annexed except in accordance with the City's standard water and sewer policy.

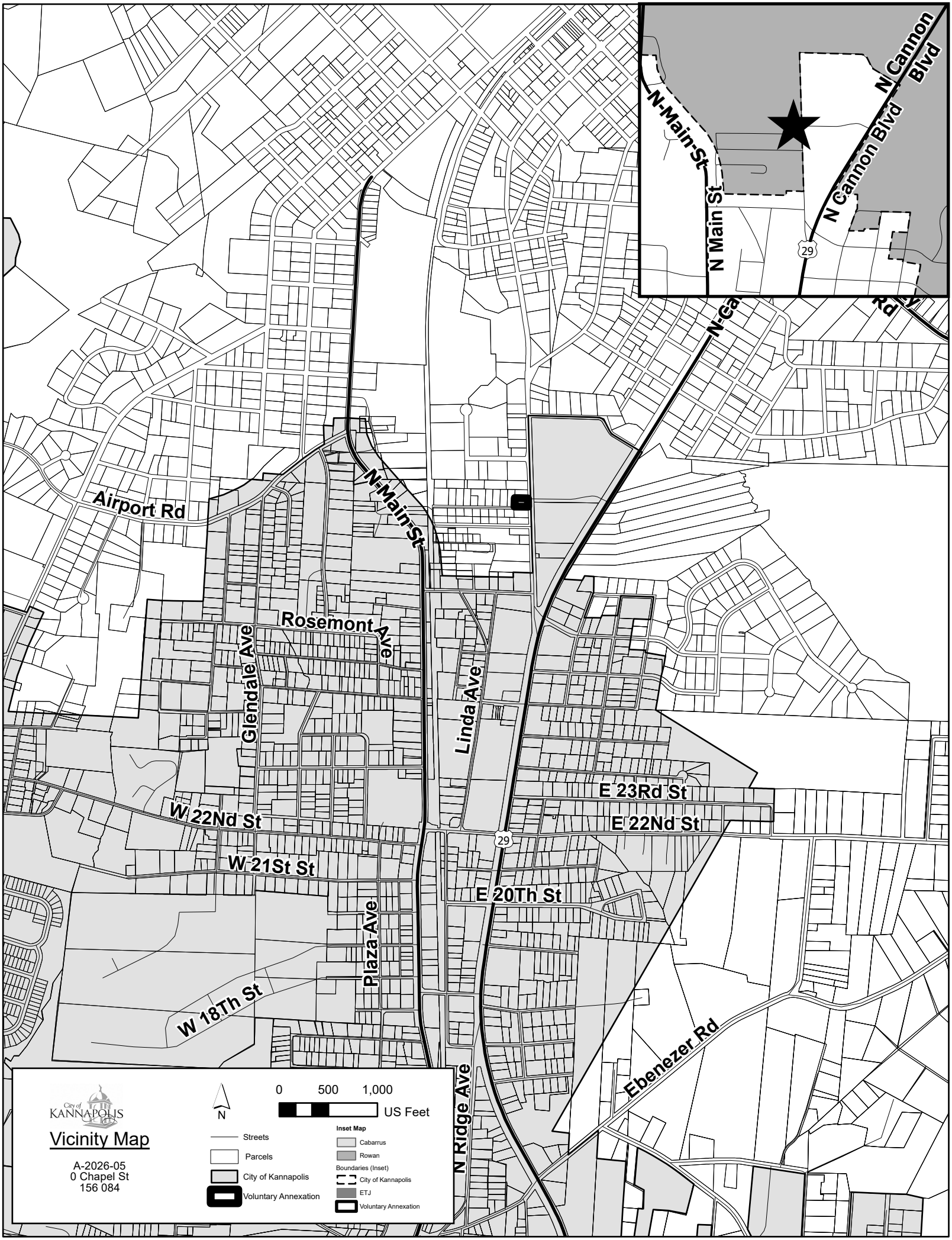
5. Please check ONE box below:

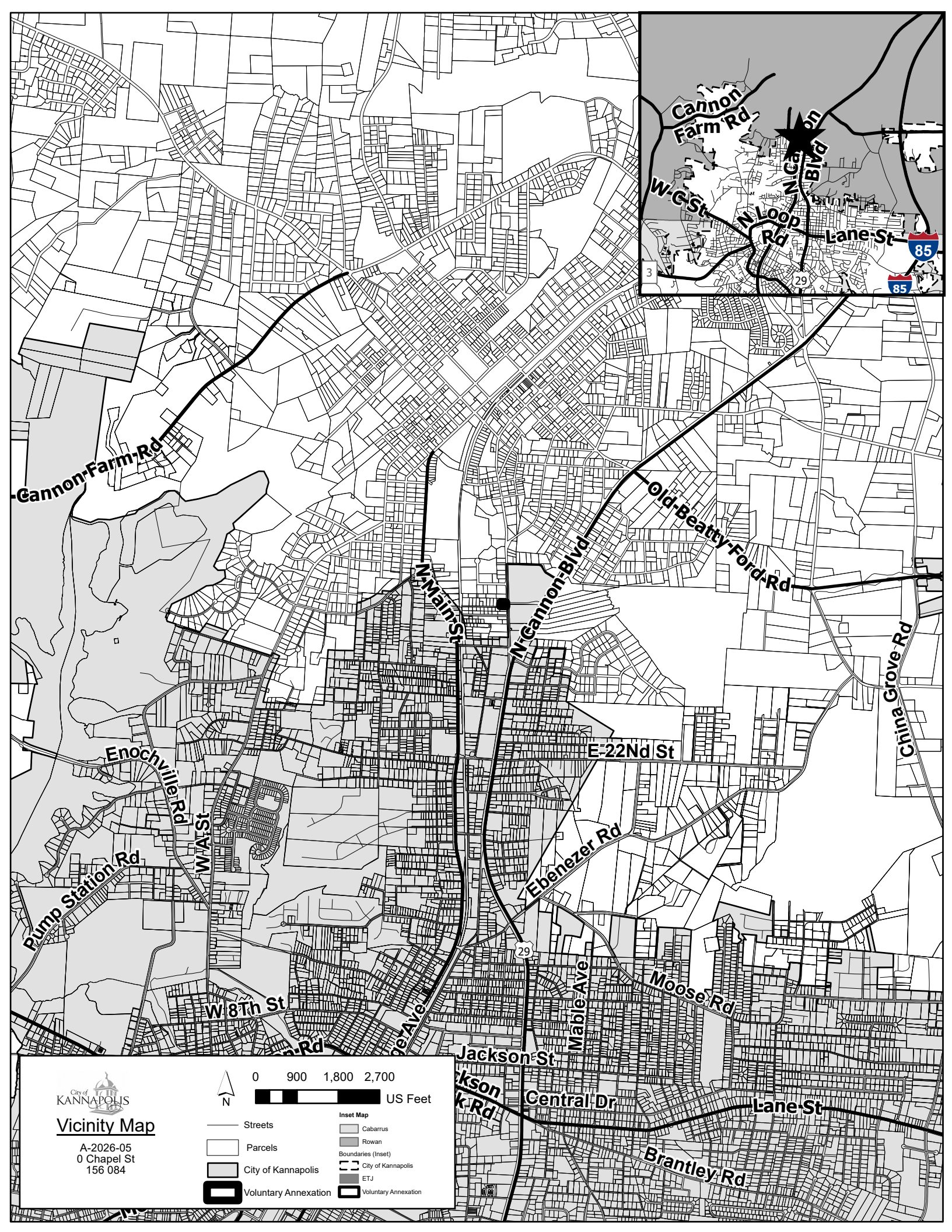
☐ The undersigned owners declare that zoning vested rights have been established on the area to be annexed under G.S. 160D-108 or G.S. 160D-108.1 and provide proof of such rights by attachment hereto.

☒ The undersigned owners hereby declare that no such vested rights have been established and that any vested rights previously acquired are hereby terminated.

	Name (print or type)	**Address**	**Signature***
1.	ERIC TROYER	1090 QUIET CV. KANNAPOLIS NC 28083	
2.			
3.			
4.			

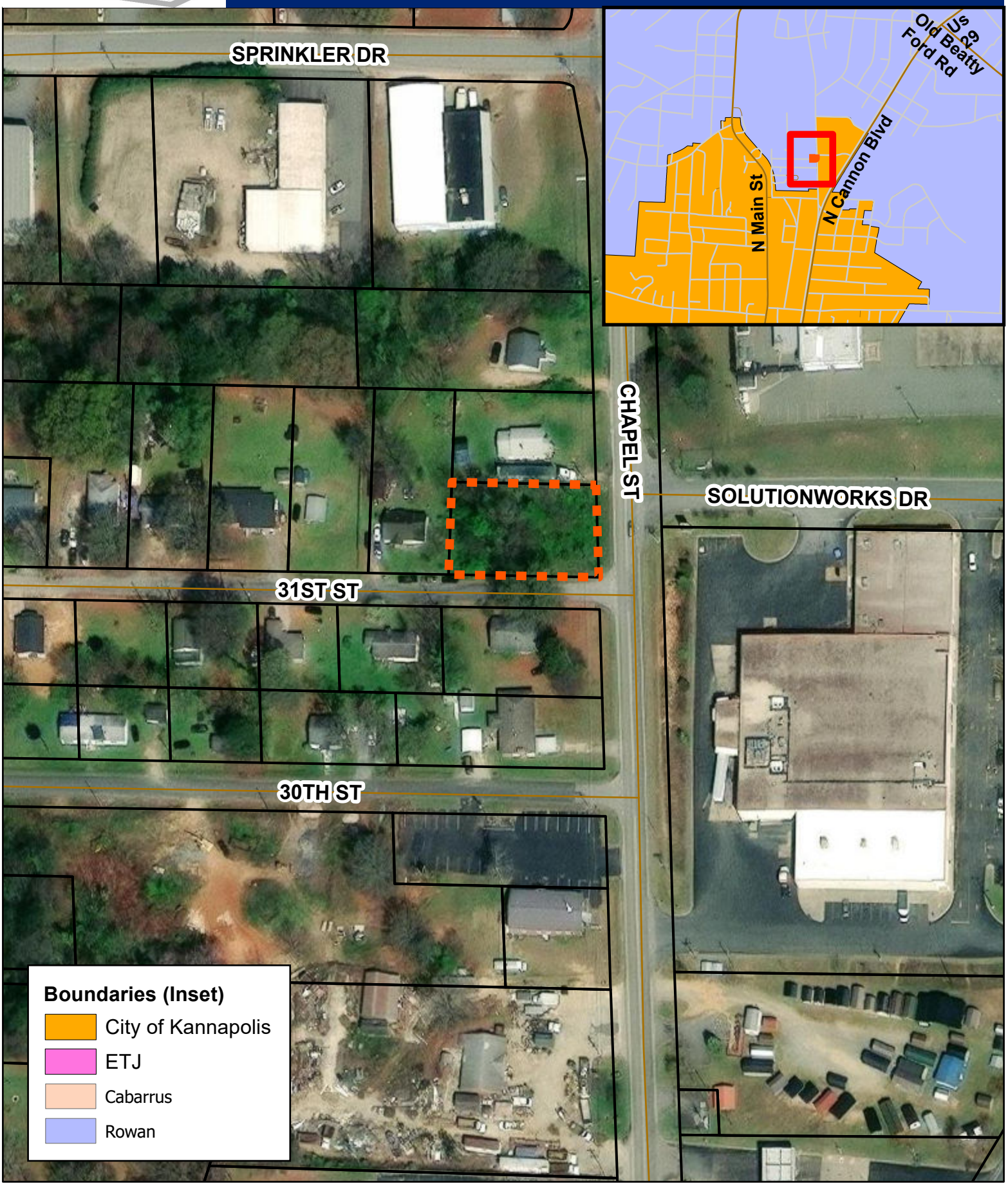
**Family members (e.g., husbands and wives) need to sign separately. Signatures for corporations, institutions, etc., are by those with the authority to sign legal documents.*


N Cannon Blvd
N-Main-St
N Main St
N Cannon Blvd
29
Airport Rd
N-Main-St
Rosemont Ave
Glendale Ave
Linda Ave
E 23Rd St
E 22Nd St
W 22Nd St
W 21St St
29
E 20Th St
Plaza Ave
W 18Th St
N Ridge Ave
Ebenezer Rd
City of KANNAPOLIS
Vicinity Map
A-2026-05
0 Chapel St
156 084
N
0 500 1,000
US Feet
Streets
Parcels
City of Kannapolis
Voluntary Annexation
Inset Map
Cabarrus
Rowan
Boundaries (Inset)
City of Kannapolis
ETJ
Voluntary Annexation


Cannon Farm Rd
W C St
N Loop Rd
N Cannon Blvd
Lane St
85
29
3
Cannon Farm Rd
N Main St
N Cannon Blvd
Old Beatty Ford Rd
China Grove Rd
E 22Nd St
Enochville Rd
W A St
Pump Station Rd
Ebenezer Rd
29
Mable Ave
Moose Rd
W 8Th St
Jackson St
Central Dr
Lane St
Brantley Rd
City of KANNAPOLIS
Vicinity Map
A-2026-05
0 Chapel St
156 084
N
0 900 1,800 2,700
US Feet
Streets
Parcels
City of Kannapolis
Voluntary Annexation
Inset Map
Cabarrus
Rowan
Boundaries (Inset)
City of Kannapolis
ETJ
Voluntary Annexation

Vicinity Map

A-2026-05
0 Chapel St
156 084



Kannapolis City Council

City Council Agenda Staff Report
June 8, 2026

To: Mayor and City Council

From: Elizabeth McCarty, Assistant Planning Director

Subject: **VOLUNTARY ANNEXATION** - (A-2026-06) 18.7 +/- acres of contiguous property located at 6758 Davidson Highway and an Unaddressed Parcel on Davidson Highway
APPROVED FOR PUBLIC HEARING

Recommended Action Requested by City Council

1. Motion to adopt Resolution Directing the Clerk to Investigate an Intent to Annex and to Certify the Sufficiency of the Petition to Annex; and
2. Motion to adopt a Resolution of Intent to Annex and Fix Date of Public Hearing for June 22, 2026.

Required Votes to Pass Required Action

Majority Present at Meeting

Background

Todd Meredith of Trackhouse Entertainment Group, LLC has submitted an application for voluntary annexation of approximately 18.7 +/- acres of contiguous property located at 6758 and an unaddressed parcel on Davidson Highway. The properties are further identified as Cabarrus County Parcel Identification Numbers 46916818890000 and 46916838510000, respectively. The applicant intends to develop a race team facility that supports research, development, maintenance, and training.

Fiscal Implications

None

Alternate Courses of Action

1. Table actions to a future meeting.
2. Take no action.

Attachments

1. 2026-24 Resolution of Intent to Annex A-2026-06
2. 2026-25 Resolution Directing the Clerk to investigate an intent to annex A-2026-06
3. Certificate of Sufficiency A-2026-06
4. Annexation application
5. Black and White A-2026-06
6. Vicinity A-2026-06
7. Vicinity Color A-2026-06

RESOLUTION #2026-24

RESOLUTION OF INTENT TO ANNEX AND FIX DATE OF PUBLIC HEARING ON QUESTION OF ANNEXATION

A-2026-06 – 6758 and an Unaddressed Parcel on Davidson Highway

WHEREAS, pursuant to N.C.G.S Chapter 160A-31 *et seq.*, City Council may initiate annexation of real property contiguous to the City's boundary pursuant to a Petition for Annexation by all property owners located therein by adopting a Resolution stating its intent to annex the property described.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Kannapolis, North Carolina that:

Section 1. A public hearing on the question of annexation of the area described herein will be held at the Laureate Center, 401 Laureate Way, Kannapolis, NC at 6:00 PM on the 22nd day of June 2026.

Section 2. The area proposed for annexation is described as follows:

See attached Metes and Bounds Description and Annexation Survey.

Section 3. Notice of public hearing shall be published in the Independent Tribune on Thursday, June 11 and Thursday, June 18, 2026.

ADOPTED this the 8th day of June 2026.

George Douglas Wilson, Mayor
City of Kannapolis

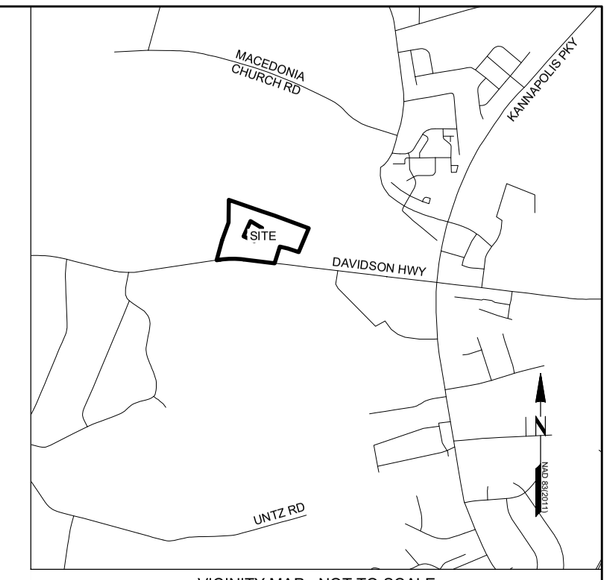
ATTEST:

Pam Scaggs, CMC, NCCMC
City Clerk

LEGEND & ABBREVIATIONS:

- ● EXISTING CORNER MONUMENTATION, AS NOTED
- ○ NEW/SET CORNER MONUMENTATION, #5 REBAR OR AS NOTED
- DB DEED BOOK
- MB MAP BOOK
- POB POINT OF BEGINNING
- N/F NOW OR FORMERLY
- R/W RIGHT OF WAY
- PROPERTY LINE
- ADJOINER LINE
- R/W RIGHT OF WAY LINE
- EASEMENT/SETBACK LINE
- AREA TO BE ANNEXED

NAD 83(2011)



VICINITY MAP - NOT TO SCALE

N/F
46917964890000
CONCORD OWNER LP
DB 14295-168, PB 76-94

N/F
46920592590000
WATER AND SEWER AUTHORITY
OF CABARRUS COUNTY
DB 15281-108, PB 54-104

~ CABARRUS COUNTY ~
~ CITY OF KANNAPOLIS ~

#5 REBAR
0.2' BG

S 71°03'02" E 616.80'

#5 REBAR OG
0.25' OFF-LINE

1" IRON ROD
1.5' AG

S 71°00'26" E 241.58'

IRON ROD
IN TREE ROOT

S 69°50'28" E 641.69'

BENT 1" PIPE
2.0' AG

S 22°13'31" W 460.77'

N 00°13'10" E 400.14'

S 58°25'12" E 234.49'

S 45°42'32" W 315.19' TIE

~ CITY OF KANNAPOLIS ~
~ CABARRUS COUNTY ~

S 09°26'30" E 555.89'

N 24°42'58" E 297.78'

S 30°04'54" W 265.04'

46916818890000
THOMAS W. SMITH
DB 619-838
±1.42 ACRES TO
BE ANNEXED

#5 REBAR
0.2' BG

#5 REBAR
0.7' BG

#5 REBAR OG

N 66°54'04" W 208.11'

N 76°23'39" W
149.98'

N 71°28'39" W 201.57'

1/2" PIPE
0.2' BG

#8 REBAR
0.3' AG

#5 REBAR
0.20' BG

N 20°28'52" E 336.41'

S 17°10'52" W 308.15'

46916838510000
THOMAS W. & CARLA S. SMITH
DB 1167-75
±18.63 ACRES TO BE ANNEXED

N/F
46916874080000
ATLAS B. JR. &
ELIZABETH BAUCOM
DB 6850-195

N/F
46916884640000
ATLAS B. BAUCOM JR.
DB 447-601

#5 REBAR
0.2' AG

0.5" PIPE OG
AT 32.35'

DAVIDSON HWY (NC HWY 73)
APPARENT 60' PUBLIC R/W
NO DEDICATION FOUND OR PROVIDED

N 15°23'58" E 365.82'

N 83°05'52" W 553.95'

A=415.43', R=1600.00'
S 89°27'50" W CH=414.27'

#5 REBAR
0.5' BG
AT R/W LINE

POB

S 82°01'32" W
64.79'

REVIEW OFFICER CERTIFICATION:

I, _____, Review Officer of Cabarrus County, certify that the map or plat to which this certification is affixed meets all statutory requirements for recording.

_____
Review Officer Date

SURVEYOR CERTIFICATION:

I, Seth F Martin, hereby certify that this map was drawn under my supervision from an actual survey made under my supervision (deed description recorded in Book see map, page _____ or other reference source_____); that the boundaries not surveyed are indicated as drawn from information in Book see map, page _____ or other reference source; that the ratio of positional accuracy is ≤0.08; and that this map meets the requirements of the Standards of Practice for Land Surveying in North Carolina (21 NCAC 56. 1600); that this plat was prepared in accordance with G.S. 47-30 as amended and that this survey is of an existing parcel or parcels of land and does not create a new road or subdivision.

Witness my original signature, registration number, and seal this 3rd day of June, 2026.

PRELIMINARY
NOT FOR SALES, CONVEYANCES, OR RECORDATION

Seth F Martin, NC PLS L-4719

NORTH CAROLINA PROFESSIONAL SEAL L-4719 LAND SURVEYOR SETH F. MARTIN

GENERAL NOTES:

1. Class of Survey: A
2. Positional Accuracy: N:0.06' E:0.08'
3. Type of GPS Field Procedure: RTK Network
4. Datum of Survey: NAD83(2011)
5. Units: US Survey Foot
6. Geoid Model: 2018
7. Combined Grid Factor: 0.999850461
8. All distances shown are horizontal (ground) measurements unless otherwise noted.
9. No recoverable Geodetic monument found within 2000' of subject property.
10. Total area: ±25.43 Acres (determined by coordinate computation)
11. Zoning: AO & R1
12. Property corners monumented as shown.
13. No portion of the Subject Property is located in a special flood hazard area as determined by FEMA and the State of North Carolina; See Map No.: 3710469100K - Effective date: 11/16/2018

811 Know what's below. Call before you dig.

0 100 200 300
SCALE 1"=100'

ANNEXATION PLAT of
6762 & 6758 DAVIDSON HWY

CITY OF KANNAPOLIS,
CABARRUS COUNTY,
NORTH CAROLINA
OWNER: THOMAS W. & CARLA S. SMITH
BY

FORREST GEOMATICS
933 LOUISE AVE. #101, CHARLOTTE, NC 28204
PH: 704.400.7268 | WEB: WWW.FORRESTGEO.COM | LIC: P-2932

Lying and being situate in Cabarrus County, North Carolina, and being more particularly described as follows:

BEGINNING at a calculated point in the centerline of NC Highway 73 (Davidson Hwy), having an apparent sixty foot (60') public right of way; THENCE leaving Hwy 73 with the easterly line of Water and Sewer Authority of Cabarrus County (now or formerly), as described in Deed Book 15281, page 108, and shown on Plat Book 54, page 104, the following four (4) courses and distances: 1) North 15 degrees 23 minutes 58 seconds East a distance of 365.82 feet to an existing #5 rebar, passing an existing #5 rebar marking the apparent r/w line at 32.7 feet; 2) THENCE North 20 degrees 28 minutes 52 seconds East a distance of 336.41 feet to an existing #5 rebar; 3) THENCE North 00 degrees 13 minutes 10 seconds East a distance of 400.14 feet to an existing #5 rebar; 4) THENCE South 71 degrees 03 minutes 02 seconds East a distance of 373.73 feet to an existing #5 rebar marking the southwesterly corner of Concord Owner LP (now or formerly) as described in Deed Book 14295, page 168, and shown on Plat Book 76, page 94; THENCE with the lines of Concord Owner LP the following two (2) courses and distances: 1) continuing with the bearing of South 71 degrees 03 minutes 02 seconds East a distance of 243.07 feet to an existing 1-inch iron rod; 2) THENCE South 71 degrees 00 minutes 26 seconds East a distance of 241.58 feet to an existing iron rod in a tree root; THENCE with the current limits of the City of Kannapolis with a line through the property of Thomas W. and Carla S. Smith, as described in Deed Book 1167, page 75, South 09 degrees 26 minutes 30 seconds East a distance of 555.89 feet to an existing #5 rebar marking the northwesterly corner of Atlas Baucom Jr. and Elizabeth Baucom (now or formerly) as described in Deed Book 6850, page 195; THENCE with Baucom's western line South 17 degrees 10 minutes 52 seconds West a distance of 308.15 feet to a calculated point in the centerline of the aforementioned Davidson Hwy, passing an existing 1/2-inch pipe marking the apparent r/w line at 275.8 feet; THENCE with the centerline of Davidson Hwy the following three (3) courses and distances: 1) North 83 degrees 05 minutes 52 seconds West a distance of 553.95 feet to a calculated point; 2) THENCE along a curve to the left having an arc length of 415.43 feet, and a radius of 1600.00 feet, being subtended by a chord bearing of South 89 degrees 27 minutes 50 seconds West, a distance of 414.27 feet to a calculated point; 3) THENCE South 82 degrees 01 minutes 32 seconds West a distance of 64.79 feet to the POINT OF BEGINNING, having an area of 20.05 Acres, more or less.

RESOLUTION #2026-25

RESOLUTION DIRECTING THE CLERK TO INVESTIGATE AN INTENT TO ANNEX

A-2026-06 – 6758 and an Unaddressed Parcel on Davidson Highway

WHEREAS, City Council may initiate annexation of contiguous property owned by the petitioners by adopting a resolution stating its intent to annex the property of the area described herein; and

WHEREAS, N.C.G.S Chapter 160A-31 *et seq*, provides that the sufficiency of the petition shall be investigated by the City Clerk of the City of Kannapolis, North Carolina before further annexation proceedings consistent within the intent to annex can take place; and

WHEREAS, City Council of the City of Kannapolis, North Carolina deems it advisable to direct the City Clerk to investigate the sufficiency of the intent to annex.

NOW, THEREFORE, BE IT RESOLVED by City Council of the City of Kannapolis, North Carolina that:

The City Clerk is hereby directed to investigate the sufficiency of the above-described intent to annex under N.C.G.S. Chapter 160A-31 *et seq* and to certify as soon as possible to the City Council the result of the investigation.

ADOPTED this the 8th day of June 2026.

George Douglas Wilson, Mayor
City of Kannapolis

ATTEST:

Pam Scaggs, CMC, NCCMC
City Clerk

CERTIFICATE OF SUFFICIENCY
A-2026-06

To City Council of the City of Kannapolis, North Carolina.

I, Pam Scaggs, City Clerk, do hereby certify that pursuant to NCGS Chapter 160A-31 *et seq.*, I have investigated the petition attached hereto and have found as a fact that said petition is signed by all owners of real property lying in the area described therein.

In Witness Whereof, I have hereunto set my hand and affixed the seal of the City of Kannapolis, North Carolina, this the 8th day of June 2026.

Pam Scaggs, CMC, NCCMC
City Clerk

Planning Department
401 Laureate Way
Kannapolis, NC 28081
704.920.4350

KANNAPOLIS

Petition for Contiguous Annexation

So that we may efficiently review your request in a timely manner, it is important that all required documents are submitted with your application. Submit digitals and 1 hard copy of applications and accompanying documents to the Planning Department at the address above.

ANNEXATION REQUEST

Approval authority – City Council.

Property Address: 6762 & 6758 Davidson Hwy, Concord, NC 28027

Applicant: Trackhouse Entertainment Group, LLC / Todd Meredith

Address: 8500 Westmoreland Dr NW City: Concord State: NC Zip: 28027

Contact number: [redacted] Email: [redacted]

SUBMITTAL CHECKLIST

- ☑ **Pre-Application Meeting – send an email to** planreviewappointment@kannapolisnc.gov
- ☑ Annexation Checklist and Application – Complete with all required property owner signatures
- ☑ **Stamped, signed black and white 18 x 24" survey of subject property prepared by a registered engineer or surveyor (not preliminary)**
- ☑ Metes and Bounds description of subject property

PROCESS INFORMATION

Annexation involves two (2) separate City Council meetings:

First meeting: The City Clerk will certify the sufficiency of the annexation and City Council will set a date for the public meeting.

Second meeting: City Council will review the petition and either or approve or decline the annexation request:

1. Newspaper notification at least ten (10) days prior to the second Council meeting
2. Notification to the County or municipality from which the subject property is being annexed
3. Public Hearing
4. State recordation of the Resolution to Extend the Corporate City Limits, the signed/stamped 18X24" survey (can not be stamped as preliminary) and the Metes and Bounds Description.

By signing below, I acknowledge that I have reviewed the Submittal Checklist and have included the required submittal items and reviewed them for completeness and accuracy. I also acknowledge that my application will be rejected if incomplete.

Applicant's Signature: _____ *Date:* 4/30/26

Planning Department
401 Laureate Way
Kannapolis, NC 28081
704.920.4350

KANNAPOLIS

PETITION REQUESTING A CONTIGUOUS ANNEXATION

Approval authority – City of Kannapolis City Council

DATE: 9-14-26

To the City Council of the City of Kannapolis, North Carolina:

1. We, the undersigned owners of real property respectfully request that the area described in paragraph 2 below be annexed to the City of Kannapolis.

2. The area to be annexed, located at 6762 & 6758 Davidson Hwy., further identified as _____ County Parcel Identification Number 4691683851 & 4691681889 is contiguous to the primary limits of the City of Kannapolis, is approximately 25.17 acres, and the boundaries of such territory are as follows:

See Attached Signed, Stamped Survey Map and Metes and Bounds Description

3. This petition is signed by all property owners of the area to be annexed.

4. ☑ The undersigned owners acknowledge that the following City service(s) is (are) not presently available for immediate taps upon annexation: water ☑ sewer ☑; and, subsequently agree that the City shall not provide water and sewer service to the area to be annexed except in accordance with the City's standard water and sewer policy.

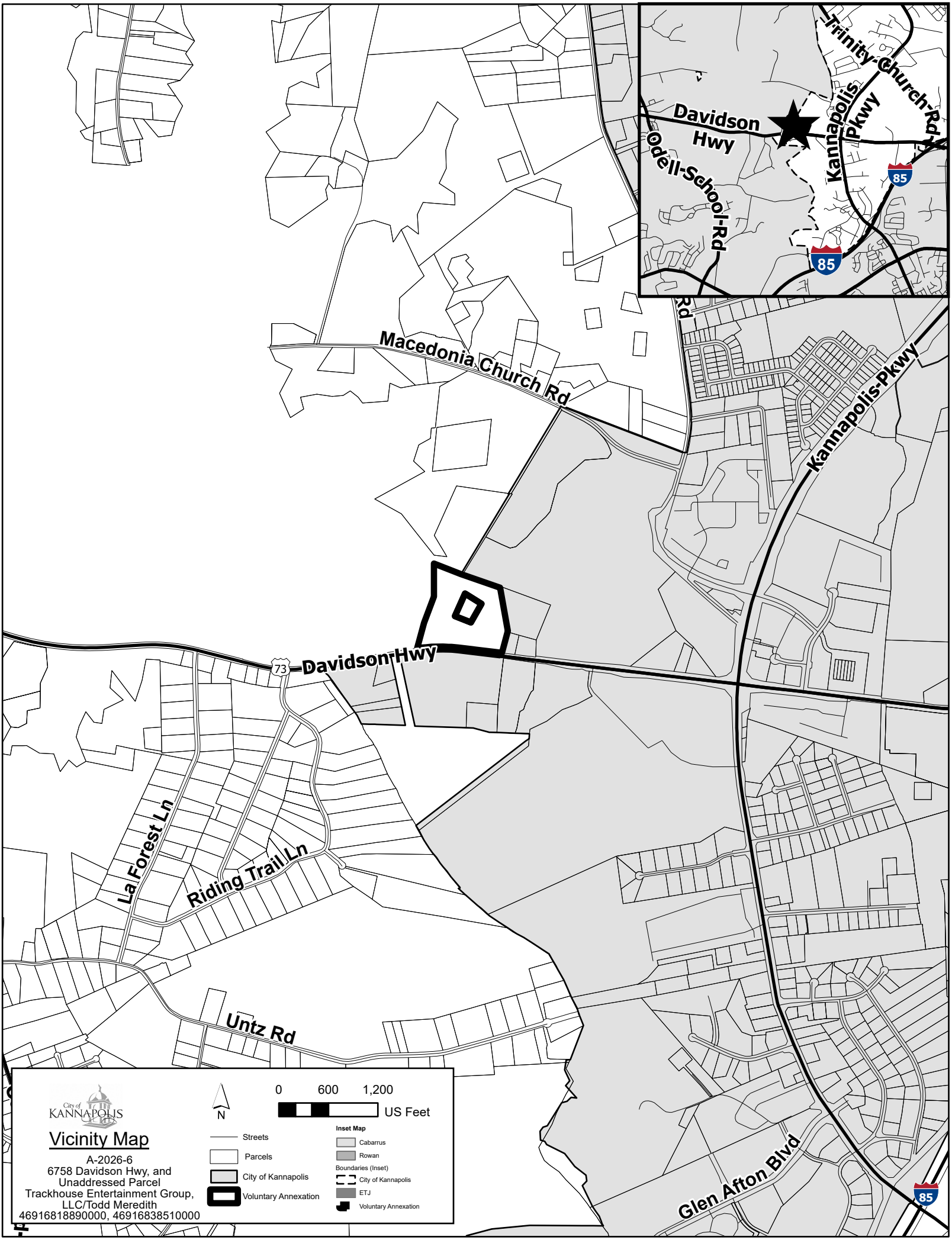
5. Please check ONE box below:

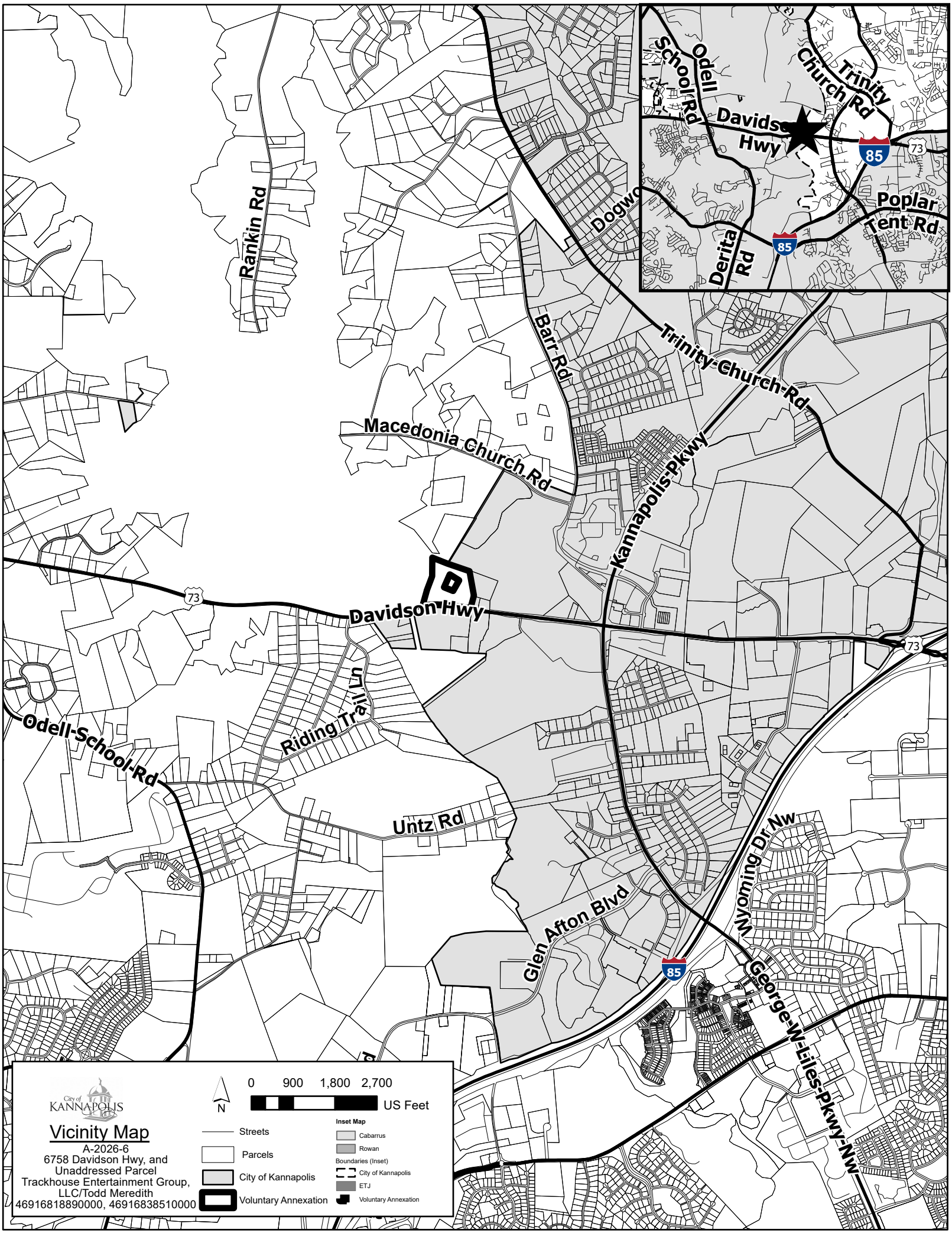
   ☐ The undersigned owners declare that zoning vested rights have been established on the area to be annexed under G.S. 160D-108 or G.S. 160D-108.1 and provide proof of such rights by attachment hereto.

   ☑ The undersigned owners hereby declare that no such vested rights have been established and that any vested rights previously acquired are hereby terminated.

Name (print or type)	**Address**	**Signature***
1. Thomas Wrenn Smith	6762 & 6758 Davidson Hwy.	X Thomas W Smith
2. Carla Spry Smith	6762 & 6758 Davidson Hwy.	X Carla Spry Smith
3.		
4.		

**Family members (e.g., husbands and wives) need to sign separately. Signatures for corporations, institutions, etc., are by those with the authority to sign legal documents.*


Trinity Church Rd
Davidson Hwy
Kannapolis Pkwy
Odell-School-Rd
85
85
Rd
Macedonia Church Rd
Kannapolis-Pkwy
73
Davidson Hwy
La Forest Ln
Riding Trail Ln
Untz Rd
Glen Afton Blvd
85
City of KANNAPOLIS
Vicinity Map
A-2026-6
6758 Davidson Hwy, and
Unaddressed Parcel
Trackhouse Entertainment Group,
LLC/Todd Meredith
46916818890000, 46916838510000
N
0 600 1,200
US Feet
Streets
Parcels
City of Kannapolis
Voluntary Annexation
Inset Map
Cabarrus
Rowan
Boundaries (Inset)
City of Kannapolis
ETJ
Voluntary Annexation

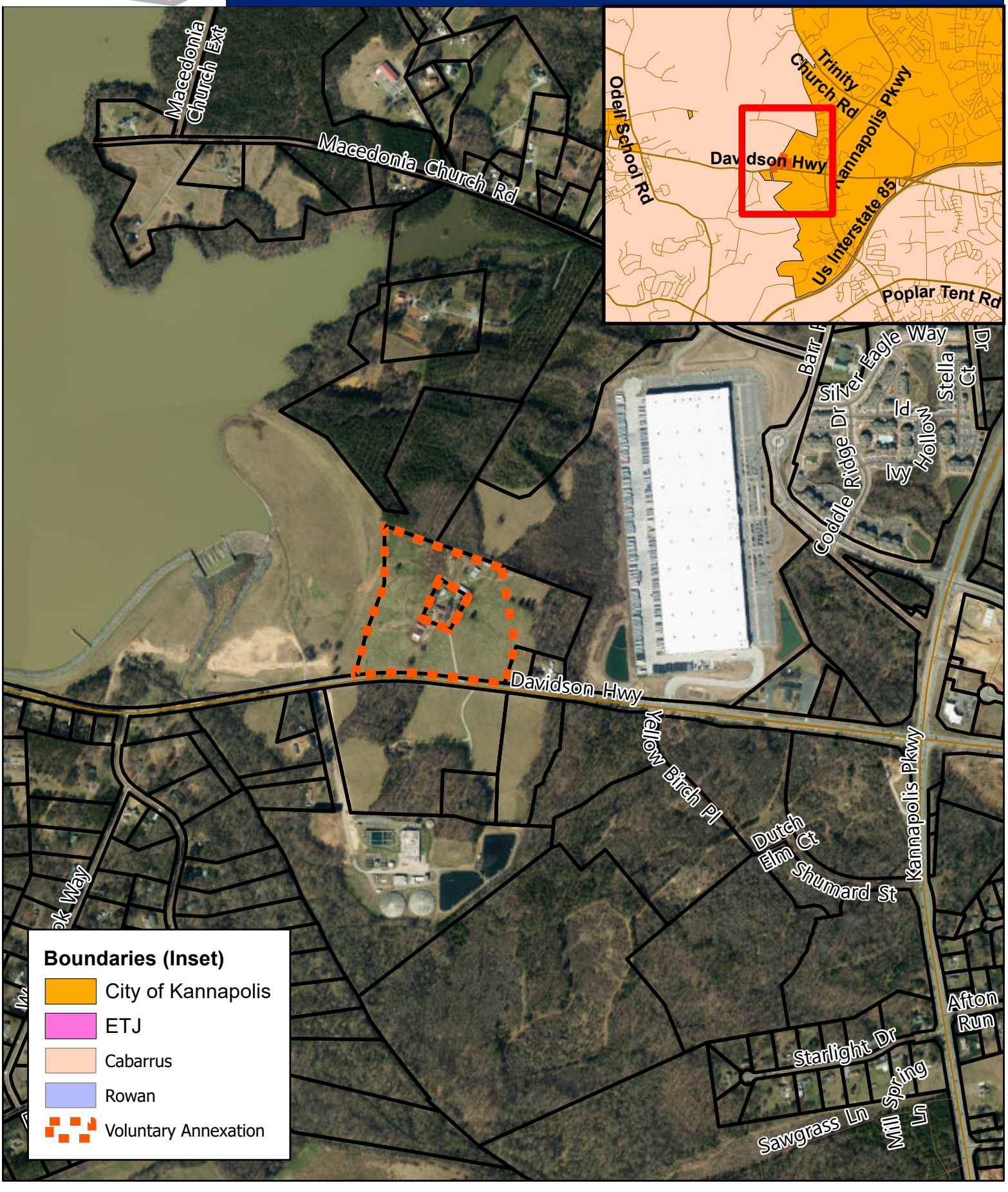


Vicinity Map

A-2026-6
6758 Davidson Hwy, and Unaddressed Parcel
Trackhouse Entertainment Group, LLC/Todd Meredith
46916818890000, 46916838510000

Vicinity Map

A-2026-6
6758 Davidson Hwy, and Unaddressed Parcel
Trackhouse Entertainment Group, LLC/Todd Meredith
46916818890000, 46916838510000



Agenda Item: F.C

Kannapolis City Council

City Council Agenda Staff Report
June 8, 2026

To: Mayor and City Council

From: Elizabeth McCarty, Assistant Planning Director

Subject: **FIRST READING TA-2026-02**: Kannapolis Development Ordinance (KDO) Text Amendment to several sections **RECEIVED**

Recommended Action Requested by City Council

Motion to continue to the June 22, 2026, Council meeting for the Public Hearing of TA-2026-02.

Required Votes to Pass Required Action

Majority Present at Meeting

Background

City Council directed staff to proceed with the relinquishment of our Extra Territorial Jurisdiction (ETJ) in Rowan County. As a result, staff is proposing several text amendments to the KDO related to the relinquishment of the ETJ:

1. KDO Table of Contents: Remove Section 1.4.E, Bona Fide Farms in Extra Territorial Jurisdiction.
2. Article 1 General Provisions Table of Contents: Remove Section 1.4.E, Bona Fide Farms in Extra Territorial Jurisdiction.
3. Section 1.4.A: Delete the Extra Territorial Jurisdiction (ETJ) from General Applicability.
4. Section 1.4.E: Delete section, Bona Fide Farms in Extra-Territorial Jurisdiction.
5. Section 2.3.B(2)a: Delete representation for extraterritorial areas on the Planning and Zoning Commission.
6. Section 2.3.C(2)a: Delete representation for extraterritorial areas on the Board of Adjustment.
7. Section 3.8.D.(6): Delete the Extra Territorial Jurisdiction (ETJ) from Floodplain Protection Overlay (FPO) District, Lands to Which Regulations Apply.
8. Section 3.8.E.(3): Delete subdistricts from Manufactured Home Overlay (MHO) District, Establishment and Subdistricts.
9. Section 3.8.E.(4): Delete subdistricts from Manufactured Home Overlay (MHO) District, Modification of Underlying Use Permissions.

The proposed text amendments to the KDO are attached as Exhibit A. Proposed changes are shown **bold, ~~red text~~** for deletions and **bold, green text** for additions.

The Planning and Zoning Commission recommended approval of TA-2026-02 to City Council at their May 19, 2026, Commission meeting. Pursuant to Section 2.3.A(1)d of the KDO, City Council has final authority to review and make decisions on zoning text amendments.

Fiscal Implications

None

Alternate Courses of Action

Defer action to a future meeting.

Attachments

1. TA-2026-02 Application
2. Exhibit A_TA-2026-02 Final

Planning Department
401 Laureate Way
Kannapolis, NC 28081
704.920.4350

Zoning Text Amendment Checklist

So that we may efficiently review your project in a timely manner, it is important that all required documents and fees listed on the "Submittal Checklist" below are submitted with your application. Please either bring this application to the address above or email to emccarty@kannapolisnc.gov. The fees may also be paid online with a link provided by staff.

APPLICANT

Applicant: City of Kannapolis

SUBMITTAL CHECKLIST

- [X] **Pre-Application Meeting**
- [X] **Zoning Text Amendment Checklist and Application – Complete with all required signatures**
- [X] **Fee: $400.00**

PROCESS INFORMATION

Public Notification: This is a legislative process that requires a public hearing and public notification including newspaper notice, first-class mailed notice to adjacent property owners and a sign posted prominently on the property (Section 2.4.F of the KDO).

Review Process: All applications will be reviewed for compliance and then forwarded to the Planning and Zoning Commission for consideration at a public hearing which is held monthly on the third Tuesday at 6:00pm in City Hall Laureate Center. **The pre-application meeting, submittal of application, and payment of fees, must be completed prior to scheduling the public hearing. Please review Section 2.4.D. of the KDO.**

Action by Planning and Zoning Commission: The Commission shall consider the text amendment request and make a recommendation to City Council in accordance with Section 2.4.G. of the KDO.

Scope of Approval: City Council may approve or deny the request in accordance with Section 2.5.A(1).

By signing below I acknowledge that I have reviewed the Submittal Checklist and have included the required submittal items and reviewed them for completeness and accuracy. I also acknowledge that my application will be rejected if incomplete.

Applicant's Signature: _____ *Date:* 5/11/26

Planning Department
401 Laureate Way
Kannapolis, NC 28081
704.920.4350

KANNAPOLIS

ZONING TEXT AMENDMENT APPLICATION

Approval authority – Planning and Zoning Commission

Applicant Contact Information

Name: City of Kannapolis - Richard Smith

Address: 401 Laureate Way
Kannapolis, NC 28081

Phone: 704-920-4350

Email: RSmith@kannapolisNC.gov

In the space provided below, or on a separate sheet, present your requested text for the Ordinance provisions in question:

Request to amend table of contents, Article 1 General Provisions, Section 1.4.A, Section 1.4.E, Section 2.3.B(2)a, Section 2.3.C(2)a, Section 3.8.D.(6), Section 3.8.E.(3), and section 3.8.E.(4).

State your reasons for amending the text of the Ordinance:

The City of Kannapolis is relinquishing its Extra Territorial Jurisdiction in Rowan County and is amending the Kannapolis Development Ordinance to reflect this change.

I certify that all of the information presented in this application is accurate to the best of my knowledge, information, and belief.

Applicant Signature — Date: 5/11/26

Property Owner Signature — Date

EXHIBIT A
PROPOSED TEXT AMENDMENTS
TA-2026-02

1. Table of Contents – Amend the Table of Contents: Remove the Bona Fide Farms in Extra Territorial Jurisdiction section.

SECTION 1.4. APPLICABILITY **1-2**

A. General Applicability 1-2
B. Application to Governmental Units 1-2
C. Compliance Required 1-2
D. Permit Choice 1-2
~~**E. Bona Fide Farms In Extra-TERRITORIAL Jurisdiction 1-3**~~

2. General Provisions – Amend Article 1 General Provisions: Remove the Bona Fide Farms in Extra Territorial Jurisdiction section.

SECTION 1.4. APPLICABILITY **1-2**

A. General Applicability 1-2
B. Application to Governmental Units 1-2
C. Compliance Required 1-2
D. Permit Choice 1-2
~~**E. Bona Fide Farms In Extra-TERRITORIAL Jurisdiction 1-3**~~

3. General Applicability – Amend Section 1.4.A: Delete the Extra Territorial Jurisdiction (ETJ) from ordinance applicability.

A. GENERAL APPLICABILITY

The provisions of this Ordinance shall apply to the development of all land within the corporate limits ~~and the Extra-Territorial Jurisdiction (ETJ)~~ of the City of Kannapolis, unless the land or development is expressly exempted by a specific provision of this Ordinance.

4. General Applicability – Amend Section 1.4.E: Delete the Extra Territorial Jurisdiction (ETJ) from ordinance applicability.

~~E. BONA FIDE FARMS IN EXTRA-TERRITORIAL JURISDICTION~~

~~Property on which bona fide farms (as defined in N.C.G.S. § 160D-903) are currently operating within the City's extraterritorial jurisdiction are exempt from the requirements of this Ordinance to the minimum extent required by N.C.G.S. § 160D-903(c). Property that ceases to be used for bona fide farm purposes becomes subject to the requirements of this Ordinance.~~

5. Planning and Zoning Commission – Amend Section 2.3.B(2)a: Delete representation for extraterritorial areas.

(2) MEMBERSHIP, APPOINTMENT, AND TERMS OF OFFICE

a. The Planning and Zoning Commission shall consist of nine members appointed by the City Council. ~~The membership of the Commission shall include proportional representation for extraterritorial areas, in accordance with N.C.G.S. § 160D-307.~~

6. Board of Adjustment – Amend Section 2.3.C(2)a: Delete representation for extraterritorial areas.

(2) MEMBERSHIP, APPOINTMENT, AND TERMS

a. The Board of Adjustment shall consist of seven regular members and two alternate members appointed by the City Council. ~~The membership of the Board shall include proportional representation for extraterritorial areas, as provided in N.C.G.S. Section 160D-307.~~ Alternate members shall be appointed for the same term, at the same time, and in the same manner as regular members. Each alternate member, while attending any regular or special meeting of the board and serving in the absence of any regular member, shall have and may exercise all the powers and duties of a regular member.

7. Floodplain Protection Overlay: Lands to Which Regulations Apply – Amend Section 3.8.D.(6): Delete the Extra Territorial Jurisdiction (ETJ) from ordinance applicability.

(6) LANDS TO WHICH REGULATIONS APPLY

This Section 3.8.D shall apply to all Special Flood Hazard Areas within the jurisdiction~~, including Extra-Territorial Jurisdictions (ETJs),~~ of the City of Kannapolis and within the jurisdictions of any other community whose governing body agrees, by resolution, to such applicability.

8. Manufactured Home Overlay District Establishment and Subdistricts. – Amend Section 3.8.E.(3): Delete subdistricts.

(3) ESTABLISHMENT ~~AND SUBDISTRICTS~~

a. The MHO District is established ~~and shall consist of the following two subdistricts,~~ in order to provide flexibility with regard to various manufactured home products~~.~~:

~~1. The MH-1 Subdistrict; and~~

~~2. The MH-2 Subdistrict.~~

b. The MHO D~~d~~istrict ~~and subdistrict~~ boundaries shall be identified on the Zoning Map.

9. Manufactured Home Overlay District Modification of Underlying Use Permissions. – Amend Section 3.8.E.(4): Delete subdistricts.

(4) MODIFICATION OF UNDERLYING USE PERMISSIONS

Within the MHO District, use permissions shall be those that apply in the underlying zoning district, except as follows:

a. ~~**Within MH-1 Subdistrict,**~~ the following additional uses are permitted, subject to the standards in Section 4.2.D(3)a.2, Manufactured Home:

1. Type 1 manufactured homes; and

2. Type 2 manufactured homes.

~~**b. Within the MH-2 Subdistrict, the following additional uses are permitted, subject to the standards in Section 4.2.D(3)a.2, Manufactured Home:**~~

~~**1. Type 2 manufactured homes.**~~

CITY OF KANNAPOLIS
CITY COUNCIL MEETING MINUTES
Work Session
April 27, 2026

A meeting of the Kannapolis City Council was held on Monday, April 27, 2026, at 6:02 PM, Kannapolis City Hall located at 401 Laureate Way, Kannapolis, NC.

CITY COUNCIL MEMBERS PRESENT:

Council Members:	Doug Wilson, Mayor	
	Darrell Jackson	
	Dianne Berry	
	Isaiah Payne	
	Jeanne Dixon	
	Naomi Hatchell	
Council Members Absent:	Ryan Dayvault, Mayor Pro Tem	
City Manager:	Wilmer Melton	
Deputy City Manager:	Eddie Smith	
Assistant City Manager:	Tina Cline	
Assistant City Manager:	Kristin Jones	
City Attorney:	Andrew Kelly	
Staff Present:	Tony Eury	David Jordan
	Michael Dodge	Irene Wong
	Annette Privette-Keller	Richard Smith
	Terry Spry	Brett Mann
	Alex Andeson	Kirk Beard
	Gerald Faulkner	Gary Mills
	Michael Rattler	
Visitors Present:	Darrell Hinnant	Mary Hinnant
	Phil Goodman	Willie Rash
	Sophia Wilkerson	Vema Witherspoon
	Barbi Jones	Jacqueline Anthony
	Kelly Strong	Jamie Smith
	Joe Hatley	Sara Newell
	Demetra Grigley	Robert Pinkston
	Debbie Vavra	Robert Mack
	Chad Miller	Virgina Kraus
	Nancy Anthony	Junaita Duncan
	Forla Allison	Ron Flanders
	Tanya Noel	Erin Shoe
	Bill Myers	Justin Lewter

DRAFT - NOT APPROVED

Terri Clark	Bridgette Bell
Mark Spitzer	Donna Taylor
Pam Smith	Kay Grant
Sonja Bohamon-Thacker	Totisha Phelps
Theron Smoutherson	Tah Phelps

CALL TO ORDER AND WELCOME

Mayor Wilson called the meeting to order and welcomed all in attendance.

PLEDGE OF ALLEGIANCE

Councilmember Dixon led the Pledge of Allegiance.

Regarding the boil water notice issued on April 24, 2026, Mayor Wilson said City staff have been working to distribute water, resolve the issue, and restore all water quality standards. He noted that staff are reviewing the cause and identifying improvements to prevent recurrence, while remaining committed to timely and transparent communication. He thanked residents for their patience and asked City Manager Wilmer Melton to provide additional details.

Mr. Melton explained that routine water sampling requires a 24-hour incubation period. Samples collected on April 22 showed bacteria on April 23, and a second set of samples confirmed the result after another 24 hours. He said protocol requires notifying the state, which then guides public communication through news outlets, the City's website, and social media. He added that the City also uses a reverse 911 system, which requires registration. Mr. Melton reiterated ongoing efforts to prevent future incidents and encouraged residents to update their contact information with the Customer Service Department to receive timely alerts.

ADOPTION OF AGENDA

Mayor Wilson called for a motion regarding the Agenda. Councilmember Jackson made the motion to approve, second by Councilmember Dixon and unanimously approved.

RECOGNITION AND PROCLAMATIONS

Deputy City Manager, Eddie Smith, provided a brief overview of former City Manager Mike Legg's accomplishments during his three decades of service, which began in 1995 as the City's Planning Director. He then presented Mr. Legg with the Order of the Long Leaf Pine, one of North Carolina's highest civilian honors, awarded by the Governor to individuals who have made significant and lasting contributions to the state and their communities. Mr. Legg commented that it has been an honor and a privilege to spend his career in Kannapolis, adding, "If you love the place you work, and the community that you live in, you can do great things. Everything else is secondary."

City Manager Wilmer Melton stated that staff wanted to honor Mike's service to the City of Kannapolis with a Resolution. Mayor Wilson called for a motion to approve the Resolution to dedicate the Laureate Way Roundabout in honor of Mr. Legg for his three decades of service. Motion to approve was made by Council Member Jackson, second by Council Member Dixon and the motion carried unanimously.

Assistant City Manager, Tina Cline read the Resolution and members of the executive staff team gathered to present the Resolution to Mr. Legg.

DRAFT: NOT APPROVED

Mayor Wilson called for a 15-minute recess at 6:30 PM

Council resumed at 6:45 PM

PROCLAMATIONS AND RECOGNITIONS

Proclamations recognizing Lupus Awareness Month and Municipal Clerk Week were presented by Council Members Hatchell and Berry.

SPEAKERS FROM THE FLOOR

Barbi Jones read letter from Board of Directors from the Cabarrus Chamber requesting an extension of CK Rider funding for one more year, noting that 72% of riders use the bus daily, 68% have no other transportation, and 93% report household incomes under $40,000. The letter also highlighted that changing the interlocal agreement with the City of Concord could lead to an unbudgeted $800,000 cost increase for Concord.

Jacqueline Anthony, representing the Kannapolis African American Museum and Cultural Center, expressed appreciation for City leadership on the Welcome Center and History Museum but requested clear communication on site selection, space allocation, governance, and public feedback.

Virgina Kraus asked for updated regarding the East side park progress as well as the Texas Road sidewalk project. She also expressed frustration regarding communication regarding the water issue and suggested that instructions on how to sign up for emergency notification be included in the next water bill.

Erin Shoe, Cabarrus County Health director with Health Alliance, urged Council to hold off on permanent transit reductions until deeper analysis and community input are collected, viewing public transport as crucial for health access, employment, and community well-being. Ms. Shoe agreed that reform to the current system is needed and expressed understanding of Council's fiscal challenges but warned that a pause could prevent unintentional negative consequences.

Bill Meyers thanked Council for their role and for broadcasting meetings. He indicated that he did not like the former mayor's [Darrell Hinnant] comments at a previous meeting and called them "inappropriate".

Ron Flanders highlighted an upcoming walkability assessment for Little Texas Road and called for the East side park to stay on the Council's agenda. He also asked that Council keep transit as is.

Juanita Duncan noted the bus is her main form of transportation, emphasizing the need for continued service. She asked Council to reconsider their stance on transit, East side park and sidewalks.

Justin Lewter emphasized that a robust transit system characterizes great cities and shared how bus availability helped someone he knew attain employment stability. He indicated that he is open to change but wants transit to remain a focus.

DRAFT: NOT APPROVED

Nancy Anthony advocated for better emergency communication process and maintaining current bus routes in the Little Texas community.

Forla Allison indicated that she has been a member of the Little Texas community watch since 1966 and expressed concern regarding the proposed Little Texas Road sidewalk, traffic impacts, changes to the transit and East site park.

Terri Clark expressed concern regarding transit, sidewalks, and lack of communication with the water crisis. She agreed that changes were needed to the current transit system but asked Council not to cut funding and urged better notification processes.

Sonja Bohannon-Thacker, Cabarrus Health Alliance, appealed for funding preservation citing that many residents depend on transit to get them to doctor appointments including clinical and behavior health as well as for WIC services. She shared a personal story regarding her grandmother using the bus system.

Kay Grant-Rucker cited the recent water issue and advocated for older residents expressing concern regarding emergency communication gaps for those who may lack smartphones, wifi, or TV. She also asked Council to reconsider funding for East side park.

Reverend Theron Smoutherson, President of CabCo NAACP, urged Council to heed the community's transit concerns, stressing that cuts could signal a lack of care for vulnerable residents. He also thanked Council Member Dixon for attending the transit simulation.

Tah Phelps, representing a reentry initiative, highlighted how access to the bus is vital for formerly incarcerated individuals accessing jobs and mental health support.

Darrell Hinnant urged Council to work closely with other public entities such as Cabarrus Health Alliance and Atrium Health prior to implementing transit cuts, emphasizing the fiscal and community repercussions tied to modifying bus routes. He stated that gaps in the City's downtown business marketing efforts could be exacerbated by a reduction in public transit. Mr. Hinnant also addressed the financial challenges of venues such as the Swanee and Gym Theaters and cited the Strategic Plan Phase II, stating that the venues must reduce their reliance on public funds to avoid possible sales if they do not meet their financial objectives.

Phil Goodman, Council trying to do what's right for City; volunteer to sit on Council; look at themselves instead of pointing fingers. Pray for Council. Come together.

CONSENT AGENDA

Mayor Wilson called for a motion regarding the Consent Agenda. Council Member Payne made the motion to approve, second by Council Member Jackson and the motion carried unanimously.

DRAFT: NOT APPROVED

Ordinance – Amend Traffic Schedules 3(a), 3(b), 4, 8, 10(a), and 10(b) (Michael Rattler, Director of Transportation & Environmental Services) (Copy included as Agenda Item F.A)

Report – Monthly Wastewater Allocations Report and Call for Projects (Alex Anderson, Director of Water Resources) (Copy included as Agenda Item F.B.)

Minutes – April 3, 2026 (Open and Closed) (Draft copies attached)

BUSINESS AGENDA

Resolution – Supporting the Kannapolis Strategic Plan Phase II (Wilmer Melton, City Manager) (Copy included as Agenda Item G.A.)

Mr. Melton presented an overview of the proposed FY 2026-2027 budget Strategic Plan, summarizing initiatives developed over multiple Council retreat sessions covering the general fund and enterprise fund areas. Key projects highlighted included enhanced street paving ($1.7 million), the Little Texas sidewalk project supported by a $5.8 million grant (including $4.8 million in CDBG funds), public safety improvements including an adaptive response vehicle and a western communications tower, a summer concert series with modified budget, historic preservation, the Baker Creek Park building rehabilitation ($1.2 million combined), downtown business support, and employee compensation.

Mr. Melton noted that working through federal grant-funded projects such as the sidewalk involves right-of-way and property acquisition processes that take considerable time regardless of engineering timelines.

Council Member Jackson asked for a status update on transit negotiations. Mr. Melton responded that staff had met with relevant parties and that the Council's direction had been to preserve service to critical areas. He stated that the green and blue routes would remain unchanged, with only minor modifications being considered for the brown route, and that staff were awaiting updated route maps incorporating those revisions.

Mayor Wilson called for a motion regarding the Resolution. Council Member Payne made a motion to approve the Resolution supporting the Kannapolis Strategic Plan, excluding the section regarding Swanee Theater operations pending further review. Second by Council Member Hatchell and the motion carried unanimously.

Resolution – Establishing a Voluntary Process for Acquiring City Services (Richard Smith, Planning Director) (Copy included as Agenda Item G.B.).

Mr. Smith briefly presented the resolution, referencing a prior meeting in which Council reviewed a map of future growth areas and areas currently receiving city utilities outside city limits. He noted that Cabarrus County zoning in two of three relevant zoning categories does not permit municipal services unless properties are within city limits, making the voluntary annexation process necessary.

A motion to approve the resolution establishing a voluntary process for acquiring city services was made by Council Member Dixon, second by Council Member Hatchell and the motion carried unanimously.

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Update – Downtown Activity and Safety Overview (Terry Spry, Chief of Police) (Copy includes as Agenda Item G.C.)

Police Chief Terry Spry delivered a comprehensive update on downtown public safety efforts over the prior four months. He reported 428 total dispatched calls for service in the downtown area, with the top ten locations accounting for 46% of calls. The single highest-volume location was Oak Avenue Mall, which generated 48 calls and required an average officer response time of approximately 25 minutes per call — time that Chief Spry noted was a significant drain on downtown patrol capacity. Chief Spry reported that while total reports and arrests in Zone 9 (downtown) had increased, this was a direct result of enhanced enforcement activity including saturation patrols, surveillance operations, and the use of off-duty officers. He noted that a seven-call increase in shoplifting accounted for much of the apparent rise in Part 1 offenses, and that citywide violent crime had declined. Over the four-month period, off-duty supplemental officers collectively worked 1,176 hours in the downtown area at a cost of just under $55,000.

Chief Spry also presented the results of a survey conducted with 41 of 53 downtown business owners and managers (77%). Key findings included that 93% had noticed the department's increased efforts, 90% believed those efforts had a positive impact, and 78% reported feeling safe downtown. Of those who said safety depended on the time of day, concerns were concentrated in evening hours. Ninety-three percent of surveyed businesses supported having a dedicated officer assigned to the downtown area daily, with 60% preferring a noon-to-close presence and 40% preferring an 11:00 AM start.

Chief Spry outlined short-term measures — including keeping a dedicated zone officer downtown responding only to Priority 1 calls outside the zone, continued saturation patrols, and use of park rangers in evening hours near the Swanee Theater — while noting that these approaches are not sustainable long-term without additional staffing. He also put forward infrastructure and environmental recommendations, including redesigning the pump house area to eliminate secluded spaces, improving lighting throughout the Dale Earnhardt Tribute Plaza, and removing small linear trees along the sidewalk from the Lee Colvin Warehouse to the Swanee Theater that obstruct sightlines.

Chief Spry noted that the department had determined a formal unaccompanied minor ordinance was not legally advisable at this time, citing constitutional concerns raised by City Attorney Andrew Kelly regarding due process and enforcement on publicly owned property. However, Chief Spry noted that he and City Attorney Kelly were exploring other data-supported mechanisms and that the survey and crime statistics would be important in demonstrating that any future ordinance was narrowly tailored to serve legitimate governmental interests.

Council Member Dixon asked what proportion of offenders were juveniles, repeat offenders, or non-residents. Chief Spry indicated he would research and report back. Council Member Jackson emphasized the importance of maintaining a strong police presence during peak evening hours in the downtown area and noted that nearly half a billion dollars in private and public investment depended on the area remaining safe and welcoming to families. Council Member Hatchell encouraged residents who observe concerning activity downtown to contact the police department, and Council Member Berry reminded the public that non-emergency situations should be directed to the administrative line at 704-920-4000.

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Chief Spry also announced the release of the department's first-quarter 2026 crime report, available on the city's website, and previewed the upcoming launch of a new Power BI-based public safety transparency portal to replace the existing Police-to-Citizen website.

Council Member Jackson asked about the status of the camera system, to which Chief Spry responded that cameras were monitored through a system accessible by supervisory personnel and dispatchers for real-time observation and action.

Presentation – CCTS (Aalece Pugh) (Copy includes as Agenda Item G.D.)

Mr. Melton introduced the presentation, noting that Council had requested it several meetings prior and introduced Dr. Aalece Pugh, Assistant County Manager and Human Services Director for Cabarrus County. Dr. Pugh, along with operations supervisor Kelly Strong, presented an overview of CCTS services.

Dr. Pugh emphasized that CCTS provides targeted, eligibility-based transportation services, not general public transit. Eligible populations include Medicaid recipients traveling to medical and pharmacy appointments, Work First/Family Assistance participants for employment-related travel, adults aged 60 and older not receiving Medicaid, and rural residents in Midland and Mount Pleasant through a state Rural General Public grant. She noted explicitly that Kannapolis city residents are not currently eligible for the rural grant program.

Services are door-to-door via shuttle vehicles, must be scheduled at least one business day in advance, and are currently available between 8:00 AM and 1:00 PM, with afternoon extension in progress. The cost to riders is zero for most programs; only the rural RGP program charges $3 per one-way trip. Ms. Strong reported that CCTS had provided 10,505 trips to Kannapolis-addressed residents during fiscal year 2026, with many being repeat riders such as dialysis patients.

Council members asked several questions related to how to schedule a trip and cost. Mayor Wilson asked how many residents were even aware that CCTS existed, raising the concern that some speakers from the floor might already qualify for CCTS services without knowing it. Dr. Pugh acknowledged the gap and described an active marketing campaign underway. Mr. Melton requested that the City be connected with CCTS's communications staff to add links and information to the city's website and water bills.

Public Hearing – Text Amendment (TA-2026-01) to several sections of the Kannapolis Development Ordinance (KDO) (Richard Smith, Planning Director) (Copy included as Agenda Item G.E.)

Mr. Smith presented 19 proposed text amendments to the KDO, noting that 11 were mandated by state statute and the remainder were corrections or staff-identified improvements. Key changes included: adding single-family attached developments (townhomes) as a permitted use in the Mixed Use Neighborhood District; establishing separation and operational standards for tobacco and vape product stores, of which 17 currently operate in the city; removing design standard requirements for single-family detached, duplex, triplex, quadruplex, and townhome structures as required by 2024 state legislative changes (with carve-outs for five-or-more-unit developments, historic districts, flood insurance compliance, manufactured homes, and voluntary special conditional zoning); clarifying standards for accessory dwelling units; updating the definition of "massage business" to reflect enforcement needs identified in a prior enforcement action on Cannon Boulevard; correcting

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typographical errors in table formatting; and simplifying the floor area definition. Mr. Smith stated that the Planning and Zoning Commission had reviewed and recommended approval of all amendments at its March 17, 2026 meeting.

There being no questions or comments for staff, Mayor Wilson opened the public hearing which was then closed without public comment. A motion to adopt the resolution approving the Statement of Consistency for Text Amendment TA-2026-01 was made by Council Member Payne and second by Council Member Hatchell. The motion carried unanimously.
A motion to adopt the ordinance amending the Kannapolis Development Ordinance pursuant to Text Amendment TA-2026-01 was made by Council Member Payne and seconded by Council Member Berry. The motion carried unanimously.

Appointment – Water Sewer Authority of Cabarrus County Board of Directors (Wilmer Melton, City Manager) (Copy included as Agenda Item G.F.)

Mr. Melton explained that two WSACC board appointments required action. The first vacancy arose from the retirement of former City Manager, Mike Legg, and staff recommended Director of Water Resources, Alex Anderson, to fill that seat. The second vacancy arose from the departure of former Mayor Darrell Hinnant, whose unexpired term had been held by that individual as a council representative; Council Member Jeanne Dixon was recommended to fill that seat.

A motion to appoint Mr. Anderson to the Water Sewer Authority of Cabarrus County Board of Directors was made by Council Member Jackson, second by Council Member Payne and the motion carried unanimously.

A motion to appoint Council Member Dixon to the Water Sewer Authority of Cabarrus County Board of Directors was made by Council Member Payne, second by Council Member Jackson and the motion carried unanimously.

CITY MANAGER REPORT

Mr. Melton shared that the Charlotte Business Journal had published a report confirming that Google had decided to expand its operations to a local facility located off I85. He expressed enthusiasm about Google's presence as part of the Kannapolis business community and clarified that the expansion is not an AI data center, noting that the site's utility infrastructure would not support such an operation.

CITY COUNCIL COMMENTS

Council Member Hatchell addressed concerns about the city's emergency notification system during the recent water advisory, requesting a future meeting to discuss how to sign up. City Manager Melton affirmed this could be arranged and noted a review of the water incident was in progress. Council Member Hatchell emphasized neighbors should look out for each other, especially elderly residents. On transit funding, she clarified the Council's intent is not to cut transit but to focus on effective models due to falling ridership. She urged eligible residents to consider Cabarrus County services or CK Rider's paratransit for available door-to-door service.

CLOSED SESSION

Council Member Berry made the motion to enter Closed Session in accordance with N.C.G.S. 143.318.11 (a) (3) to consult with an attorney in order to preserve the attorney-client privilege and

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N.C.G.S. 143.318.11.11 (a) (4) for discussing matters related to the location or expansion of industries or businesses in the area. Second by Council Member Payne and the motion carried unanimously.

Council entered Closed Session at 8:48 PM.

Council resumed Open Session at 9:24 PM.

MOTION TO ADJOURN

There being no further business, Council Member Payne made the motion to adjourn, second by Council Member Dixon, and the motion carried unanimously.

The meeting adjourned at 9:24 P.M. on Monday, April 27, 2026.

_____

George Douglas Wilson, Mayor
City of Kannapolis

_____

Pam Scaggs, CMC, NCCMC
City Clerk

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CITY OF KANNAPOLIS
CITY COUNCIL SPECIAL MEETING MINUTES
April 30, 2026

A special meeting of the Kannapolis City Council was held on Monday, April 30, 2026, at 6:00 PM, Kannapolis City Hall located at 401 Laureate Way, Kannapolis, NC.

CITY COUNCIL MEMBERS PRESENT:

Council Members:	Doug Wilson, Mayor	
	Darrell Jackson	
	Dianne Berry	
	Isaiah Payne	
	Naomi Hatchell	
Council Members Absent:	Ryan Dayvault, Mayor Pro Tem	
	Jeanne Dixon	
City Manager:	Wilmer Melton	
Assistant City Manager:	Tina Cline	
Assistant City Manager:	Kristin Jones	
Staff Present:	David Jordan	Alex Anderson
	Brian Roberts	Suzanne Burgess
	Irene Wong	Gerald Faulkner
	Richard Smith	
Visitors Present:	Rick Flowe	Adam Kiker
	Jonathan Williams	

CALL TO ORDER AND WELCOME

Mayor Wilson called the meeting to order and welcomed all in attendance.

ADOPTION OF AGENDA

Mayor Wilson called for a motion regarding the Agenda. Council Member Berry made the motion to approve, second by Council Member Jackson and the motion carried unanimously.

BUSINESS AGENDA

Discussion of Water and Wastewater Options(Wilmer Melton, City Manager) (Copy included as Agenda Item G.A.)

City Manager Wilmer Melton opened the discussion by framing the evening's purpose as a follow-up to conversations held during a prior Council retreat. He emphasized that no formal vote would be taken, but that a consensus from Council to guide budget planning and project prioritization would be needed.

Water Resources Director Alex Anderson introduced two outside technical consultants: Adam Kiker of LKC Engineering and Jonathan Williams of Garver to assist with questions. He then provided a

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condensed refresh of both the wastewater and water systems. On the wastewater side, the City's current base flow is approximately 4.5 million gallons per day (MGD). Assuming 65% build of the current Comprehensive Plan over the next 25 years, projected flows will approach 11 MGD by 2050. To sustain development at that pace, Mr. Anderson noted that approximately 2 to 2.5 million gallons of additional sewer capacity would be needed every ten years, beginning around 2030.

Three primary strategies were identified to address wastewater capacity: expansion of the existing Rocky River facility operated by the Water & Sewer Authority of Cabarrus County (WSACC); a connection to Salisbury Rowan Utilities (SRU) via a point near Exit 65 on I-85; and a joint wastewater treatment plant with the Town of Landis, designed to be scalable up to approximately 6.5 MGD over time.

On the water side, current available capacity stands at approximately 15.5 MGD, with projected demand reaching just over 16 MGD by 2055. Mr. Anderson cautioned that this projection assumes no drought conditions, no purchase reductions, and the continued availability of 8.5 MGD from Kannapolis Lake, a figure that a recent WSACC study suggests may decrease. Potential strategies to address water capacity include a connection to the City of Salisbury's water system and expansion of water purchases through Albemarle. Mr. Melton noted that per the North Carolina Department of Environmental Quality (NCDEQ) guidance, the city should be in active planning mode at 80% of capacity utilization, and in construction by 90%.

Mr. Anderson presented a list of neighborhoods in the western portion of the city, including Mountain Vine, Copper Creek, Canton Drive, Tucker, and Hardwood Lane, that have expressed interest in receiving public water service. He noted that trunk lines are already in place, and that extending service to these neighborhoods would not significantly affect overall system demand projections given their relatively small size. Staff recommended that before extending lines, the city seek signed commitments from a majority of residents agreeing to connect, both to demonstrate community support and to ensure adequate water turnover in the lines.

Council Member Berry asked about the minimum participation threshold. Mr. Melton clarified that while past practice has sought a majority, there is no binding policy requiring a specific percentage, and that simple majority could be sufficient, though staff would prefer higher participation. He also distinguished that the mandatory connection provisions used in the Fisher Town situation would not apply in these areas. Mr. Anderson confirmed that these neighborhood extensions are categorized as discretionary (priority three) projects and would not affect the city's core growth capacity.

Mr. Anderson walked the Council through five CIP scenarios, each building upon the last:

Scenario Zero covers only operations and maintenance obligations with inflation factored in and fulfills the city's existing contractual commitment to pay approximately $600,000 annually toward the 2027 WSACC expansion, a signed agreement for which the city is already obligated. Mr. Melton stated that this scenario involves little discretion, as the city has already committed to these expenditures but that rate increases will be required simply to meet bond covenants and existing contracts. The estimated rate impact for the upcoming budget is an increase of $1.86 per month on water and $7.92 on sewer.

Scenario One adds a set of priority projects on top of Scenario Zero. Key among these are: the Charlotte Water interconnect at Summers Walk; a series of water treatment plant rehabilitation

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projects including a PFAS treatment system (estimated at $16 million, though staff intends to pursue federal reimbursement); replacement of the water main at the NCDOT Lake Fisher bridge crossing; the Forest Brook main (for which private and state funding is being pursued, potentially at no cost to the city); the Kentucky Street collector sewer replacement; and, critically, the Kannapolis-Landis joint wastewater treatment plant, estimated at $29 million for the city's 50% share. Mr. Melton noted that a resolution of support co-signed by the Mayor and the Town of Landis has been submitted to the General Assembly, and that both state legislative delegation members, Senator Carl Ford and Representative Grant Campbell, have expressed strong support. A connection to Salisbury Rowan Utilities and the final phase of the Public Works Operations Center upfit are also included. Total priority one costs over 10 years are estimated at $69 million. The incremental rate impact above Scenario Zero is approximately $1.00 per month additional on water and $0.20 to $0.30 on sewer.

Scenario Two adds a substantial list of water quantity and distribution projects, including water main extensions in the Charlotte Church Road area, replacement and upsizing of the aging railroad crossing mains at 8th Street and Ridge Avenue, the first phase of the North Kannapolis water main loop along Glen Avenue, a new elevated storage tank in the northern portion of the city, and ongoing two-inch water main replacements estimated at $3.3 million per year over 10 years. Additional sewer upsizing projects in the Coldwater Creek basin are also included. Mr. Anderson noted that more than a third of Scenario Two projects carry no cost in the first 10 years, as they fall within the 20-year planning horizon. The incremental water rate impact for this scenario is approximately $2.00 per month above Scenario One, primarily driven by large pipeline projects tied to Comprehensive Plan build-out.

Scenario Three is additive and includes the neighborhood water extension projects described earlier (Mountain Vine, Copper Creek, Tucker, and others), a $7.5 million Charlotte Water connection to serve the far western basin (west of Caldwell Creek), the Crusaders Way and Three Sisters connections, additional phases of the Glen Avenue north loop, potential water purchase arrangements with Salisbury, and a sewer force main upsizing on Brantley Road driven purely by capacity needs at Kannapolis Crossing. Mr. Anderson noted that if the Salisbury Rowan Utilities sewer connection moves forward, the Brantley Road force main project would drop off the 10-year list entirely, illustrating how some projects are interdependent. The Salisbury water capital buy-in is estimated at up to $28 million in a worst-case scenario, though staff anticipate the actual obligation would be substantially lower through negotiation.

Scenario Four addresses long-range growth corridors and includes an Odell School Road water extension to enable eastern development and a major water feed from the Kannapolis water plant to the Kannapolis Parkway corridor via the western transmission route. Mr. Anderson characterized these as "growth board" projects with no immediate urgency, dependent entirely on continued Comprehensive Plan build-out.

Jonathan Williams of Garver offered substantive commentary on the strategic dimensions of the discussion. He drew an analogy to portfolio diversification, encouraging Council to consider not putting all utility capacity in regional partnerships. While the city's existing relationships with WSACC, Concord, and Albemarle have served it well, he cautioned that as the city grows faster than some of its partners, it may find itself at the mercy of other municipalities' timelines and priorities. He described the Kannapolis-Landis joint plant as a meaningful step toward the city controlling more of its own utility destiny, particularly on the wastewater side, and noted that on a cost-per-gallon basis, it is the least expensive treatment alternative available for meeting near-term capacity needs.

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Mr. Williams also addressed the regulatory uncertainty surrounding a new wastewater discharge permit into the Yadkin-PeeDee Basin, noting that any new NPDES discharge into a watershed currently undergoing nutrient rulemaking, as High Rock Lake is, is subject to a permitting moratorium until new nutrient limits are established. He expressed cautious optimism, however, suggesting that proactively proposing to meet or exceed anticipated nutrient limits could be presented to the General Assembly as a basis for legislative relief, and that this should not be treated as a project-stopper. Mr. Melton underscored that the city already holds two "straws" in the Yadkin Basin, through its existing Albemarle connection and the inter-basin transfer arrangement with Concord and Salisbury, and that those existing assets should be maximized. He added that the city has, for years, declined to recruit water-intensive industry precisely because of capacity constraints, and that improving infrastructure would open the door to more selective and higher-value economic development.

Mayor Wilson echoed concerns about over-dependence on regional partners and acknowledged that controlling one's own infrastructure is preferable when feasible. Council Member Jackson asked whether developers could proceed with septic systems in the interim if sewer capacity is unavailable. Mr. Melton confirmed that the city does not prohibit septic where lots can accommodate it but noted that most developers seeking density cannot make the economics work with septic and would likely not pursue such projects. He acknowledged this leaves the city in a difficult position where growth may slow if capacity is not expanded.

Council Member Hatchell questioned the absence of revenue projections from the presentation. Mr. Anderson responded that the real revenue driver for utility systems is not residential connections but industrial and large commercial development, pointing to areas like Kannapolis Crossing and North Kannapolis as the city's primary revenue generators.

Mr. Anderson summarized the rate impacts associated with each scenario relative to the upcoming budget. Scenario Zero, which is effectively unavoidable, results in a $1.86 per month increase on water and $7.92 on sewer. Scenario One adds approximately $1.00 per month on water and a modest sewer increase above Scenario Zero. Scenario Two adds roughly $2.00 per month further on water, primarily attributable to large distribution infrastructure tied to comprehensive plan growth. Staff noted that some projects may be eligible for reimbursement through state or federal grants, which could reduce the rate impacts if funding is secured.

Mayor Wilson invited Council members to share their general preference among scenarios. Council Member Berry indicated support for Scenario Two. Council Member Hatchell indicated a lean toward Scenario One, citing rate impact concerns for residents, though acknowledged that Scenario Two might be appropriate if outside funding materializes. Mayor Wilson acknowledged the challenge, noting that rate increases are unavoidable at any scenario level and that the real question remains the city's desired pace and type of growth. Mr. Williams reiterated that Scenarios Zero and One are effectively locked in given existing commitments, and that the choice before the Council is really how far into Scenarios Two through Four the city is prepared to go, guided by its land use plan.

Mr. Melton summarized staff's general recommendation as pursuing at minimum Scenario One, with the acknowledgment that Scenario Two would be appropriate given moderate growth ambitions, and that Scenario Four is not something he could recommend given the financial scale involved. The discussion concluded with a brief break called at 7:37 PM by Mayor Wilson.

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Council resumed at 7:43 PM

Discussion focused on identifying a balanced approach to utility rate increases and capital investments. Mr. Kiker reiterated that Option Zero would result in a sewer rate difference of approximately $1.92 and a water rate difference of approximately $2.48 and suggested a compromise approach with sewer rates closer to Option 2 and water rates between Options 1 and 2. Mr. Anderson clarified that the recommended $33 million capital program equates to approximately $3.3 million annually over the next 10 years and would address most identified system needs, including replacing aging water mains, adding fire hydrants, and upgrading infrastructure that no longer meets current standards.

Mr. Melton emphasized the need to replace deteriorating galvanized lines, update the Long-Range Utility Plan, and make meaningful investments in rehabilitation while continuing to support future growth. Discussion also centered on ensuring the utility system can accommodate desired economic development, including distribution, light manufacturing, advanced manufacturing, and technology-related industries.

Council further discussed financing strategies, including borrowing to accelerate projects, noting that while some projects are scheduled for later years, many rehabilitation efforts could begin immediately. Stormwater funding was also discussed, including a potential $1 monthly increase. By the end of the discussion, there was general consensus around a hybrid version of Option 2, with support for communicating rate increases as necessary investments in system reliability, capacity, and long-term community growth. Council Member Jackson recommended using the Kannapolis Matters newsletter and other outreach efforts to explain the purpose and benefits of the proposed increases.

MOTION TO ADJOURN

There being no further business, Council Member Payne motion to adjourn, second by Council Member Hatchell, and the motion carried unanimously.

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The meeting adjourned at 8:01 P.M. on Monday, April 30, 2026.

_____

George Douglas Wilson, Mayor
City of Kannapolis

_____

Pam Scaggs, CMC, NCCMC
City Clerk

DRAFT. NOT APPROVED

Agenda Item: G.A

Kannapolis City Council

City Council Agenda Staff Report
June 8, 2026

To: Mayor and City Council

From: Wilmer Melton, City Manager

Subject: **PUBLIC HEARING -** Proposed Budget for FY 2026-2027

Recommended Action Requested by City Council

Conduct a Public Hearing. No Other Action Required.

Required Votes to Pass Required Action

Presentation Only. No Action Required

Background

A copy of the recommended budget was presented to City Council on May 20, 2026 and was made available for public inspection at the City of Kannapolis Administration Offices. A Public Hearing on the recommended budget for Fiscal Year 2026-2027 was scheduled for 6:00 P.M. on June 8, 2026. State law requires that "before adopting the Budget Ordinance, the Board shall hold a Public Hearing at which time any persons who wish to be heard on the budget may appear" (G.S. 159-12)(b).

City Council may elect to discuss the budget at this meeting and may set additional budget work sessions. City Council will be asked to adopt the budget at the June 22, 2026 City Council meeting.

A copy of the Preliminary Budget is attached to this agenda item. A brief presentation will precede the public hearing.

There have been some final changes recommended to the budget which the spreadsheet highlights. These final changes will be incorporated into the recommended budget that will be adopted on June 22nd.

Fiscal Implications

Described in the recommended budget.

Alternate Courses of Action

Conduct a Public Hearing. No other action at this time. The adoption of the Budget Ordinance for FY 2026-2027 will be presented at the June 22, 2026 City Council meeting for Council's consideration.

Attachments

1. FY 27 Final Changes
2. FY 27 Proposed Budget

Full Account Number	Account Name	FY 27 Proposed Budget	FY 27 Revised Proposed Budget	Difference	
100-00-00-100-000-31700 -	1% SALES TAX (STATE)	(7,153,453)	(7,190,000)	36,547	
100-00-00-100-000-31800 -	1/2% SALES TAX (LOCAL)	(11,285,051)	(11,350,000)	64,949	
100-50-10-500-000-36000 -SWANE	CHARGES AND FEES	(350,000)	(300,000)	(50,000)	
				51,496	**Total Revenue adjustment**
100-00-00-100-000-51300 -	SPECIAL EXPENSES	1,296,334	1,816,338	520,004	
100-25-10-200-000-48000 -	CONTRACTED SERVICES	668,525	500,000	(168,525)	
100-50-10-500-000-41000 -SWANE	SALARIES-REGULAR	43,000	64,575	21,575	
100-50-10-500-000-41100 -SWANE	SALARIES-PART TIME	151,043	83,000	(68,043)	
100-50-10-500-000-42000 -SWANE	FICA	15,865	11,289	(4,576)	
100-50-10-500-000-42200 -SWANE	STATE RETIREMENT	31,376	9,770	(21,606)	
100-50-10-500-000-42210 -SWANE	401K	10,369	3,229	(7,140)	
100-50-10-500-000-43100 -SWANE	PRINTING	1,500	1,000	(500)	
100-50-10-500-000-43800 -SWANE	CREDIT CARD FEES	45,000	15,000	(30,000)	
100-50-10-500-000-45220 -SWANE	ELECTRICITY	30,000	20,000	(10,000)	
100-50-10-500-000-45250 -SWANE	TELEPHONE	15,000	18,000	3,000	
100-50-10-500-000-46620 -SWANE	CONCESSION SUPPLIES	50,000	25,000	(25,000)	
100-50-10-500-000-48840 -SWANE	TALENT AND ENTERTAINMENT	250,000	112,307	(137,693)	
100-50-10-500-000-48845 -SWANE	SOUND TECHNOLOGY	35,000	15,000	(20,000)	
				51,496	**Total Expense adjustment**

City of KANNAPOLIS

FY 2026-2027




















PROPOSED BUDGET

CITY OF KANNAPOLIS

Fiscal Year 2027 Proposed Budget

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CITY OF KANNAPOLIS

Fiscal Year 2027 Proposed Budget

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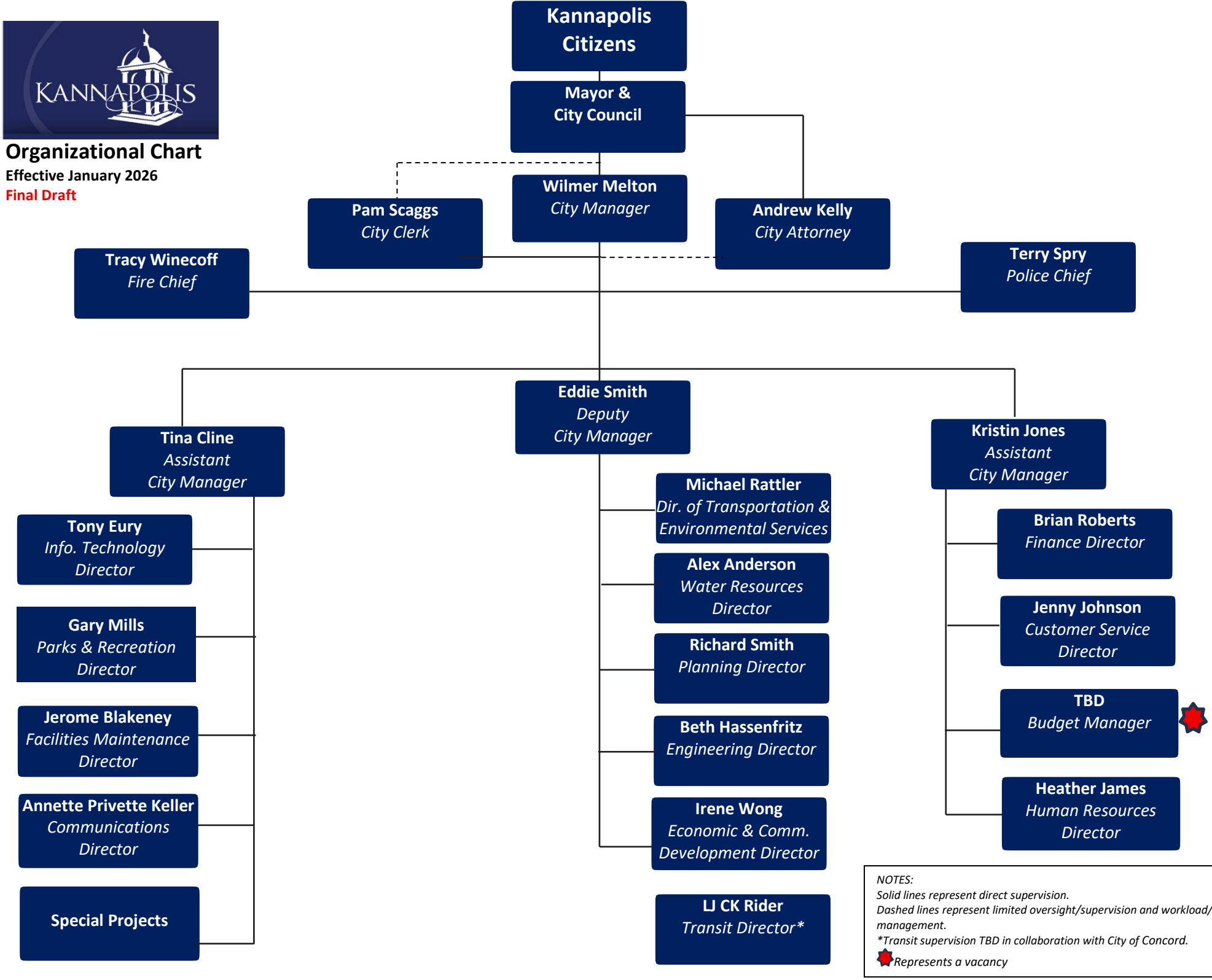
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Organizational Chart

Effective January 2026

Final Draft



NOTES:
Solid lines represent direct supervision.
Dashed lines represent limited oversight/supervision and workload/task management.
**Transit supervision TBD in collaboration with City of Concord.*
Represents a vacancy

City of Kannapolis

Preliminary Budget

Fiscal Year 2026-2027



Prepared by:

City of Kannapolis Staff

Special Thanks to:

Brian Roberts and Suzanne Burgess, Finance Department

City of Kannapolis

City Council



Left to right: Councilman, Isaiah Payne, Mayor Pro Tem, Ryan Dayvault, Councilwoman, Naomi Hatchell, Mayor, Doug Wilson, Councilwoman, Dianne Berry, Councilwoman, Jeanne Dixon and Councilman, Darrell Jackson

KANNAPOLIS

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Kannapolis
North Carolina

For the Fiscal Year Beginning

July 01, 2025

Christopher P. Morrill

Executive Director

May 11, 2026

Subject: Proposed FY 2026-27 Budget

Dear Honorable Mayor Wilson and Distinguished Members of the Kannapolis City Council:

I am pleased to present to you the proposed Fiscal Year 2026-27 (FY 27) Budget for the City of Kannapolis, North Carolina, which begins July 1, 2026, and ends June 30, 2027. This budget is prepared in accordance with the North Carolina Local Government 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 all seven of the City's annual funds and identifies key priorities over the next year and future fiscal years to come.

The FY 2027 Budget represents a new chapter for the City, marked by the transition to newly elected City Council members, a new Mayor, and new administrative leadership. This period of transition has provided an important opportunity for City Council and staff to reassess the City's long-term priorities and strategic direction. Through three strategic retreats, City Council engaged in thoughtful discussions regarding emerging issues, community challenges, future trends, and goals for both the upcoming fiscal year and the years ahead.

Throughout these discussions, several key priorities were reaffirmed, including a continued commitment to employee appreciation, development and enrichment, the delivery of exceptional customer service, and the provision of high-quality core services that directly impact residents' daily lives. These essential services include public safety, public works, transportation, and ongoing investments in infrastructure and fleet resources to ensure City departments operate efficiently and effectively.

While transitions often bring both opportunities and challenges, this City Council has remained steadfast in its commitment to serving the community with purpose and integrity. Council members have worked collaboratively with one another and alongside staff to address challenges, identify solutions, and establish a clear path forward. Given the significance of these leadership changes, the City recognized the need to reset and refine its priorities for the next three years. Although more than 30 initiatives emerged from the Strategic Plan focus group efforts conducted between 2022 and 2024, the new leadership determined it was important to revisit and reevaluate previous implementation decisions to ensure alignment with the City's evolving vision and priorities.

Several City Council planning retreats were held in February 2026 to set new priorities and redefine the City's continuing and new investments. These new priorities emerging from these planning retreats are described on the following pages and are projected to be implemented as Phase II of the Strategic Plan for the next three years through approximately June 2029.

Strategic Priorities which emerged from the retreat:

- **Public Transit**: revising the current system to explore the feasibility of on-demand transit service options and provide cost savings.

- **Enhanced Street Paving and Sidewalk Maintenance**: This initiative aligns with the current City leadership's reorientation of priorities to include more emphasis on day-to-day core services including street paving and sidewalk maintenance. There is already $900,000 associated with this effort from the FY 26 budget and another $900,000 proposed in the FY 27 budget.

- **Western Area Fire Protection and Life Safety Services:** a multi-phased transition from contracted fire and life safety services in the City's western growth area to in-house provided service.

- **Historic Preservation Program:** The Historic Preservation Focus Group establishes guiding principles for a new Historic Program.

- **Kannapolis History Museum and Downtown Visitors Center:** renovation of the City-owned former Wells Fargo Building (more recently the Cannon Ballers Team offices). The Museum and Visitors Center would occupy the same space. There was funding set aside in the FY 26 budget for this effort. No additional funding is allocated in the FY 27 proposed budget currently.

- **Downtown Business Support Plan:** subject to adequate feedback from most downtown property owners and business owners regarding the establishment of a new Municipal Service District (MSD) Tax. For downtown and the entire City to thrive, one objective is to increase visitors - especially downtown. This Downtown Support Plan is largely centered on marketing and promotion of the downtown.

- **Capital Outlay Program:** This program is generally designed for replacement of existing capital outlay items that have aged out to the point that ongoing maintenance is no longer cost effective. Typically, new programs and new personnel will have equipment and vehicles included separately with these budget additions. The City is behind on replacing capital and has been for several years. This will begin to be addressed in the FY 27 proposed budget.

- **Employee Pay and Benefits:** City Council recognizes that the City's employees are the most important asset in the organization. Accordingly, it supports the continued investment in pay and benefits that both retain existing employees while also attracting new talent.

Over the past several years City Council has maintained that employee retention and recruitment are a high priority. Significant improvements in employee benefits have been implemented including (but not limited to) the following:

- Remote Work Options (began with Covid in 2021)
- Longevity Pay (reimplemented after a decade + hiatus)
- Incentive Pay (Police and Water Resources); fixed shifts in PD, shift differential
- No Increase in Employee cost for Employer Paid Health Insurance
- Employer Paid Dental Insurance
- Employer Paid Vision and Short-Term Disability
- Enhanced Funding for HSA and HRA Accounts ($2,200 and $2,000 respectively)
- Paid Caregivers Leave
- Enhancement of the 401k program (new to the FY 27 budget)
- Kannapolis Cannon Baller Tickets - including the City's Suite
- Kannapolis YMCA Membership + discount for families of employees
- Free personalized nutrition counseling
- Enhanced onsite Health Clinic
- Paid volunteer hours
- Paid birthday leave
- Paid bereavement leave

Additionally, City Council has consistently made commitments to employee compensation to maintain competitiveness in the job market, and to promote ongoing employee satisfaction. The following are the range of increases in employee pay over the past six years.

Fiscal Year	Cost of Living Adjustment	Merit/Performance Pay
FY 21	2.5% (July), 1.5% (December)	0.0% - 5.0% (w/ evaluations)
FY 22	1.5% (July)	0.0% - 5.0% (w/ evaluations)
FY 23	5.0%	0.0% - 5.0% (w/ evaluations)
FY 24	2.0% or greater with Pay Study results (April) + 3.0% (July)	0.0% - 5.0% (w/ evaluations)
FY 25	3.0%	5.0% (all employees - not tied to evaluations)
FY 26	2%	3 % (all employees - not tied to evaluations)
FY 27	3%	2% (all employees - not tied to evaluations)

This keeps us in line with the market. Surrounding areas are giving between 5.99% - 6.25% adjustments for FY 27.

Consistent history of achievement and continued growth:

The past 6 months under new administration have been full of positive opportunities

- **Oakwood and Roger's Lake Road Intersection Improvements:** Through Congressman McDowell's office, the City was successful in getting $1.5M federal transportation safety earmark to finalize improvements to Oakwood and Rogers Lake Road.
    - The improvements would include the addition of turn lanes on Rogers Lake, drainage improvements and lane improvements for motorists heading eastbound from Oakwood.
- **Street Resurfacing:** Resurfacing of 6 streets 2.1 miles currently underway with substantial completion June 2026 ($1,034,467.59).
- **MLK Road Diet:** Road diet improvements are still planned for this summer that will include resurfacing that will incorporate bike lanes as well as pedestrian improvement to accommodate safe passage across roadway.
- **Three major sidewalks projects**:
    - **Little Texas Rd**: Currently in the right-of-way acquisition phase. Estimated completion in 2028.
    - **Bethpage Rd**: Right-of-way acquisition to begin in February 2027 with estimated let for construction in late 2027.
    - **Midlake Rd**: The City was awarded $5.8M in STBG funding for the construction of sidewalk from Brantley Rd to Centergrove Rd. Estimated let for construction in December 2031.
- **MLK Jr. Bridge**: Under construction; estimated completion Fall 2026.
- **Rogers Lake Road Bridge (Over Main and Ridge):** Under construction; estimated completion early/mid 2027.
- **Rogers Lake Bridge (Over Irish Buffalo Creek)**: Currently in the right-of-way acquisition phase, estimated let for construction in 2030.
- **Lane Street Bridge (Over Lake Fisher)**: Planning underway; estimated let for construction in 2030.
- **U-5761 US-29/Dale Earnhardt Blvd Intersection Improvements:** The project includes intersection improvements at U.S. Route 29 and Dale Earnhardt Boulevard, featuring the implementation of a Michigan Left configuration with directional U-turn bulbs to improve traffic flow and safety. Additional project components include traffic signal upgrades, pedestrian infrastructure enhancements, water and sewer improvements, and stormwater infrastructure upgrades. The project is currently in the right-of-way acquisition phase, with an anticipated construction let date in 2027.

Safety and Emergency Response

- **Western Communication Tower:** construction of a new communications tower to improve communications of Police, Fire and EMS in Western Cabarrus County. Federal grant paying 50% ($963,000). The tower will be located off Highway 3 near Odell School Road. Estimated construction 2026.

- **Western Area Fire Protection:** Evaluation of potential site location underway for Fire Station #6 to serve the area that the City currently contracts out with Odell Volunteer Fire District.

- **Adaptive Response Vehicle:** The Adaptive Response Program (ARP) is designed to supplement traditional fire responses by deploying Quick Response Vehicles (QRVs), which are smaller, cost-effective vehicles, to appropriate low-acuity incidents. Rather than sending a full fire engine on every medical call, QRVs can arrive more quickly, reduce workload on frontline apparatus, and preserve larger units for high-risk emergencies. Overall, the ARP offers a cost-effective method to reduce apparatus wear, improve response efficiency, enhance public perception, and better match resources to incident type while maintaining readiness for critical emergencies. The vehicle is delivered and is getting upfitted currently. The FY 27 proposed budget allocated funding for staffing and personal protective equipment for this effort.

- **Fire Department Training Tower:** This tower will replace the recently demolished structure. This project will replace the old training tower which was constructed in 1996 and was determined to no longer be safe or efficient for training purposes. The new tower will be used for training related to hose advancement, search and rescue, ropes, and live fire maneuvers. It will be constructed at Fire Station #1.

- **Fire Department Fleet Storage and Maintenance Building:** This project has shifted in purpose. It was originally contemplated as a storage and logistics building; it is now anticipated to serve more to move reserve apparatus and trailers out of the weather elements. It will also serve as an expanded maintenance space. There is a federal HUD grant to offset some of these costs in the amount of $345,000.

History Preservation

- **History Museum and Visitor Center:** approved funding for the renovation of the City-owned former Wells Fargo Building for this effort. The Museum and Visitors Center would occupy the same space. There was funding set aside in the FY 26 budget for this effort.
- **Cultural Arts/Historic Preservation Program:** Creation of new Cultural Arts Division and a Citizen Advisory Commission to guide the program.

Recognitions

- **Lane Street Bridge**: In Memory of Officer Roger Dale Carter
- **MLK Jr. Bridge & Hwy 3 Roundabout Legacy Garden:** In Honor of Corine Cannon
- **New Rogers Lake overpass:** In Memory of State Representative Linda P. Johnson

Industrial Development: Approximately 7 million square feet of industrial space on more than 800 acres is under active development in multiple locations (I-85 exits 54, 63, 65). Projected $750 million - $1 billion in private investment and potentially several thousand jobs.

- **Overlook 85:** Class A industrial park located at Exit 65 off I-85 in Kannapolis, NC, featuring large-scale, modern warehouse and logistics space. As part of the larger Kannapolis Crossing mixed-use development, it will include 4.4 million square feet of industrial space on 330-acre site. Phase I - a 729,872-square-foot cross-dock facility is complete and home to Google. Next phases of the planned expansions are designed for manufacturing, distribution, and logistics companies.
- **Lake Shore Industrial Park:** 700,000 square feet of industrial space at exit 63 and home to Chick-fil-A Distribution Facility.
- **85 Exchange:** 1.4 million square feet of industrial space located off exit 54. Phase I is complete and home to Amazon with phase II currently under construction**.**
- **Stanley Industrial Park:** Includes modernization and upfit to the existing 932,962 square feet facility as well as adding 5 new buildings for various industrial and commercial uses totaling 710,400 square feet.

Development Projects

- **Millstone Village – Downtown:** Harris Teeter is the anchored retail. Sitework completed by fall 2026 with final completion end of 2027; 345 multifamily and townhome units mid-2028.
- **Lowes Foods:** projected grand opening of June 2026. The McDonald's at the shopping center has already been completed, along with several additional outparcels that are coming soon, including a coffee shop, and other retail spaces.
- **200 Main:** New 84 apartment unit project with estimated completion in April/May 2026.
- **Google:** the company has signed an 88-month lease and will be moving into the Overlook 85 Industrial Park at Exit 65 off I-85 in Kannapolis. The building will be used for warehousing and logistics for their supply chain, and Google will contract a 3rd party logistics provider to manage the facility.
- **Highside Golf Club:** Community oriented golf and recreation facility. Short format golf, practice facility with clubhouse and performance center.
- **Odell Corners:** Proposed mixed use commercial that includes a grocery store, c-store and retail outparcels.
- **Trackhouse Racing:** Headquarters for Trackhouse Entertainment Group that will include company office and light manufacturing facility. 200 new jobs.
- **Kellswater MOB**: New medical office building in Kellswater Commons.
- **SONA Mixed Use:** Market rate multifamily with commercial, restaurants, daycare, medical office, and retail located in north Kannapolis off Cannon Boulevard.
- **Kellswater Plaza:** 42,000 square feet of new retail and general commercial (4-buildings/11 units).

- **Vertical Climbing Facility:** This new facility will include vertical climbing area, weight and fitness center, yoga and exercise room, event space, PT studio, coworking suite, café and bakery.
- **Kannapolis Flex:** 4 Flex Use Buildings for office, distribution, and general commercial totaling 51,600 square feet.

Parks & Recreation: Potential Park General Obligation Bond estimated at $40 million to help fund the following quality of life initiatives:

- **Eastside Park:** Construction of a 33-acre park on City-owned Midlake Road property with Lake Fisher frontage. Amenities to include paddle-boating, walking trails.
- **Westside Park:** Construction of a 55-acre park on City-owned land with frontage on Highway 73 (Davidson-Concord Rd).
- **Glen Avenue**: Development of 76 acres on Glen Avenue.
- **Irish Buffalo Creek Greenway- Phase 2:** Construction of approximately a one-mile stretch of greenway from Rogers Lake Road to Hwy 3.
- **Irish Buffalo Creek Greenway- Phase 3**: Construction of a greenway (3/4 mile) from Hwy 3 to Pine Street by Fred L. Wilson Elementary.
- **Rocky River Greenway**: Construction of a greenway west from an existing parking lot at Shiloh Church Road to the Mecklenburg County line and South from the current stub out to Hwy 73 at the bridge.
- **Gem Theatre – Phase 3:** Expanded concessions area and renovated event space.
- **Dog Park:** Located off Vance currently under construction in conjunction with Research Walk townhome project. This facility is being constructed at no cost to the city and will be available to all citizens.

Water & Wastewater System

- **Replacement of the Kannapolis Lake Spillway:** Under construction in early 2026. $12 million project. The dam was originally constructed in 1940 and is located on Irish Buffalo Creek near Pump Station Road. Due to its age and damage over the years from large rain events, the replacement is necessary. The entire project is expected to be completed in 2027.
- **Wastewater system expansion:** Evaluating numerous options to expand wastewater system capacity.

FY 2026-27 Budget Overview:

The total proposed FY 27 Budget for the City of Kannapolis is $134,218,842 or a 6.5% increase over the FY 26 adopted budget of $126,007,842.

This FY 27 Budget total is the sum of the seven separate annual funds: the General Fund, the Water and Sewer Fund, the Stormwater Fund, the Environmental Fund, the Public Transit Fund, the Separation Pay Fund, and the Insurance and Risk Fund.

FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
$85,250,848	$94,916,039	$104,385,876	$123,106,329	$126,007,842	$134,218,842

The above budgets exclude all interfund transfers (as defined by transfers between the annually adopted funds).

Interfund transfers excluded for the FY 27 Budget total $10,365,146:

- $758,000 for separation fund revenue
- $299,000 for transit fund revenue
- $2,290,246 for environmental fund revenue
- $7,017,900 for insurance and risk fund revenue ($15,700/ per employee at 447 employees)

The proposed FY 27 budget is framed around 3 key themes: 1. Supporting our most valuable assets of the City - our employees, 2. Fiscal responsibility and 3. Reinvestment in core services.

Employee Investment: For the fifth consecutive fiscal year, the FY 2027 Budget demonstrates the City's ongoing commitment to providing competitive compensation and benefits while fostering a positive and supportive workplace environment. The FY 2027 Budget includes the following personnel investments and enhancements:

- 5% performance increase (Cola and Merit) for all full-time and part-time employees: estimated at $2.3 million across all funds
- 5% flat 401k contribution: this was previously a 2% straight contribution with up to 3% match; law enforcement officers already receive mandated 5% (this is in addition).
- Employer paid health insurance: increased 16% from prior year; $15,700/per employee, estimated at $983,400 across all funds.
- Employer paid dental insurance: increased 40% from prior year; $975/employee, estimated at $122,785 across all funds.
- Mandated Retirement rate increases: 15.13% for general employees, 17.10% for law enforcement; estimated at an increase of $898,325 across all funds.
- Salary study implementation: to be competitive within the market; estimated at $1.2 million across all funds.

Fiscal Responsibility: The FY 27 Budget builds upon the foundation established in the previous fiscal year through the continued "rightsizing" of budget line items, careful analysis of spending patterns and trends, and the implementation of necessary adjustments to ensure responsible financial management.

- **Property Taxes:** Property taxes were projected to increase by 5% due to new investment in the community. This projection was, in part, based on the average growth rate of the past seven years (excluding the Cabarrus revaluation years) of 5.72%. The FY 27 Budget includes an increase of only 3.56%. We have typically seen larger growth on the Cabarrus side, but this has leveled off due to significant unexpected exemptions as well as other appeals while motor vehicle projections are projected to decline. We are expecting an increase of 9% on the Rowan County side of Kannapolis, but since Rowan makes up such a small composition of the City, it doesn't have as large of an impact. 88% of Kannapolis within Cabarrus County with 12% in Rowan County.
- **Sales Taxes:** We are expecting a healthy increase in sales tax collections based on trends we have seen in the current year. We budgeted conservatively at around 1.5% last year, and we are on trends to exceed budget by 5% with anticipated growth at an additional 2.6%. This is the City's second largest revenue stream, but is a volatile one based on the economy, inflation and spending patterns.

Rate Increases:

- **Water and Sewer Revenues:** Like sales tax revenues, utility revenues, particularly tap and connection fees, often serve as a strong indicator of growth and development within the community. For FY 2026, tap and connection fee revenues are projected to meet budgeted expectations, which is reflected in the relatively flat revenue projections included in the FY 2027 Budget.
- Due to current wastewater treatment capacity constraints, these revenues are expected to remain stable or potentially decline until additional treatment capacity becomes available to support future growth and development. The recent slowdown may also be partially attributed to increased caution within the local and national homebuilding and development industries, driven by economic uncertainty and the challenges associated with securing financing for certain projects. Despite these short-term conditions, the City remains optimistic that development activity and related revenues will rebound as economic conditions stabilize, and additional infrastructure capacity is realized. Water and Sewer are projected to have the following increases (per customer/per month):
  - $1.45 base rate water increase and .53 cent water volumetric increase
  - $4.80 base rate sewer increase and $1.08 sewer volumetric increase

The factors driving these rate increases are varied and reflect the City's continued investment in critical infrastructure and long-term system sustainability. A significant contributor has been the investment made in the downtown revitalization project, which required the replacement of aging water and sewer infrastructure throughout the downtown area. As a result, the Water and Sewer Fund assumed additional debt service obligations associated with these infrastructure improvements. In addition, the City issued approximately $12 million in debt during FY 2026 to support the replacement of the Kannapolis spillway and dam. Due to the age of the existing

structure and damage sustained from significant storm events over the years, replacement of the spillway and dam is both necessary and critical to maintaining system reliability and public safety.

Another major factor is the increasing cost of wastewater treatment services through the Water and Sewer Authority of Cabarrus County (WSACC). In FY 2025, the City experienced an increase of approximately $1.2 million in treatment costs as WSACC began preparations for the first phase of its system expansion. The FY 2027 Budget includes an additional $600,000 in projected treatment costs associated with the next phase of expansion.

Operational and maintenance costs for the City's water and sewer system have also continued to rise due to inflationary pressures, contractual increases, and the ongoing growth and expansion of the utility system. Over time, utility rates have not been adjusted at a sufficient pace to fully offset these increasing costs. Rates will continue to need adjustments to keep up with the pace of the system.

Finally, rate adjustments are necessary to ensure compliance with the City's bond covenants. Under these covenants, the utility system is required to establish and maintain rates, fees, and charges at levels adequate to fund operating expenses, debt service obligations, and required reserve balances. In addition, the City must maintain a debt service coverage ratio that demonstrates the utility system's ability to meet annual principal and interest payments through net operating revenues. These covenants, which typically require a minimum coverage ratio of 1.2 or greater, are intended to ensure the long-term financial stability and sustainability of the utility system while providing an appropriate financial safeguard for future operations and capital needs.

- **Stormwater:** The Stormwater Fund is also projected to have a rate increase of $1/per month on each customer account to offset the increased inflationary costs as well as increased personnel expenses. We haven't seen the natural growth in this revenue stream with the customer base, so a fee increase is needed to support operations of this fund and maintain it as self-supporting.

Parks: As part of the City Council retreat discussions, Council reaffirmed its strong support for the continued efforts and programming of the Parks and Recreation Department while also establishing a goal for both the Gem Theatre and Swanee Theatre to transition toward financially sustainable operations with minimal reliance on General Fund subsidies.

- **Gem Theatre:** The FY 2026 Budget included an estimated operating deficit for the Gem Theatre of approximately $228,990, reflecting budgeted expenditures of $829,990 and projected revenues of $601,000. To advance the City Council's goal of long-term sustainability, the Parks and Recreation Department will develop and implement a three-year financial sustainability plan focused on achieving self-sufficient operations at the Gem Theatre. This plan will evaluate opportunities to adjust pricing structures, increase revenues, and/or reduce operating expenses while also establishing an adequate financial reserve to help offset future operating cost increases or unexpected revenue fluctuations. The plan anticipates achieving approximately $77,000 annually through a combination of increased revenues and expense reductions over the three-year period. For FY 2027, the City's projected subsidy for the Gem Theatre is $220,067, based on projected revenues of $700,000 and expenditures of $920,067.

- **Swanee Theatre:** City Council also reaffirmed its support for the Swanee Theatre while directing staff to implement a revised operating and funding strategy designed to improve long-term financial sustainability. Key components of this strategy include limiting live performances to events with a strong likelihood of fully covering associated costs; increasing rental and event revenue opportunities; and expanding the use of the facility for more cost-effective passive recreation programming. The FY 2026 Budget included a General Fund subsidy for the Swanee Theatre of approximately $521,084, reflecting budgeted expenditures of $886,084 and projected revenues of $365,000.

  Under the revised operational model, the City will implement a three-year transition plan with the objective of reducing the annual General Fund subsidy to no more than $150,000 by the beginning of the fourth year. Achieving this goal will require an estimated annual combination of expenditure reductions and revenue enhancements totaling approximately $124,000 per year. For FY 2027, the projected subsidy for the Swanee Theatre is $469,983, based on anticipated revenues of $360,000 and expenditures of $829,983.

- **Summer Event Series:** Additionally, City Council approved a reduction in annual summer concert funding from $575,000 to $400,000 as part of its broader effort to align recreational programming and entertainment expenditures with long-term financial priorities. This reduction is inclusive of all related costs.

Reinvesting in Core Services: City Council identified a renewed focus on core operations and essential services as a primary priority for the upcoming fiscal year. Discussions centered on several critical areas, including public safety, employee recruitment and retention, and long-term fiscal responsibility. These priorities are reflected in the funding of several key initiatives and capital investments, including enhanced street paving and sidewalk maintenance, expanded public safety initiatives such as Western Area Fire Protection and Life Safety Services, a new Fire Training Tower, Fire Storage Facility, Western Communications Tower, and continued support for the Adaptive Response Program. Additional investments include the implementation of a Capital Outlay Program to address critical replacement needs for vehicles, machinery, and equipment across City departments.

As the City enters this budget cycle, stewardship, accountability, and responsible financial management remain central to our commitment to serving the community and maintaining the high level of service our residents expect and deserve.

Projected reserves:

Target percentages of expenditures for each fund have long been established and are generally 25% of previous year's expenditures to be set aside in the City's "Savings Account". The Environmental Fund has a target percentage of 10% of previous year's expenditures to be set aside in the City's savings account. The use of these funds has permitted the City to avoid significant new debt and related tax increases for several years.

The City owns two valuable real estate assets that could add to available cash reserves if sold: the 14.7-acre Plant 4 site, and Downtown Block 6. These values are estimated at $11 million and are not reflected in the table below as they aren't sold and recorded.

Fund	Minimum Target %	Projected Total Reserves, June 30, 2026	Available for Appropriation in FY 27	Amount needed to reach Target %
General	25%	$ 26,715,920.00	$ 2,581,428.00	Above Target
Water and Sewer	25%	$ 11,960,129.00	$ 3,572,907.00	Below Target
Stormwater	25%	$ 2,678,110.00	$ 1,580,448.00	Above Target
Environmental	10%	$ 2,709,839.00	$ 1,922,127.00	Above Target
Transit	NA	$ 1,335,543.00	$ 1,335,543.00	NA

General Fund Overview:

The proposed FY 27 General Fund Budget is $89,770,789 which represents a 4.40% increase over the FY 26 Adopted Budget (increase of $3,787,408).

General Fund Revenue Highlights:

1. The projected total property tax revenue for FY 26 is $53,263,188 (which represents a 3.53% increase from FY 26 Budget of $51,446,045 ($1,817,143 actual). The projection is based on a collection rate of 99.00% (per the FY 25 audit). Property taxes represent 59% of the proposed FY 27 General Fund Budget (FY 26 and FY 25 were both 60%).

The property tax rate is recommended to remain unchanged at 55.95 cents per $100 valuation.

Each penny on the tax rate is now equal to $953,583 up from $922,219 on FY 26.

The City-wide property tax base is projected to be $9,535,829,149, which is an increase of $313,642,053 from FY 26. Of the total assessed value City-wide, $8,387,005,000 (88%) is attributed to the Cabarrus County side of the City and $1,148,824,149 (12%) is attributed to the Rowan County side.

Cabarrus County's valuation increased by 2.6%. Typically, we have experienced larger growth on the Cabarrus side, but this has leveled off due to significant unexpected exemptions as well as other appeals while motor vehicle projections are projected to decline. Rowan County is expecting a 9% increase in their assessed valuation of properties going from $1,052,738,455 to $1,148,824,149 (FY 27).

2. **Sales Tax Revenue** is projected to increase by 7.61% over the FY 26 adopted budget. We have started to see sales tax collections increase from our initial projections for the FY 26 budget. We are projecting to exceed budget around 5% for fiscal year ending 2026. For FY 27, we used the projected final sales tax collections of $18,030,159 and included a growth factor of 2% to come up with the budget for FY 27. Sales taxes comprise 21% of the FY 27 General Fund revenues; this was 20% in FY 26 and FY 25.
3. **Powell Bill** funding for FY 27 is projected to decrease slightly by .44% ($8,710 actual) to $1,982,290 based on FY 25 actuals. No General Assembly changes are expected for the per capita and mileage-based allocations for FY 27.

4. **Franchise Tax** revenues are projected to increase by 9.09% to $3,818,162 ($318,162 actual) based on collections from the full year of FY 25.
5. **Ballpark-Related Revenues** includes a contribution from the Cabarrus Convention and Visitors Bureau (CCCVB) of $100,000, an amount that will continue for the next 2 years. These revenues help pay for the annual debt service on the new ballpark. The CCCVB has contributed $900,000 to date. Temerity Baseball will pay the City its annual lease payment of $500,000 for the use of Atrium Health Ballpark (this is set to go up by an additional $25,000 in FY28).
6. **Enterprise Fund Management Fee Reimbursement:** This reimbursement has increased by 13.71% in FY 27 to $3,163,955 ($381,357 actual increase from the FY 26 payment of $2,782,598). This is a budget action that facilitates the Water and Sewer Fund ($2,585,597) and Stormwater Fund ($578,358) "paying back" the General Fund for indirect staffing and other support throughout the year. This is based on a formula for employee allocation across funds.
7. **Fund Balance:** No appropriation of fund balance is included in the proposed FY 27 General Fund Budget.

General Fund Expenditure Highlights

On the following pages are key General Fund operating expenditure highlights (increases, decreases or other notable expenditures):

1. **Non-Departmental- Special Expenses**: $976,054 in special expenses for the salary study implementation which will impact around 223 employees in city wide.
2. **Insurance Premiums:** $176,102 increase based on projected claims.
3. **Health and Dental**: employer paid health insurance increase by $765,600 and dental increases by $92,438 (based on 348 employees in the General Fund) to offset claims.
4. **Axon Lease for Police**: $387,800 increase for the renewed lease for 5 years for replacing body worn cameras, in-car cameras and tasers for the entire police department.
5. **New Firefighters (6) for the Adaptive Response Vehicle (ARV):** estimated at $650,000 (including benefits) and $50,000 in PPE. The vehicle was purchased in FY 26.
6. **Debt service for capital:** $225,000 budgeted interest payment which will equate to a short-term borrowing for 5-10 years at a 5% interest rate on $6,000,000. This will be used to replace vehicles and equipment throughout the City.
7. **Odell Contract in Fire Administration:** an increase of $268,525 for the contract with Odell to cover the western portion of the City that is outside FS #5 limits.
8. **Gem Theatre expenses:** increased by $90,077 primarily due to benefit increases related to personnel. (City subsidy is $220,067).
9. **Swanee Theater expenses:** reduced by $56,101 (City subsidy is $469,983).
10. **Summer Concert Series:** reduced expenses by $175,000.
11. **Human Resources:** reduced expenses by $157,380, primarily by reducing costs of in-house programming and contracted services.
12. **Economic Development:** reduced expenses by $101,350. Reduced funding support for the NC Music Hall of Fame in the amount of $25,000 and reduced funding for downtown marketing efforts by $25,000 (leaves $50,000 for this effort).
13. **Information Technology:** reduced expenses by $419,368 in small tools and equipment and annual maintenance costs.

14. **Communications:** reduced expenses by $70,903 primarily in marketing and branding costs.

General Fund Transfers to the following other funds are included in the proposed FY 27 Budget:

- **Transfer to Environmental Fund:** $2,290,246 (an increase of $457,577 from FY 26). The increase is to offset the increase in operational costs related to the solid waste contract with the City's Hauler, Waste Connections and disposal costs at the landfill and recycling center. This is generally an unavoidable transfer unless services are cut or an additional Environmental Fee increase is implemented.
- **Transfer to Separation Pay Fund:** $758,000 (an increase of $20,350 from FY 26) based on a projected 35 employees receiving this benefit in FY 27. This assumes a net of two additional employees receiving the benefit. This is an unavoidable transfer.
- **Transfer to Transit Fund:** $299,000 (a decrease of $669,698 from FY 26). This decrease is attributed to revisions in the route structure and eliminating weekend routes.

Water and Sewer Fund Overview

The proposed FY 27 Water and Sewer Fund Budget totals $32,504,004, which represents a 14.43% increase over the FY 26 Budget ($4,078,988 actual increase). This is primarily attributed to the rate increases we have proposed on the water and sewer side. Staff is projecting natural growth in the system at 2% and tap and connection fee revenue remaining relatively flat ($30,000 decrease). Staff has completed a multi-year Capital Improvement Plan and Master Plan update that looks at the current system, critical projects, rehabilitation and maintenance needed, etc.

Water and Sewer are projected to have the following increases (per customer/per month):

- $1.45 base rate water increase and .53 cent water volumetric increase
- $4.80 base rate sewer increase and $1.08 sewer volumetric increase

These water and sewer rate increases are projected to generate an estimated $3,410,152.

These rate increases will be used to support the following rehabilitation projects:

1. Suburban Woods- Phase 1 watermain replacement (approximately 1,500 ft) Year of the pipe to be replaced: 1965.
2. Northwest High School Fire Protection Improvements.
3. Concord Lake Road (HWY 136) sewer pump station improvements. Year of the pump station to be replaced: 1993.
4. 18th Street sewer pump station electrical improvements. Year of the pump station to be replaced: 2003.
5. Afton Run and Lindler Drive watermain improvements (approximately 2,400 ft).
6. Starlight Drive watermain phase 2 improvements (approximately 750 ft).
7. Washington Lane sewer pump station electrical improvements. Year of the pump station to be replaced: 2003.

8. Vermont Avenue watermain replacement (approximately 600 ft). Year of the pipe to be replaced: 1961.
9. Irene Ave watermain replacement phase 2 (approximately 500 ft). Year of the pipe to be replaced: 1965.
10. Hoke Street replacement (approximately 400 ft) Year of pipe to be replaced: 1965.
11. Wellington Chase watermain redundancy and fire main loop.
12. Central Drive and Jackson Street sewer rehabilitation project phase 1. Year of pipe to be replaced: 1965.
13. Forrestbrook sewer pump station improvements. Year of pump station to be replaced: 1988.
14. Elm Street watermain replacement project (approximately 480 ft) Year of pipe to be replaced: 1965.

Water and Sewer Fund Revenue Highlights:

- **Charges and Fees:** expected to increase by $4,111,488 ($3,410,152 attributed to the rate increase while the remaining $701,336 is attributed to natural growth in the system).
- **Wholesale Water Sales:** decreasing by $2,500 based on trends.
- **Tap Fees:** decreasing by $30,000 based on trends.
- **Connection Fees and all other revenues**: remaining flat over FY 26 adopted budget.

Water and Sewer Fund Expense Highlights:

- **Salary Study:** $150,000 increase in salary and benefits related to the salary study implementation.
- **Health and dental increases:** $173,800 increase in health insurance costs and $22,830 increase in dental insurance costs.
- **Personnel-related increases:** $554,325 for 5% performance increase.
- **Contracted services increase:** $1,000,000 for the list of projects mentioned above for maintenance and rehabilitation of the system.
- **Sewage Treatment Variable costs**: increase of $600,000 to cover the next phase in the WSACC expansion efforts.
- **Debt service increase**: $1,945,402 for debt service on any of the capital projects listed above that are more expensive and longer in nature that would be a good candidate for financing.
- **General Management Services:** increase of $393,367 based on updated employee allocation. This expense is transferred back to the General Fund as revenue to offset support throughout the year.

Stormwater Fund Overview:

Residential customers are assessed a fixed stormwater fee based on established tiers related to the amount of impervious surface area on their property, which contributes to stormwater runoff. The Stormwater Fund supports costs associated with the City's federally mandated stormwater education and compliance programs, as well as the ongoing maintenance and operation of the City's storm drainage infrastructure.

The proposed FY 2027 Stormwater Fund Budget totals $3,927,549, representing an increase of 7.98% over the FY 2026 Budget, or approximately $290,201. The increase is primarily attributable to a proposed $1 per month rate adjustment per customer. This rate increase is necessary to address rising operational and maintenance costs and to ensure the continued sustainability and effectiveness of the City's stormwater management program. This increase will also allow for the replacement of the culver/bridge on Mable Avenue as well as crossing pipe on Elwood Street.

Stormwater Fund Revenue Highlights:

- **Charges and Fees:** expected to increase by $290,201 due to an increase of $1/per month/per resident and commercial business.
- **Investment Income:** is expected to decrease by $10,000 due to the market.

Stormwater Fund Expense Highlights:

- **Salary Study:** $40,000 increase in salary and benefits related to the salary study implementation.
- **Health and dental increases:** $37,400 increase in health insurance costs and $4,733 increase in dental insurance costs.
- **Personnel-related increases:** $129,321 for 5% performance increase.
- **Small Tools and Equipment:** $88,000 for the replacement of new trailers.

Environmental Fund Overview:

City Council approved the City's recycling and solid waste program in March 2011, with implementation beginning July 1, 2011. This fund supports a range of services, including trash collection, recycling, yard waste pickup, loose leaf collection, and bulk item removal. It is currently the only enterprise fund within the City that is not fully self-supporting, as existing user fees do not fully cover the cost of operations.

A fee adjustment of $5 was implemented in FY 2026, increasing the monthly rate from $18.10 to $23.10. No additional fee increase is proposed for FY 2027; however, an increase in the range of $5 to $8 would be required for the fund to achieve full cost recovery.

The FY 27 Proposed Environmental Budget totals $8,064,746 and is a 4.98% increase ($382,884 actual) over the FY 26 Adopted Budget of $7,681,862.

Environmental Fund Revenue Highlights:

- **Charges and Fees:** expected to decrease by $204,193. We aren't seeing the organic growth projected at 2% for this revenue stream and therefore are lowering the budget based on trends.
- **Transfers from General Fund:** because this fund still needs a fee increase to offset operations, a subsidy from the General Fund is required. This subsidy has increased by $457,577 based on increased cost in the solid waste contract and the amount per ton to dispose of at the landfill or recycling facility.

Environmental Fund Expense Highlights:

- **Salary Study:** $40,000 increase in salary and benefits related to the salary study implementation.
- **Health and dental increases:** $22,000 increase in health insurance costs and $2,784 increase in dental insurance costs.
- **Personnel-related increases:** $83,507 for 5% performance increase.
- **Solid Waste Contract:** $70,964 increase based on the CPI.
- **Landfill Expenses:** $28,576 increase in landfill expenses based on trends and increases in tipping fee ($48/ton).
- **Recycling Expenses**: $56,000 – increase in recycling costs based on increases at the MURF (Mecklenburg Recycling ($124/ton).

Transit Fund Overview:

The proposed Transit Fund for FY 27 totals $733,000. To significantly reduce costs but maintain a reasonable level of service for the City's residents, a reconfigured transit system has been agreed to with the City of Concord. These adjustments will begin in July 2026 and include an elimination of the Brown Route and possible slight modifications to the Blue Route, both serving Kannapolis residents. The Green Route and Yellow Route, both also serving Kannapolis, will remain as previously configured. Additionally, over the next three years, Kannapolis intends to formally explore the feasibility or converting some or all the fixed route transit system to an on-demand micro-transit system ("Uber" style). This will be pursued alone or in cooperation with the City of Concord. This fund is supported through two primary revenue sources. The first is a $30 vehicle fee assessed on each registered vehicle within the City. Of this amount, $10 is allocated directly to the Transit Fund to support the CK Rider public transportation system. The second source of funding is a subsidy from the General Fund.

Transit Fund Revenue Highlights:

- **Vehicle License Tax:** flat over FY 26 adopted budget at $434,000 (this is $10 of the $30 motor vehicle fee).
- **Transfers from General Fund:** are expected to decrease by $669,698 due to negotiated contract terms with Concord to reduce service in underperforming routes and eliminate weekend routes for cost savings.

Transit Fund Expense Highlights:

- **Contracted Services:** decrease of $669,698 per the funding agreement with Concord for route reduction.

Separation Pay Fund Overview:

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. The FY 27 Proposed Separation Pay Fund totals $758,000, which is an increase of 5.06% ($36,500) actual over the FY 26 Adopted Budget. This will cover a projected 35 former employees to receive this benefit.

Insurance and Risk Fund Overview:

The Insurance and Risk Fund was established by the City in FY 24 to better track revenues and expenses tied to the City's self-insured health insurance and workers compensation policies. The FY 27 Proposed Insurance and Risk Fund totals $8,825,900 which is an increase of $1,206,996 or 15.84%. The primary reason behind this increase is due to an increase in claims, mainly high claims related to pharmacy. The City is exploring cost savings related to pharmacy rebates and other programming to help keep costs down while still maintaining excellent coverage for our employees and dependents on the plan. Another driver of health increases is projected claims for retirees returning to the City's active plan. They have previously been on a separate marketplace plan. We have very little claim data at this time to know the full impact of bringing the retirees back on the active plan will have.

Insurance and Risk Fund Revenue Highlights:

- **Health Insurance Premiums:** $7,017,900 estimated from 447 full time positions budgeted at $15,700/position. This is a 16% increase from FY 26 budgeted health insurance costs.
- **Dependent Premiums:** estimated at $600,000 based on estimates from the City's broker.
- **Retiree Premiums:** estimated at $200,000.
- **Workers Compensation Premiums:** estimated at $1,008,000 based on trends. We are projecting a 20% increase in workers' compensation.

Insurance and Risk Fund Expense Highlights:

- **Retiree Insurance:** $787,000 in retiree insurance and $355,000 in post 65 retiree insurance.
- **HRA and HSA:** $1,100,000 funding estimated at 447 active employees at $2,200, plus a slight buffer for turnover and $80,000 in retiree HSA/HRA.
- **Health Clinic Costs:** $500,000 in clinic costs with Atrium Health. There are 2 full-time practitioners at the clinic that practice occupational medicine, pre-employment testing, etc.
- **Health Claims:** this is the largest expense category and the biggest unknown. Based on trends and forecasts from the City's broker, we are budgeting $4,021,720 in health-related claims.
- **Workers' Compensation:** $255,000 in workers compensation insurance and $40,000 in administration fees to the League to administer the plan.
- **Workers' Compensation Claims:** projecting an increase of 20% in workers compensation based on trends. The estimated budget is $713,000.

What's to come:

As the City moves through a period of leadership transition and renewed strategic focus, this budget reflects a deliberate commitment to strengthening core services while investing in the employees who deliver them every day. The priorities outlined are grounded in fiscal responsibility, operational excellence, and a clear understanding that reliable, high-quality core services are fundamental to the community's quality of life.

While change brings both opportunity and challenge, it also provides a meaningful chance to reaffirm what matters most. This budget continues to emphasize public safety, infrastructure, customer service, and the long-term sustainability of City operations, while ensuring that employees are supported, valued, and equipped to meet evolving community needs.

As we look ahead, the City remains focused on disciplined financial management, thoughtful planning, and steady progress toward shared goals. With a strong foundation in place and a dedicated workforce leading the way, we are well positioned to navigate this transition and continue delivering exceptional service to our residents with transparency, accountability, and purpose.

I'm sincerely appreciative of the many staff members who dedicated significant time and effort to the development and completion of the FY 2027 Budget. Assistant City Manager Kristin Jones, Finance Director Brian Roberts, and Deputy Finance Director Suzanne Burgess each played critical leadership roles throughout this process. In addition, the City's management team, department heads, and numerous staff across the organization contributed meaningfully to the preparation and development of this budget.

Thank you for your continued dedication to serving our community and for your steadfast support of City staff as we work together to deliver the priorities outlined in this budget. Your leadership and partnership are essential to ensuring we provide effective, responsive services to our residents.

With respect, I am pleased to submit the proposed FY 2026–2027 Budget for your careful review and consideration.

Wilmer Melton III

Kannapolis City Manager

COMMUNITY PROFILE

PROFILE OF THE GOVERNMENT

The City of Kannapolis, incorporated in December 11, 1984, is located in the north central portion of Cabarrus County and the south- central portion of Rowan County, North Carolina. These counties are located in the east central part of the state, which is one of the top growth areas in the state. It currently covers approximately 34 square miles and serves a population of 52,053 and the assessed valuation for property tax purposes is $5,260,241,092. The City of Kannapolis is one of six incorporated municipalities in Cabarrus County and one of ten incorporated municipalities in Rowan County.

The City is governed by the council-manager form of government. The seven-member non-partisan City Council, including the Mayor, is elected at large for four-year alternating terms. The Mayor and Council members serve as the City's policy making body, adopting an annual balanced budget, establishing legislative direction for the City, and appointing various officials including a professional City Manager to serve as chief executive officer to direct the daily activities of the City's departments. The City Council makes extensive use of appointed boards and commissions in the development of policy decisions.

The City provides its citizens with a wide range of services that include law enforcement, fire protection, planning and zoning, recreation , street and storm drainage maintenance, water and sewer service, a bus transit system, street lighting, traffic engineering, recyclables collection, solid waste disposal , code enforcement, and community development assistance. In addition, the City owns a 15 million gallon per day water treatment plant and water distribution lines throughout the City. The City also owns sewer collection lines throughout the City with sewage treatment being provided by the Water and Sewer Authority of Cabarrus County. This report includes all the City's activities related to the City's services.

North Carolina General Statutes require formal budgetary accounting for all funds. The departments of the City are required to submit requests for appropriations to the City Manager no later than April 30 each year. These requests are used as a starting point for developing a proposed budget. The City Manager presents the proposed budget no later than June 1. The City Council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30. Budgets are legally enacted by adoption by the governing board of an Annual Budget Ordinance or a Project Ordinance. The Annual Budget Ordinance and Project Ordinances may be formally amended as required by the governing board within the guidelines of the Local Government Budget and Fiscal Control Act. Changes of function and total budgets of any fund require approval of the governing board. The City Manager is authorized to reallocate functional or departmental appropriations, as he considers necessary, and to approve interdepartmental transfers within a fund. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. A Project Ordinance is used to establish a budget for a project that extends more than one fiscal year.



Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. Encumbrances outstanding at year-end can expire and must again be appropriated by City Council in the subsequent year.

LOCAL ECONOMY

The City of Kannapolis is a multi-faceted community that combines the stability of long term residents and a steady growth of new subdivisions and multi-family options with an array of businesses and corporations along both major corridors which lead to the newly revitalized downtown area. Enjoying the same growth rates as Durham and Charlotte, Kannapolis is the 21st largest city in North Carolina.



The City has contracted with the non-profit Development Finance Initiative (DFI), at the UNC-CH School of Government to assist in the revitalization of downtown Kannapolis. DFI has assisted the City in adopting a long-range strategic plan for the Center City. Currently, the City has entered a public-private partnership with LMG & Associates to redevelop and revitalize three downtown blocks. The initial project, Project Vida, along with the three subsequent projects all focus on mixed-uses including a 285 multi-family apartment complex soon to be occupied, more than 40,000 square feet of retail and restaurant space, of which most are leased and currently being upfitted, along with a 485 space parking deck. The downtown area of Kannapolis has proven to be prime real estate and a major economic development factor. This Demonstration project alone will infuse the downtown revitalization with $60 million of capital investment.

The new 5,000 seat, $52 million Sports and Entertainment Venue (SEV) was completed in May. This facility will host other types of civic events, as it is planned to be open 365 days a year. To support all this new development, the City completed a replacement and upgrade of all its below ground infrastructure throughout the Downtown area totaling $24 million. The highlight of this project is the creation of a new Street Scape, road design, and a Linear park totaling another $4 million in public investment.



Growth and development in the City have been strong. Currently there are over 40 residential subdivisions in the City with plans to build approximately 7,500 new homes and apartments within the next decade. Amazon is now the City's largest private employer, with about 1,200 employees. Its $85 million, one million square foot distribution facility opened in 2018. Shoe Show is the City's second largest private employer, with about 750 employees. Stanley Black & Decker, Wayne Brothers, Stewart-Haas Racing, and Gordon Food Service are also significant private sector employers in Kannapolis. During the beginning of 2020, Prime Beverage and Reynolds upfitted existing shell buildings and will soon be bringing in more jobs.

The growing population of the City and Cabarrus and Rowan Counties provides a steady flow of workers into the job market. Unemployment rates stayed steady at or below 4% for both Counties, even thru the

COVID-19 pandemic. Job training is made possible by the vocational education programs in public schools and by three neighboring community colleges and technical schools.

Amid the COVID-19 pandemic, The City of Kannapolis cautiously prepared itself by delaying expenditures to guard against fund balance use and closed public access to city hall to protect its employees and its citizens. Sales tax collections were expected to decrease up to 30% but fortunately that was not the case. Sales tax revenue increased $96,330 from fiscal year 19. In addition, property tax collection rate decreased only .36% from the previous year. In all, hits to revenues were expected to be much worse, but with preemptive protective measures and a healthy growth rate, The City of Kannapolis continues to persevere.

A major initiative in the City over the last decade has been the development of the North Carolina Research Campus (the "NCRC"). Multiple facilities are open and operating on the NCRC, including the David H. Murdock Core Laboratory (the "Core Lab"), the Plants for Human Health Building and the Nutrition Research Building. Rowan Cabarrus Community College's original NC Research Campus building houses their science and nursing programs in a 62,000 square foot facility. Their 55,000 square foot Advanced Technology Center opened in 2019 and is home to the College's Associate in Engineering, Information Technology programs and houses a ground floor flex lab that allows the college to collaborate with industry partners, for example in robotics and the mechatronics. NCRC's private and institutional partners include Atrium Health, Cabarrus Health Alliance, Sensory Spectrum, Standard Process, and NorthState.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

In the spring of 2012, the Kannapolis City Council adopted a ten-year financial forecasting model. This model is updated annually, and it details all significant revenues and expenditures across all funds for the city. In order to determine future revenues and expenditures, the City has compiled twenty prior years' audited data, along with the current year's budget estimates. This data was then used to identify trends that would assist city staff in accurately projecting future financial performance. This financial forecasting model has been integrated with the City's revised Capital Improvement Plan (CIP). The goal is to readily identify future revenue gaps, and to provide city leaders with the knowledge necessary to make changes in the current financial structure, while at the same time effectively planning for infrastructure improvements in order to meet the needs of a growing population.

In conjunction with the financial forecasting model, the Kannapolis City Council also approved several other financial management policies, such as a debt management policy, cash reserve policy, as well as an idle funds investment policy. The goal in adopting all of these policies, as well as the financial forecasting model, is to design parameters stipulating a desired financial position, so that the City can continue to meet the needs of its citizens, while at the same time remaining financially sound.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Distinguished Budget Presentation Award to the City of Kannapolis, North Carolina for its comprehensive annual financial report for the fiscal year ended June 30, 2025. The Certificate of Achievement is the highest form of recognition for excellence in state and local government budgeting. To qualify for the Distinguished Budget Presentation Award, the City of Kannapolis budget document had to be judged proficient as a policy document, a financial plan, an operating guide, and a communication device.

Kannapolis, North Carolina
Location Map



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 Budget/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 Requests

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 to achieve the departmental goals and objectives.

Consolidate Preliminary Budget

The departmental requests are submitted to the Budget Officer to incorporate the individual departmental requests with the revenue projections made by the Finance Director/and Budget Officer 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/Budget Officer.

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. A balanced budget occurs when planned expenditures equal anticipated revenues.

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 CALENDAR

Date	Deliverables	Description
Monday, March 2, 2026	City Manager's Office produces the FY 27 base budget, which is the FY 26 adopted budget less any one-time expenses.	Base budget: starting point. Last year (FY 26) adopted budget less any one-time projects or costs. Munis Level 1: Base budget opens for viewing purposes only.
Monday, March 18, 2026	Departments receive base budgets and begin to develop their continuation budgets. This includes reviewing and reassessing each base budget to reflect any updated budget amounts for all recurring line items.	Continuation budget: review of the base budget with any updated contractual costs and salary and fringe adjustments. Examples include inflation of goods, utility increases, cost of labor increases, rate changes on contracts. All salary and fringe information are handled by Budget and Human Resources. Munis Level 2: Department Continuation budget
Monday, March 25, 2026	Budget/Finance reviews and assesses revenue forecasts and provides updated debt service figures.	Budget will enter the estimated revenues related to each department. If
Monday, March 25, 2026	Department continuation budgets **DUE.**	All proposed adjustments need a brief justification for the proposed change.
Monday, April 6, 2026	Departmental expansion templates will be distributed. This should include a 3-year forecast of the department's personnel requests, increase in operations outside of contractual obligations, operating capital (including rolling stock).	Expansion budget: anything new that wasn't previously approved or adopted with the budget. These requests are new and don't include items currently in a department's annual operating budget. Examples include new positions, new vehicles, new programs or services, new capital items and new technology. Munis Level 3: Department Expansion budget.
Monday, April 13, 2026	Department expansion budgets **DUE.**	Budget will key all expansion requests in Munis and note any one-time projections and/or initiatives.
Early April - TBD	**Did not hold Budget Conferences this year.** Budget conferences will consist of the	Continuation and Expansion departmental budgets will be discussed in these meetings as

	City Manager, respective Deputy or Assistant City Manager(s), Assistant to the City Manager and Department staff.	well any capital projects. Munis Level 4: Manager recommended budget opens. Any changes suggested in budget conferences will be reflected in this level.
`End of April/Early May 2026	Preliminary budget is prepared and compiled by staff	This includes changes reflected by the City Manager and City Council. Munis Level 5: Board level opens. Any changes suggested during the retreat and up until Board adoption will be reflected in this level.
Monday, May 11, 2026	FY 27 Preliminary Budget is presented to City Council.	Manger presents recommended budget via presentation and the budget message.
Tuesday, May 12- Friday, June 5, 2026	Staff makes final revisions and recommendations to the budget.	
Monday, June 8, 2026	City Council holds public hearing on the proposed FY 2027 Budget.	Required by State statute. This is where the public is able to voice comments/concerns on the budget.
Monday, June 22, 2026	City Council adopts FY 2027 Budget.	This includes corresponding budget ordinances for all annually adopted funds and any fee schedule changes.
Tuesday, June 23, 2026	FY 27 Adopted Budget is disseminated to Department Heads.	Enables Department Heads to view their FY 27 adopted operating budgets which will note any expansionary items that were adopted with the budget.
Tuesday, June 23 - Tuesday, August 31, 2026	Final Budget Document is compiled by City staff.	

BUDGET LEVELS

This year, the City utilized five budget levels to better distinguish between needs versus wants. Adding these levels gave management a better picture of operating budgets for each department, where departments began the budget year and the opportunities for growth (expansion) in the budget. The budget is estimated to progress through the following five levels before adoption.

Level 1 - Department Continuation: This level started with the FY 2026 adopted budgeted amounts less any one-time projects or costs. This detail served as a starting point, but departments still assessed and updated all prior year detail and amounts while adding new detail if necessary. Continuation budgets are those that provide the same level of service in the coming year that the department is providing in the current year. Such budgets typically include items that repeat year after year. It is ok to have increases in this column due to an increase in the cost of doing business year over year (i.e., inflation costs in operations, supplies, fuel, utilities, etc.)

Level 2 - Department Expansion: This level consisted of new requests only. The following classified as an expansion request: new personnel, new software, new technology for new personnel, new projects, new upgrades, new programs, new services, new vehicles for new personnel or adding to the fleet outside of the normal replacement cycle. Not every department had expansion requests. If departments were not asking for anything new in FY 27, then they only worked in the continuation budget level. Expansion requests required justification and for departments to project three years out. The following revenues classified as expansion: those tied to a new grant, new reimbursement due to a new position or a new fee structure.

Level 3 – Manager Recommendation Continuation: Budget will move to this level prior to departmental budget conferences in March. Any adjustments that took place at the budget conferences to departmental continuation were reflected in this level.

Level 4- Manager Recommendation Expansion: This level is like level 3 except that it is only a copy of the department expansion level. Any adjustments that took place at the budget conferences to departmental expansion were reflected in this level.

Level 5- City Council: Budget will move to this level after the budget conferences and adjustments are made in the two Manager's levels. Any adjustments that take place after the budget is recommended in May will be reflected in this level and ultimately the budget will be adopted in this level.

Continuation	Expansion
Description: Continuation requests are for funding above FY 26 levels that are required to provide the same level of service. Most often continuation requests include salary and benefit adjustments and contractual increases.	**Description:** Expansion requests are for anything new that wasn't previously reviewed/approved by City Council or Management via the budget process. These requests are new and do not include items in the department's annual operating budget.
Continuation	**Expansion**
Examples on following page:	Examples on following page:
1. Salary and Benefit adjustments for existing positions - No department action is need here. This is handled by Budget and Human Resources through the salary projection.	1. New position requests with associated costs including: uniforms, technology, vehicles, supplies, travel and training, memberships, etc.
2. Rate changes on contractual obligations	2. Position Reclassifications
3. Inflation or deflation on items to be purchased -Facility expenses such as rent and utilities	3. New programs, projects, or services and all associated expenses and/or revenues.
4. Mandated program or service expenses	4. An increase in expenses associated with a major change in a program or project (i.e., adding another location).

5. Scheduled replacement in accordance with the replacement cycle of vehicles/equipment -Consult with General Services and IT	5. New software, technology, or upgrades
	6. Operating costs associated with CIP Projects which includes: personnel, technology, furniture, supplies, etc.
	7. Maintenance projects that are out of the ordinary
	8.Professional/Contracted Services that don't occur regularly

BUDGET ADOPTION

The annual budget serves as the foundation for the City's financial planning and control. Chapter 159 of the North Carolina General Statutes prescribes a uniform system of budget adoption, administration, and fiscal control.

The budget is prepared by fund, function (e.g., public safety) and department (e.g., Police). Not later than July 1, City Council is required to adopt a budget ordinance making appropriations and levying taxes for the budget year in such sums as Council may consider enough and proper, whether greater or less than the sums recommended in the adopted budget. The budget ordinance authorizes all financial transactions of the City except:

a. The City Manager is hereby authorized to transfer funds form one-line item to another line item within each Fund of said budget except for the general contingency account. Utilization of any contingency funding 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 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 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.

BASIS OF BUDGETING

The accounts of the City are organized based on 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 how spending activities are controlled. This segregation of revenues and costs allows close monitoring of attributable accounts to provide assurance that each fund is self-supporting and that revenues which are earmarked by

law for specific purposes are identifiable. The City of Kannapolis' operating budget consists of eight funds: **General Fund, Water and Sewer Fund, Stormwater Fund, Environmental Fund, Transit Fund, Separation Pay Fund**, **Health Insurance and Workers Compensation Funds.** 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. In the past, the City had a **Downtown/College Station Fund,** which was an Enterprise Fund and accounted for the operations of the downtown properties purchased by the City of Kannapolis. FY 16 was the first year for this fund. During FY 18, the City purchased a commercial property for the location of the RCCC Cosmetology School. In additional to the Downtown properties purchased, and the operations and management of those properties, this fund accounted for all activity related to the newly named College Station properties. Due to the sale of the remaining properties, FY 22 accounts for the closing of the Downtown Fund any remaining expenses were moved to the **General Fund**

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 like private business enterprises. The intent of the Government Body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges.
The **Stormwater Fund** is also an Enterprise Fund and accounts for the operations of the stormwater drainage system maintenance along with a federally mandated stormwater runoff education program.

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

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

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

The **Insurance and Risk Fund** is an Internal Service Fund to account for the administration and operation of the City's healthcare for active and retired employees as well as the operation of the City's workers compensation.

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

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

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

- **Ad Valorem Taxes:** Collections of current year and prior year tax levies; interest on delinquent taxes; late listing penalties; and other costs of collection delinquent taxes.

- **Intergovernmental:** Federal, State, and Local financial assistance; utility franchise tax; beer & wine tax; Powell Bill funds; refunds of sales and gas taxes; ABC Board distributions; receipt from other local governments; and state grants.

- **Sales Tax:** Collections of the one percent (1%) local options-sales tax and both the one-half (½) of one percent (1%) local option sales taxes (Articles 40 and 42).

- **User Charges:** Water and sewer sales; non-payment penalties; taps and connection fees and stormwater fees.

- **Other Revenue:** Vehicle License taxes, Business Privilege licenses, Zoning, and other permits; interest income; court cost fees; civil violations; sale of materials; charges to other funds; sale of surplus properties; and other miscellaneous revenue.

Expenditures are shown in the budget classified by funds from which they are paid, by departments spending the money, by the functions for which the expenditures are made and by the object of expenditures which provides greater detail for controlling expenditures. Funds are

appropriated at adequate levels 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; Planning and General Services.

- **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:** Expenditures for Parks and Recreation, maintenance, and operations of all city owned parks and greenways, operations related to the Linear Park downtown and all City run programs and events.

- **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 and any debt service related to Downtown (i.e. Atrium Health Ballpark, Parking Deck).
- **Non-departmental**: Expenditures for General Fund not otherwise classified by department.
- **Contingency**: Provision for unexpected expenditures.

- **Water and Sewer Fund**: Expenditures for administration, billing and collection, distribution, sewage treatment, water treatment plant, and debt service.

- **Stormwater Fund**: Expenditures for maintenance of the stormwater drainage system and federally mandated stormwater runoff education program.

- **Environmental Fund**: Expenditures for contracted services related to recycling, and solid waste collections.

- **Transit Fund**: Expenditures related specifically to the regional transit system established by the cities of Kannapolis and Concord.

- **Insurance and Risk Fund**: Expenditures related to the administration and operation of the City's healthcare for active and retired employees as well as expenditures related to the administration and operation of the City's workers compensation.

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 $10,000 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 2024-2025 Budget.

REVENUES	FORECAST RATIONALE
Ad Valorem Taxes	Property valuations are established by the County Tax Assessor. The City of Kannapolis is in two (2) counties, Rowan and Cabarrus and the property values are set by each respective County Tax Assessor. Projections of $9,535,829,149 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 55.95 cents by City Council. The estimated collection percentage is 99%, which was the collection rate for FY 25. The prior year tax budget amount is based upon previous historical trends. **Estimate – General Fund – Current year tax - $52,773,652, prior year tax - $350,000**

Utility Tax

The City shares in the taxes levied by the State on various utilities. Revenues are based on estimated receipts from the N.C. Department of Revenue and historical models. Each city's share is based on the actual receipts from electric, telephone, and natural gas services and cable TV within their municipal boundaries, as a proportion of total state-wide receipts except for cable TV which is paid directly to the City by the cable company, Time Warner Cable. Any significant local rate increases or decreases approved during the year will cause receipts to change. Due to stagnant growth in franchise tax funding, FY 26 actuals the City received is what is projected for FY 27. **Appropriation – General Fund - $3,818,162**

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 $250,000.**

Powell Bill

One and three quarters (1¾) cents per gallon of the State gasoline tax is distributed to municipalities to be earmarked for street construction and maintenance. Seventy five percent (75%) is based on per capita and the remaining twenty five percent (25%) is based on number of miles of streets maintained. The State provides the estimated value to place on each. Powell Bill funding is projected based on FY 26 actuals. **Estimate – Powell Bill revenues $1,982,290.**

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 Statewide pool. Net proceeds are distributed on a per capita and ad-valorem tax basis. The City has experienced strong growth in sales tax even with the COVID-19 pandemic. Sales tax estimates are based off FY 26 actuals/year end projections with a 2% growth rate. **Estimate – General Fund $18,438,504.**

Investment Income

Investment or interest income revenues are projected based on estimated average available cash balances at an anticipated realistic rate of return. **Estimate General Fund $1,000,000, Water & Sewer Fund $200,000, Stormwater Fund $60,000 and Environmental Fund $60,000.**

Planning and Zoning Fees

Projections are based on comparisons of past operating data and consideration for a slow recovering housing activity. **Estimate – General Fund $120,000.**

Recreation Fees and Charges

Projections are based on comparisons of past operating data and new programs added, such as youth baseball. **Estimate – General Fund $200,000 (programs budget only).**

Vehicle License Tax

The City receives $30.00 per vehicle ($20.00 for the General Fund and $100.00 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 $900,000 Transit Fund $434,000.**

City Code Violation Revenues

Projections are based on comparisons of past operating data. **Estimate – General Fund $80,000.**

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 $130,000; Building Rental $290,000.**

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 $14,000.**

Enterprise Fund Management Fees

Charges for services by the General Fund to the Water and Sewer Fund and the Stormwater Fund within the City. Funding is projected

by estimating cost of services provided, debt service obligations and employee allocations. **Estimate – General Fund $3,163,955.**

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 $28,432,041, Wholesale $433,500 (includes proposed fee increase)**

Taps and Connections

Fees are charged to customers for connections to the City's water or wastewater system. Revenues are based on historical trends and the projections of connection fees due from developers. **Estimate – Water and Sewer Fund $2,773,463.**

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 $525,000.**

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 $44,000.**

Intergovernmental Revenues

The City will receive funds from Cabarrus County related to the purchase of Limited Obligation Bonds. **Estimate – General Fund $1,320,865.**

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
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.

FISCAL POLICY GUIDELINES

City of Kannapolis, North Carolina

Section Contents

Objectives
Budget Development Policies
Capital Improvement Budget Policies
Debt Policies
Reserve Policies
Cash Management and Investment Policy

FISCAL POLICY GUIDELINES - OBJECTIVES

This fiscal policy is a statement of the guidelines and goals that will influence and guide the financial management practice of the City of Kannapolis, North Carolina. A fiscal policy that is adopted, adhered to, and regularly reviewed is recognized as the cornerstone of sound financial management. Effective fiscal policy:

- Contributes significantly to the City's ability to insulate itself from fiscal crisis
- Enhances short term and long term financial credit ability by helping to achieve the highest credit and bond ratings possible,
- Promotes long-term financial stability by establishing clear and consistent guidelines,
- Directs attention to the total financial picture of the City rather than single issue areas,
- Promotes the view of linking long-run financial planning with day to day operations, and
- Provides the City Council, citizens and the City's professional management a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.

To these ends, the following fiscal policy statements are presented.

FISCAL POLICY GUIDELINES

City of Kannapolis, North Carolina

BUDGET DEVELOPMENT POLICIES

1. The City will develop and adopt the annual operating budget in a manner in order to gauge progress toward meeting specified goals and objectives.

2. Water and sewer rates, storm water fees, and solid waste fees will be established at the appropriate level to enable the related funds to be self-supporting. In addition, water and sewer rates will be established to maintain compliance with revenue bond covenants.

3. One-time or other special revenues will not be used to finance continuing City operations but instead will be used for funding special projects.

4. The City will pursue an aggressive policy seeking the collection of delinquent utility, license, permit and other fees due to the City.

FISCAL POLICY GUIDELINES

City of Kannapolis, North Carolina

CAPITAL IMPROVEMENT BUDGET POLICIES

1. The City will prioritize all capital improvements in accordance with an adopted capital improvement program.

2. The City will develop a ten-year plan for capital improvements and review the plan annually. Changes to the ten-year plan will occur in every even year. The City utilizes a weighted ranking system based on seven critical used to recommend projects to the capital improvement program. Additional projects can be added to the CIP without ranking, but funding for projects added in this manner are subjected to normal operating budget constraints. These seven groups are:
    1) Mandate and Urgent Issues
    2) Public Health, Safety, and Welfare
    3) Financial Stewardship
    4) Community Vitality and Environmental Stewardship
    5) Economic Growth and Prosperity
    6) Government Effectiveness and Operations Effectiveness
    7) Asset Preservations

3. The City will enact an annual capital budget based on the ten-year capital improvement plan. Future capital expenditures necessitated by changes in population, changes in real estate development, or changes in economic base will be calculated and included in capital budget projections.

4. The City will coordinate development of the capital improvement budget with development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budget forecasts.

5. The City will use intergovernmental assistance to finance only those capital improvements that are consistent with the capital improvement plan and City priorities, and whose operating and maintenance costs have been included in operating budget forecasts.

6. The City will maintain all its assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.

7. The City will project its equipment replacement and maintenance needs for the next several years and will update this projection each year. From this projection a maintenance and replacement schedule will be developed and followed.

FISCAL POLICY GUIDELINES

City of Kannapolis, North Carolina

CAPITAL IMPROVEMENT BUDGET POLICIES (continued)

8. The City will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted for approval.

9. The City will attempt to determine the least costly and most flexible financing method for all new projects, including the utilization of cash revenue funds, as well as using cash for capital purchases where feasible.

NEW: Finance staff are recommending an increase to the capitalization threshold for all City capital assets effective with the fiscal year beginning July l, 2026. The City's largest investment is in the capital assets that ii owns, including infrastructure (streets and drainage) land. buildings, and equipment.

A capitalization threshold increase for capital assets will outline the accounting practices and procedures to accurately control the assets owned by the city to comply with GASB. The increase also lays out the framework for the accounting/recordkeeping of the assets and will be used for documentation of the values in the event of a loss.

Recommendation is that effective July 1, 2026, the dollar value for capitalization is being increased and proposes the following:

- $5,000 to $10,000 for Machinery and Equipment
- $5,000 to $15,000 for Right of Way and Easements
- $5,000 to $15,000 for Building and Improvements
- $250,000 minimum capitalization for capital infrastructure

The primary reasons for the change are (l) to reduce the administrative costs of recording and tracking items of equipment, and (2) to enhance overall stewardship and control of the City's assets by eliminating the requirement to record and track relatively low valued items, so more attention and effort can be given to safeguarding the remaining, higher valued items. Inflation data reflects the following percentage (%) change in cumulative price increase.

FISCAL POLICY GUIDELINES

City of Kannapolis, North Carolina

DEBT POLICIES

General

1. The City will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues except where approved justification is provided.

2. The City will utilize a balanced approach to capital funding utilizing debt financing, draws on capital reserves and/or fund balances in excess of policy targets, and current-year (pay-as-you-go) appropriations.

3. When the City finances capital improvements or other projects by issuing bonds or entering into capital leases, it will repay the debt within a period not to exceed the expected useful life of the project. Target debt ratios will be annually calculated and included in the review of financial trends.

4. Where feasible, the City will explore the usage of special assessment, revenue, or other self-supporting bonds instead of general obligation bonds.

5. The City will retire tax anticipation debt, if any, annually and will retire bond anticipation debt within six months after completion of the project.

Tax Supported Debt

6. Net debt as a percentage of total assessed value of taxable property should not exceed 4.0%. Net debt is defined as any and all debt that is tax-supported.

7. The ratio of debt service expenditures as a percent of total general fund expenditures should not exceed 15% with an aggregate ten-year principal payout ratio target of 60% or better.

8. The City recognizes the importance of underlying and overlapping debt in analyzing financial condition. The City will regularly analyze total indebtedness including underlying and overlapping debt.

Revenue Supported Debt

9. The City will target a minimum amount of equity funding of 10% of the capital improvement plan on a five-year rolling average.

FISCAL POLICY GUIDELINES

City of Kannapolis, North Carolina

RESERVE POLICIES

1. The City will establish an emergency reserve to pay for needs caused by unforeseen emergencies, including unanticipated expenditures of a nonrecurring nature, or to meet unexpected small increases in service delivery costs. This **contingency** reserve will be budgeted at not less than 0.5% of the operating funds. FY27: .5% equates to $448,000.

2. Unreserved, Undesignated Fund Balances will mean funds that remain available for appropriation by the City Council after all commitments for future expenditures, required reserves defined by State statutes, and previous Council designations have been calculated. The City will define these remaining amounts as "available fund balances."

3. Available fund balances at the close of each fiscal year should be within a range of at least 25% and no more than 33% (13 to 17 weeks) of the Total Annual Operating Budget of the City.

4. The City Council may, from time-to-time, appropriate fund balances that will reduce available fund balances below the 25% policy for the purposes of a declared fiscal emergency or other such global purpose as to protect the long-term fiscal security of the City of Kannapolis. In such circumstances, the Council will adopt a plan to restore the available fund balances to the policy level within 36 months from the date of the appropriation. If restoration cannot be accomplished within such time period without severe hardship to the City, then the Council will establish a different but appropriate time period.

5. In the event that available fund balances are in excess of 33%, then the City will develop a spending plan utilizing more cash payments for capital projects, or other capital assets.

6. The City will adopt a comprehensive strategy for the long-term stability and financial health of the Water and Sewer Fund, Stormwater Fund, and Environmental Fund. Each fund will maintain a targeted cash balance reserve as compared to that fund's annual expenditures. The targeted cash balance reserve is stated below:

Water and Sewer Fund	25%
Stormwater Fund	25%
Environmental Fund	10%

FISCAL POLICY GUIDELINES

City of Kannapolis, North Carolina

INVESTMENT POLICY

Introduction

It is the policy of the City to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow requirements of the City and conforming to all State statutes governing the investment of idle funds.

Objectives

A. To link long-term financial planning with short-term daily operations and decision-making.
B. To maintain and improve the City's financial position.
C. To maintain and improve the City's credit ratings by meeting or exceeding the requirements of rating agencies through sound financial policies.
D. To maintain and increase investor confidence in the City and to provide credibility to the citizens of the City regarding financial operations,
E. To protect the City of Kannapolis from emergency fiscal crisis by ensuring the continuance of services even in the event of an unforeseen occurrence.
F. To ensure that Council's adopted policies are implemented in an efficient and effective manner.

Legality

The cash management and investment program of the City of Kannapolis (hereafter the "City") shall be operated in conformance with federal North Carolina, and other legal requirements, including provisions of the North Carolina General Statutes (hereafter "G.S."), specifically The Local Government Budget and Fiscal Control Act (the "LGBFCA"), primarily G.S. 159-30 – Investment of Idle Funds.

Scope

This investment policy applies to all financial assets of the City except authorized petty cash, trust funds, and debt proceeds, which are accounted for and invested separately from pooled cash. The City pools the cash resources of its various funds into a single pool in order to maximize investment opportunities and returns.

Prudence

The standard of prudence to be used by authorized staff shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

FISCAL POLICY GUIDELINES

City of Kannapolis, North Carolina

INVESTMENT POLICY – *continued*

Authorized staff acting in accordance with procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

Responsibility

The Finance Director or his/her designee shall have the responsibility for the administration of the investment policy of the City of Kannapolis. The Finance Director will routinely monitor the contents of the portfolio, the available markets, and the relative values of competing instruments, and will adjust the portfolio accordingly.

Objectives

The City's objectives in managing the investment portfolio, in order of priority, are safety, liquidity, and yield.

Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To best mitigate against credit risk (the risk of loss due to the failure of the security issuer) diversification is required. To best mitigate against interest rate risk (the risk that changes in interest rates will adversely affect the market value of a security and that the security will have to be liquidated and the loss realized) the second objective, adequate liquidity, must be met.

Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating and debt service cash requirements that may be reasonably anticipated. The portfolio will be structured so that securities mature concurrent with cash needs (static liquidity), with securities with an active secondary market (dynamic liquidity), and with deposits and investments in highly liquid money market and mutual fund accounts.

FISCAL POLICY GUIDELINES

City of Kannapolis, North Carolina

INVESTMENT POLICY – *continued*

Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary, economic and interest rate cycles, taking into account investment risk constraints and liquidity needs.

Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose to the City Manager any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial or investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individuals with whom business is conducted on behalf of the City.

Authorized Financial Dealers and Financial Institutions

The Finance Director will maintain a list of financial institutions authorized to provide investment services. Authorized financial institutions include banks maintaining an office in the State of North Carolina and securities brokers/dealers classified by the New York Federal Reserve as a primary dealer.

The Finance Director shall have discretion in determining the number of authorized financial institutions and may limit that number based upon the practicality of efficiently conducting the investment program. The Finance Director shall also have the discretion to add or remove authorized financial institutions based upon potential or past performance.

Internal Control

The Finance Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires the use of estimates and judgments by management.

FISCAL POLICY GUIDELINES

City of Kannapolis, North Carolina

INVESTMENT POLICY – *continued*

Collateralization

Collateralization is required for certificates of deposit. North Carolina General Statutes allow the State Treasurer and the Local Government Commission to prescribe rules to regulate the collateralization of public deposits in North Carolina banks. These rules are codified in the North Carolina Administrative Code - Title 20, Chapter 7 (20 NCAC 7). The Pooling Method of collateralization under 20 NCAC 7 allows depositories to use an escrow account established with the State Treasurer to secure the deposits of all units of local government. This method transfers the responsibility for monitoring each bank's collateralization and financial condition from the City to the State Treasurer. The City will only maintain deposits with institutions using the Pooling Method of collateralization.

Delivery and Custody

All investment security transactions entered into by the City shall be conducted on a delivery versus payment basis. Securities will be held by a third party custodian designated by the Finance Director and each transaction will be evidenced by safekeeping receipts and tickets.

Authorized Investments

The City is empowered by North Carolina G.S. 159-30(c) to invest in certain types of investments. The City Council approves the use of the following investment types, the list of which is more restrictive than G.S. 159-30(c):

a) Obligations of the United States or obligations fully guaranteed as to both principal and interest by the United States.
b) Obligations of the Federal Financing Bank, the Federal Farm Credit Bank, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the United States Postal Service.
c) Obligations of the State of North Carolina
d) Bonds and notes of any North Carolina local government or public authority that is rated "AA" or better by at least two of the nationally recognized ratings services or that carries any "AAA insured" rating.
e) Fully collateralized deposits at interest or certificates of deposit with any bank, savings and loan association or trust company that utilizes the Pooling Method of collateralization (section VIII.I).
f) Prime quality commercial paper bearing the highest rating of at least one nationally recognized rating service, which rates the particular obligation.

FISCAL POLICY GUIDELINES

City of Kannapolis, North Carolina

INVESTMENT POLICY – *continued*

g) Banker's acceptance of a commercial bank or its holding company provided that the bank or its holding company is either (i) incorporated in the State of North Carolina or (ii) has outstanding publicly held obligations bearing the highest rating of at least one nationally recognized rating service and not bearing a rating below the highest by any nationally recognized rating service which rates the particular obligations.

h) Participating shares in a mutual fund for local government investment, provided that the investments of the fund are limited to those qualifying for investment under G.S. l50-30(c) and that said fund is certified by the LGC. (The only such certified fund is the North Carolina Capital Management Trust.)

i) Evidences of ownership of, or fractional undivided interest in, future interest and principal payments on either direct obligations of the United States government or obligations the principal of and the interest on which are guaranteed by the United States, which obligations are held by a bank or trust company organized and existing under the laws of the United States or any state in the capacity of custodian (STRIPS).

j) Guaranteed investment contracts utilizing repurchase agreements but only for the investment of debt proceeds which are to be collateralized at 105% and marked to market on a daily basis.

Diversification

The City will diversify use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities.

Diversification by Instrument	Percent of Portfolio
US Treasury Obligations (bills, notes, bonds)	100%
US Government Agencies (fully guaranteed)	100%
Bankers Acceptances (BAS) (G.S. 147-69.1 (C4F) Commercial Paper (G.S. 147-69.1 (C4F)	40%
Repurchase Agreements	25%
Certificates of Deposit (CDs) Commercial Banks	100%
Certificates of Deposit (CDs) Savings and Loans	25%
North Carolina Capital Management Trust	50%

FISCAL POLICY GUIDELINES

City of Kannapolis, North Carolina

INVESTMENT POLICY – *continued*

Maturity Scheduling

Investment maturities shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures (payroll, power purchases), as well as considering sizeable blocks of anticipated revenue (tax receipts, etc.). Maturities shall be times to comply with the following guidelines:

Under 1 year	50%
Under 3 years	75%
Under 5 years	100%

Selection of Securities

The Finance Director or his or her designee will determine which investments shall be purchased and sold and the desired maturity date(s) that are in the best interest of the City. The selection of an investment will involve the evaluation of, but not limited to, the following factors: cash flow projections and requirements; current market conditions; and overall portfolio balance and makeup.

Active Trading of Securities

It is the City's intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal. However, if economic or market conditions change making it in the City's best interest to sell or to trade a security before maturity, that action may be taken.

Pooled Cash and Allocation of Interest Income

All moneys earned and collected from investments other than bond proceeds will be allocated monthly to the various participating funds. Earnings on bond proceeds will be directly credited to the same proceeds.

Marking to Market

A report of the market value of the portfolio will be generated at least annually by the Finance Director.

Software

The City recognizes the significance of the size of its investment portfolio and of the requirements contained in this policy. The City will utilize investment software which enables efficient transaction processing and recording, sufficient portfolio monitoring and the ability to maintain reporting compliance with this policy.3

FISCAL POLICY GUIDELINES

City of Kannapolis, North Carolina

INVESTMENT POLICY – *continued*

Reporting

The Finance Director will prepare a quarterly investment report that will be submitted to the Council. The monthly investment report will include, but is not limited to, a listing of all investments, the investment description, the settlement and maturity dates, the cost value, and the yield to maturity. The monthly investment report will include reporting on the status of diversification compliance.

FINANCIAL STRUCTURE

ALL FUNDS

Governmental Funds

General Operating Fund

Departments include:

- City Council
- City Manager's Office
- Legal Services
- Economic Development
- Communications
- Human Resources
- Finance
- Information Technology
- General Services
- Public Works (Op Center, Street Lighting, Signs, Maintenance)
- Engineering
- Powell Bill
- Operations Center
- Planning
- Parks (Recreation, Programs, Stadium)
- Police (Admin, Support, Field and Special Ops)
- Fire (Admin, Technical and Emergency Services)

Special Separation Pay Fund

Special Revenue Funds

- Transit Fund
- Community Development Block Grant
- CARES Act Fund
- ARPA Fund

Capital Project Funds

Examples include:

- Irish Buffalo Creek
- Bethpage Road Sidewalk
- Little Texas Sidewalk
- Fire Station #1 and #4 Remodels
- Revenue Bonds 2020:
  - Kannapolis Crossing
  - Clearwell
- Revenue Bonds 2021:
  - Lane Street
  - Mooresville Road
  - Alum Sludge Lagoon
  - Bulk Storage Container
  - Vac Truck

Proprietary Funds

Enterprise Funds

- Water and Sewer Fund

Departments include:

- Customer Service
- Distribution
- Water Treatment Plant
- Sewage Treatment (WSACC)

- Stormwater Fund
- Environmental Fund
- Insurance and Risk Fund

Fund Relationships

The City of Kannapolis's accounts are organized and operated on a fund basis. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts recording its assets and deferred outflows of resources, liabilities and deferred inflows of resources, fund balances, revenues and expenditures. The City has the following governmental funds.

General Operating Fund: The general fund is the principal operating fund of the City and is used to account for all resources and activities of the City which are not required to be accounted for in another fund.

General Fund: The General fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, federal and state grants and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, sanitation services, cultural and recreational activities and general governmental services. See the full department listing below.

Departments:

- City Council
- City Manager's Office
- Legal Services
- Economic Development
- Communications
- Human Resources
- Finance
- Information Technology
- General Services
- Public Works
  - Engineering
  - Street Lighting
  - Streets Signs and Markings
  - Street Maintenance
  - Powell Bill
  - Operations Center
- Planning
- Parks
  - Recreation
  - Programs
  - Stadium
- Police
  - Administration
  - Support Services
  - Field Operations
  - Special Operations
- Fire
  - Administration
  - Technical Services
  - Emergency Services

Enterprise Funds: These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is to finance or recover primarily through user charges the costs of providing goods or services to the general public on a continuing basis; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Water and Sewer Fund: This fund is used to account for the City's water and sewer operations.

Departments:

- Customer Service
- Distribution
- Water Treatment Plant
- Sewage Treatment

Stormwater Fund: This fund is used to account for the City's stormwater operations.

Environmental Fund: This fund is used to account for the City's environmental operations.

Special Revenue Funds: These funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Transit Fund: This fund is used to account for the transit system for the City. This is a joint system with the City of Kannapolis and City of Concord called CK Rider.

Community Development Block Grant Fund: this fund accounts for revenues received under the Community Development Block Grant program that are specifically restricted to the revitalization of selected areas within the City.

CARES Act Fund: This fund was established during the COVID-19 pandemic as a means of accounting for the Coronavirus Aid, Relief and Economic Security (CARES) funding the City received from both Cabarrus and Rowan County.

ARPA Fund: This fund was established during the COVID-19 pandemic as a means of accounting for the American Rescue Plan Funds received from the Federal Government.

Capital Project Funds: These funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Irish Buffalo Creek Greenway: This fund is used to account for the development of a greenway along Irish Buffalo Creek.

Little Texas Road Sidewalk: This fund is used to account for sidewalk improvements on Little Texas Road.

Bethpage Sidewalk: This fund is used to account for sidewalk improvements on Bethpage Road.

Revenue Bonds 2020: This fund is used to account for the water and sewer improvements financed as part of the 2020 revenue bonds.

Revenue Bonds 2021: This fund is used to account for the water and sewer improvements financed as part of the 2021 revenue bonds.

Sports and Entertainment Venue: This fund is used to account for the baseball stadium.

LOBS 2021: This fund is used to account for the debt service associated with the Parking Deck debt issuance.

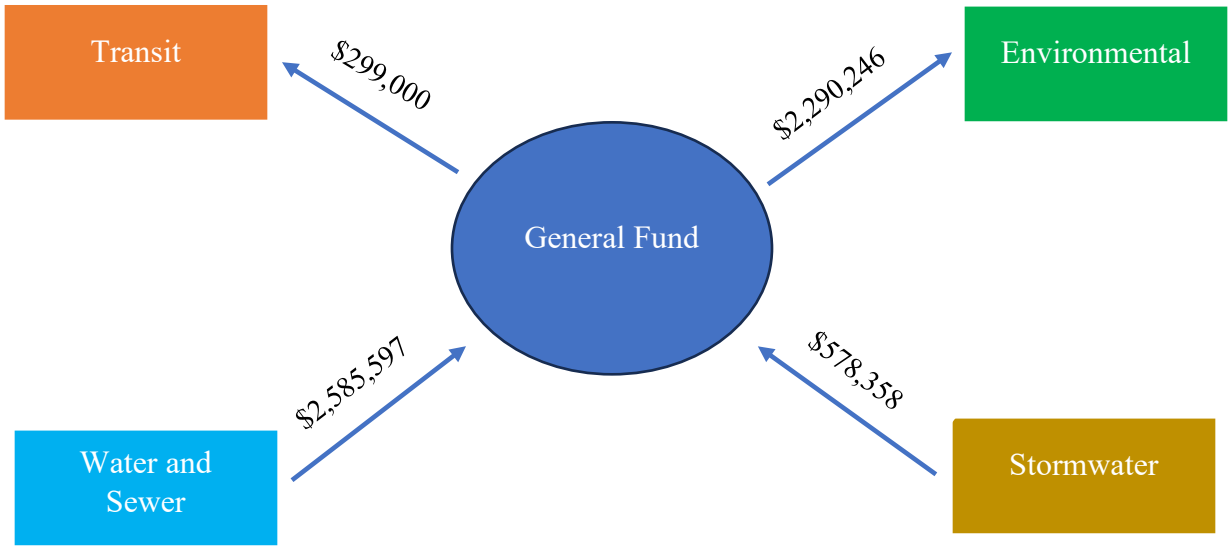
Internal Service Funds: These funds are for the financing of goods or services provided by one department or agency to another or to other government units on a cost reimbursement basis.

Insurance and Risk Fund: Expenditures related to the administration and operation of the City's healthcare for active and retired employees as well as workers compensation and other liability claims.

Interfund Transfers: transfers that occur across multiple funds. See chart below.

The General Fund subsidizes the Transit Fund for operational and capital costs that aren't fully covered by the $30 Tag and Tax fee. The General Fund also subsidizes the Environmental Fund due to increased costs in solid waste and recycling. For the Environmental Fund to become fully self-sufficient, an additional $8.00 fee increase is required.

The Water and Sewer Fund and Stormwater Fund both pay an Enterprise Management Fee to the General Fund for indirect support and is calculated based on employee allocation and cost of providing support to these enterprise funds (i.e. Legal, City Administration, City Council, Human Resources, Finance, Information Technology, General Services, etc.).



City of Kannapolis

Revenue Summary

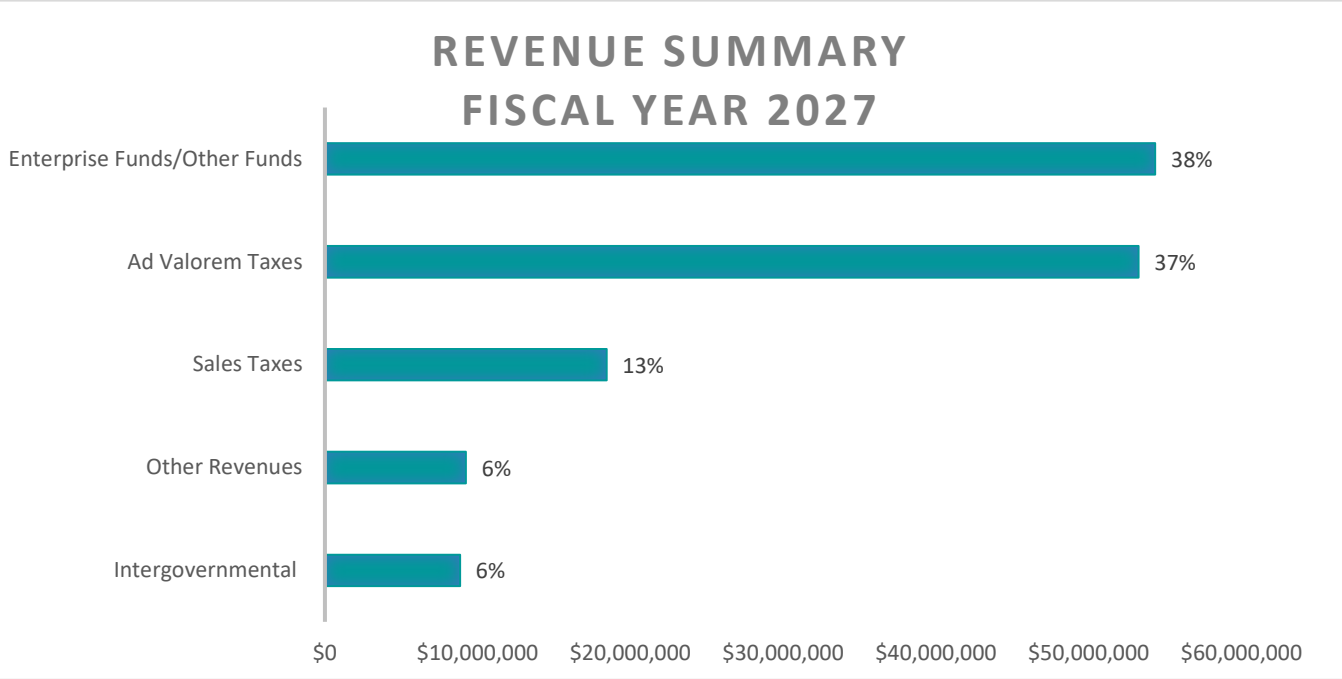
Fiscal Year 2027

	FY 2026 Adopted		FY 2027 Proposed		Difference
Ad Valorem Taxes	51,446,045		53,263,188		1,817,143
Sales Taxes	17,134,463		18,438,504		1,304,041
Intergovernmental	7,966,275		8,839,267		872,992
Other	9,436,598		9,229,830		(206,768)
Appropriated Fund Balance/ Transfers In	-		-		-
Total General Fund	**$ 85,983,381**		**$ 89,770,789**		**$ 3,787,408**
Total Water and Sewer Fund	**$ 28,425,016**		**$ 32,504,004**		**$ 4,078,988**
Total Stormwater Fund	**$ 3,637,348**		**$ 3,927,549**		**$ 290,201**
Total Environmental Fund	**$ 7,681,862**		**$ 8,064,746**		**$ 382,884**
Total Separation Pay Fund	**$ 721,500**		**$ 758,000**		**$ 36,500**
Total Transit Fund	**$ 1,402,698**		**$ 733,000**		**$ (669,698)**
Total Insurance and Risk Fund	**$ 7,618,904**		**$ 8,825,900**		**$ 1,206,996**
Grand Total All Funds	**$135,470,709**		**$144,583,988**		**$ 9,113,279**
Less Inter-Fund Transfers	**$ (9,462,867)**		**$ (10,365,146)**		**$ (902,279)**
Grand Total All Funds	**$126,007,842**		**$134,218,842**		**$ 8,211,000**

*Interfund transfers are transfers between annual operating funds. Doesn't include General Management Services Fee charged by enterprise funds to give back to the General Fund.

The City of Kannapolis' operating budget consists of seven funds: General Fund, Water and Sewer Fund, Stormwater Fund, Environmental Fund, Transit Fund, the Separation Pay Fund and the Insurance and Risk Fund. The General Fund is the City's main operating fund. The primary sources of revenue are property taxes and sales taxes. This fund supports the following department areas: general government, public safety, public works, community development, and parks and recreation. The Water and Sewer Fund, Stormwater, Environmental Fund and are all enterprise funds that the City operates. These funds run more similarly to a

business and primarily operate off user charges and fees. The Transit Fund is a special revenue fund due to having specific revenues that the City is legally restricted to expend for purposes, such as the public transit system. Last, is the Special Separation Pay Fund, which is a pension trust fund. 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 for all City employees. The seven funds mentioned will be further discussed in each fund summary section of the budget document.



The largest second largest category, the **enterprise funds/other funds** revenue source of primarily charges and fees comprise the total budget at **38%.** Outside of the enterprise funds, the Transit and Separation Pay Funds and Insurance and Risk Insurance Fund are also accounted for in this area.

Ad valorem taxes at **37%,** which is the collection of current and prior year tax levied on all property.

Sales tax is the third largest source of revenue for the City at **13%.** Sales tax is the collections of the one percent (1%) local options-sales tax and both the one-half (1/2) of one percent (1%) local option sales taxes (Articles 40 and 42).

The next source of revenue at **6%** is classified as **other revenue**. The other category consists of revenues from the General Fund departments, miscellaneous revenue, and appropriated fund balance. Also, included in this category is the enterprise fund management fee reimbursement, which is the fee that the Water and Sewer and Stormwater Funds pay to the General Fund for support.

The final source is **intergovernmental revenue**, which is any federal, state, and local assistance that the City receives which comprises **6%** of the total budget. Revenues in this category consist of the following: franchise tax, beer and wine tax, ABC funds, contributions from Cabarrus County and Rowan County, Community Development Block Grant (CDBG) revenue and Powell Bill funds, which come from the State. A line-item breakdown of the major revenue sources in the General Fund is on the following page with the remaining funds to follow.

BUDGET SUMMARY

	FY 22 Actual	FY 23 Adopted	FY 24 Adopted	FY 25 Adopted	FY 26 Adopted	FY 27 Proposed
Revenues						
Ad Valorem Taxes- Current	34,154,940	35,188,732	38,627,140	49,199,642	51,096,045	52,913,188
Ad Valorem Taxes- Prior	572,064	400,000	400,000	400,000	350,000	350,000
Total Ad Valorem Taxes	**$34,727,004**	**$ 35,588,732**	**$ 39,027,140**	**$ 49,599,642**	**$ 51,446,045**	**$ 53,263,188**
1% Sales Tax (State)	5,580,405	5,458,782	6,480,219	6,609,245	6,734,463	7,153,453
1/2% Sales Tax (Local)	8,503,718	8,167,379	9,959,883	10,278,001	10,400,000	11,285,051
Total Sales Taxes	**$14,084,123**	**$ 13,626,161**	**$ 16,440,102**	**$ 16,887,246**	**$ 17,134,463**	**$ 18,438,504**
Fire District Sales Tax	333,571	273,000	236,790	423,617	450,000	452,950
Franchise Tax	2,805,308	2,698,000	2,805,308	3,135,627	3,500,000	3,818,162
Beer and Wine Tax	212,049	210,000	210,000	240,000	281,275	250,000
Interlocal Agreement MSD	77,675	-	-	-	200,000	790,000
ABC Funds	119,925	102,296	138,000	144,900	145,000	145,000
Cabarrus Contributions	1,331,402	1,328,433	1,326,113	1,325,926	1,325,000	1,320,865
Powell Bill Funds	1,572,822	1,572,822	1,583,146	1,794,902	1,991,000	1,982,290
State Asset Forfeiture	13,823	-	-	-	-	-
State Grants	-	-	-	-	-	-
Police- ICAC/JAG Grant	9,028	74,990	-	-	-	-
Fire - Rowan County Contributions	4,020	4,000	4,000	4,000	4,000	10,000
Federal Asset Forfeiture	33,151	-	-	-	-	-
CDBG Administration Revenues	-	70,000	70,000	70,000	70,000	70,000
Total Intergovernmental	**$ 6,512,774**	**$ 6,333,541**	**$ 6,373,357**	**$ 7,138,972**	**$ 7,966,275**	**$ 8,839,267**
Vehicle License	422,428	397,390	420,000	900,000	900,000	900,000
Vehicle Rental Tax	32,700	25,000	25,000	35,000	50,000	60,000
Buildings Rental	186,845	90,000	200,000	250,000	290,000	290,000
Tower Rental	94,494	84,000	95,000	115,000	130,000	130,000
Commercial Rent/Lease-College Station	761,070	401,630	475,000	475,000	400,000	350,000
Parking Deck Lease	-	-	-	140,000	100,000	100,000
Parking Fees	-	-	-	35,037	40,000	90,000
Enterprise Management Fee	2,614,500	2,349,702	2,287,295	2,257,710	2,782,598	3,163,955
Miscellaneous Revenue	282,399	310,000	310,000	500,000	25,000	25,000
Investment Income	72,261	210,000	1,000,000	1,400,000	1,400,000	1,000,000
Interest Income Leases	496,590	-	-	-	-	-
Police - Charges and Fees	214,961	169,000	323,000	235,000	275,000	200,000
Officer Court Reimbursement	13,684	20,000	20,000	20,000	14,000	14,000
False Alarm Fees	8,205	8,000	8,000	15,000	15,000	15,000
Fire- Technical Services Charges and Fees	32,535	25,000	35,000	35,000	20,000	21,000
Street Lighting Fees and Charges	-	-	-	-	-	-
Engineering- Charges and Fees	-	-	-	30,000	-	10,000
Planning - Charges and Fees	117,578	120,000	200,000	200,000	100,000	120,000
City Code Violations	79,211	65,000	65,000	71,625	55,000	80,000
P card Rebates	-	-	-	70,000	80,000	80,000
Parks - Charges and Fees	438,298	1,185,545	1,100,000	2,050,600	1,920,000	1,740,875
Recreation Programs - Charges and Fees	212,151	125,000	125,000	200,000	200,000	200,000
Recreation Programs - Donations	38,500	50,000	50,000	50,000	40,000	40,000
CVB Contribution	-	100,000	100,000	100,000	100,000	100,000
Team Lease	-	450,000	450,000	450,000	500,000	500,000
Total Other	**$ 6,118,410**	**$ 6,185,267**	**$ 7,288,295**	**$ 9,634,972**	**$ 9,436,598**	**$ 9,229,830**
Transfers In from Other Funds	200,000	-	-	-	-	-
Appropriated Fund Balance	-	753,458	1,242,385	-	-	-
Total Transfers/Appropriated Fund Balance	**$ 200,000**	**$ 753,458**	**$ 1,242,385**	**$ -**	**$ -**	**$ -**
Total General Fund	**$61,642,311**	**$ 62,487,159**	**$ 70,371,279**	**$ 83,260,832**	**$ 85,983,381**	**$ 89,770,789**

BUDGET SUMMARY

	FY 22 Actual	FY 23 Adopted	FY 24 Adopted	FY 25 Adopted	FY 26 Adopted	FY 27 Proposed
Revenues						
Charges and Fees	21,069,202	20,000,000	21,001,437	25,485,813	24,320,553	28,432,041
Wholesale Water Sales	329,644	360,000	400,000	425,000	436,000	433,500
Tap Fees	495,156	1,175,000	800,000	1,168,000	953,463	923,463
Connection Fees	1,132,825	1,250,000	1,500,000	1,885,000	1,850,000	1,850,000
Reconnection Fees	94,010	140,000	140,000	140,000	140,000	140,000
Penalties	336,965	400,000	400,000	525,000	525,000	525,000
Miscellaneous Revenue	90,073	15,000	15,000	15,000	-	-
Investment Income	2,432	30,000	30,000	100,000	200,000	200,000
Developer Contribution	2,000,000	-	-	-	-	-
Transfers In/Other	-	-	-	-	-	-
Total Water and Sewer Fund	**$ 25,550,307**	**$ 23,370,000**	**$ 24,286,437**	**$ 29,743,813**	**$ 28,425,016**	**$ 32,504,004**
Charges and Fees	3,139,170	3,291,706	3,500,000	3,400,000	3,567,348	3,867,549
Investment Income	-	-	30,000	80,000	70,000	60,000
Miscellaneous Revenue	3,688	-	-	270,000	-	-
Fund Balance Appropriated	-	-	-	-	-	-
Transfer from Water and Sewer Fund	-	-	-	-	-	-
Total Stormwater Fund	**$ 3,142,858**	**$ 3,291,706**	**$ 3,530,000**	**$ 3,750,000**	**$ 3,637,348**	**$ 3,927,549**
Solid Waste Disposal Tax	39,858	36,000	36,000	44,000	44,000	44,000
Charges and Fees	3,906,644	4,132,244	4,200,000	4,200,000	5,604,193	5,492,000
Commercial Revenue	-	-	120,000	160,000	155,000	178,500
Miscellaneous Revenue	120,174	158,594	160,000	60,000	-	-
Investment Income	-	-	20,000	45,000	46,000	60,000
Transfers from General Fund	97,542	85,542	1,147,817	2,191,690	1,832,669	2,290,246
Transfers from Water and Sewer Fund	495,700	495,700	-	-	-	-
Transfers from Stormwater Fund	-	-	1,043,873	-	-	-
Proceeds from Debt Financing	-	-	-	-	-	-
Total Environmental Fund	**$ 4,659,918**	**$ 4,908,080**	**$ 6,727,690**	**$ 6,700,690**	**$ 7,681,862**	**$ 8,064,746**
Transfer from General Fund	484,210	506,407	496,912	600,000	721,500	758,000
Total Separation Pay Fund	**$ 484,210**	**$ 506,407**	**$ 496,912**	**$ 600,000**	**$ 721,500**	**$ 758,000**
Vehicle License Tax	843,070	900,000	900,000	433,600	434,000	434,000
Transfer from General Fund	-	303,235	323,031	1,188,223	968,698	299,000
Appropriated Fund Balance	-	540,336	-	-	-	-
Total Transit Fund	**$ 843,070**	**$ 1,743,571**	**$ 1,223,031**	**$ 1,621,823**	**$ 1,402,698**	**$ 733,000**
Health Insurance Premiums		-	5,391,600	5,940,204	6,578,904	7,617,900
Workers Compensation Premiums	-	-	470,880	620,880	840,000	1,008,000
Retiree Premiums (Health Insurance)	-	-	184,000	200,000	200,000	200,000
Fund Balance Appropriated/Other	-	-	-	-	-	-
Total Insurance and Risk Fund	**$ -**	**$ -**	**$ 6,046,480**	**$ 6,761,084**	**$ 7,618,904**	**$ 8,825,900**

City of Kannapolis

Expenditure Summary

Fiscal Year 2027

	FY 2026 Adopted	FY 2027 Proposed	Difference
General Government Services	14,315,886	14,577,619	261,733
Planning	1,534,126	1,587,491	53,365
Public Safety	32,111,129	34,968,940	2,857,811
Parks and Recreation	9,773,803	9,604,713	(169,090)
Public Works	6,565,534	7,010,611	445,077
Other	7,756,754	8,659,220	902,466
General Debt Service	13,926,149	13,362,195	(563,954)
Total General Fund	**$ 85,983,381**	**$ 89,770,789**	**$ 3,787,408**
Water and Sewer Fund	**$ 28,425,016**	**$ 32,504,004**	**$ 4,078,988**
Stormwater Fund	**$ 3,637,348**	**$ 3,927,549**	**$ 290,201**
Environmental Fund	**$ 7,681,862**	**$ 8,064,746**	**$ 382,884**
Separation Pay Fund	**$ 721,500**	**$ 758,000**	**$ 36,500**
Transit Fund	**$ 1,402,698**	**$ 733,000**	**$ (669,698)**
Downtown Fund	**$ -**	**$ -**	**$ -**
Insurance and Risk Fund	**$ 7,618,904**	**$ 8,825,900**	**$ 1,206,996**
Grand Total All Funds	**$ 135,470,709**	**$ 144,583,988**	**$ 9,113,279**

The table above is an expenditure summary for the City's annually adopted funds.

The City's **General Fund** is divided into major function areas, which are: general government services, planning, public safety, parks and recreation, public works, and other and debt service.

The **general government services** area is made up of the following departments: City Council, City Manager's Office, Economic Development, Communications, Human Resources, City Attorney, Finance, Information Technology and General Services. The planning area is made up solely of the City's Planning Department.

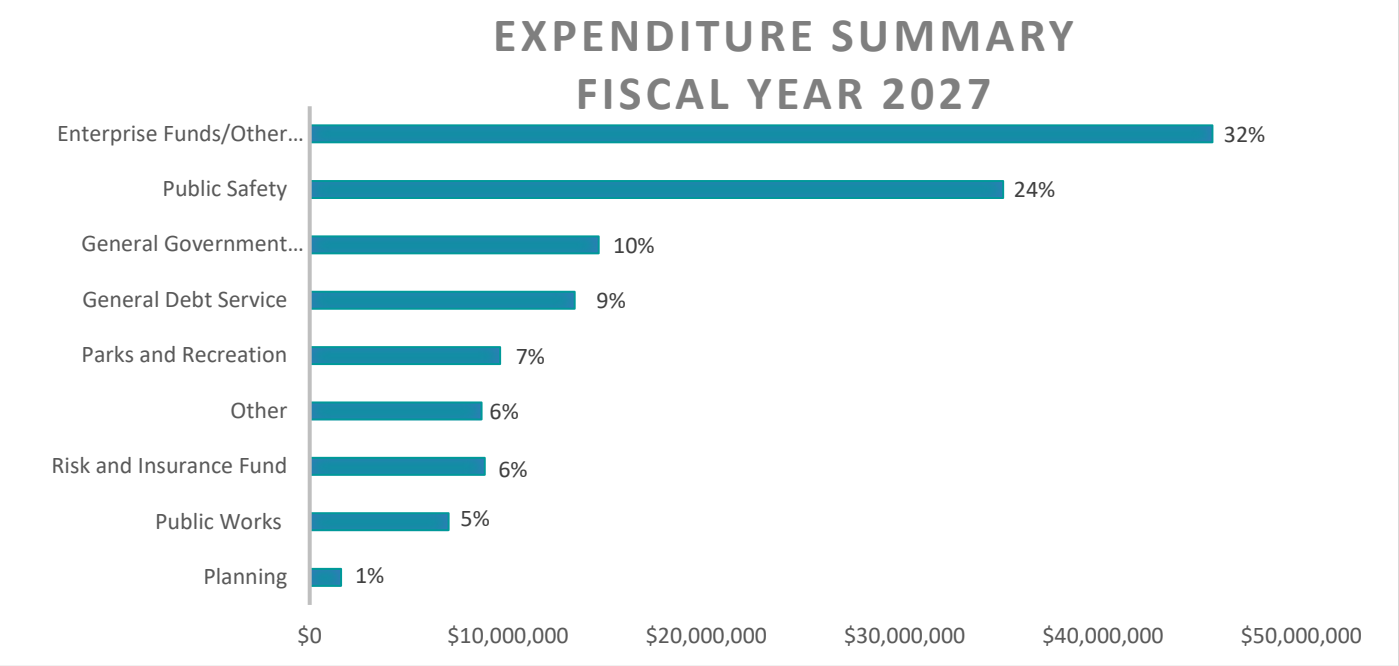
The **public safety** area is comprised of the Police and Fire Departments.

Public works includes Engineering, Street Lighting, Operations Center, Signs and Markings, Powell Bill, and Street Maintenance.

Parks and recreation include Parks and Recreation, Programs, and the Stadium.

The **other category** consists of the Non-Departmental service area as well as any transfers that the General Fund makes to the other funds.

Last, **debt service** is any principal and interest payments accounted for in the General Fund.



The chart above gives a breakdown in expenditures by fund.

- The **Enterprise Funds/Other Funds** category consists of: Water and Sewer, Stormwater, Environmental, Transit and Special Separation pay comprise **32%** of total spending for the City.

- **Public Safety** comprises **24%** of total spending. This includes the Police and Fire Department.

- **General Government** services area comprises **10%** of all spending. This includes the following departments: City Council, City Manager's Office, Economic Development, Communications and Outreach, Human Resources, Legal Services, Finance, Information Technology and General Services.

- **General Debt Service** comprises **9%** of total spending. The debt service area includes debt service on City Hall/Police Headquarters, various fire stations and equipment and parks projects. This area also now includes debt service that was formerly in the downtown fund for the liner park and baseball stadium and the new debt service for the downtown parking deck. Further breakdown in

the City's debt service payments can be found in the debt service program summary of the budget document.

- **Parks and Recreation** comprises **7%** of total spending and includes: Parks and Recreation, Programs, and expenses related to Atrium Health Ballpark.

- **Other service** areas comprise **6%** of total spending includes the Non-Departmental budget and any transfers out to other funds.

- **Risk and Insurance** comprises **6%** of total spending and includes expenses related to health insurance and workers compensation insurance.

- **Public Works** comprises **5%** of total spending and includes the following departments: Engineering, Street Signs, Lightings and Markings, Public Works Operations Center, and Powell Bill.

- **Planning** comprises **1%** of total spending and includes the Planning department and code enforcement efforts.

General Fund Detailed Expenditures

	FY 22 Actual	FY 23 Adopted	FY 24 Adopted	FY 25 Adopted	FY 26 Adopted	FY 27 Proposed
Expenditures						
City Council	289,838	327,592	336,560	297,875	371,583	402,588
City Manager - Administration	1,584,497	1,683,345	2,041,514	2,143,659	2,375,163	2,663,900
Economic Development	420,242	377,887	375,887	597,873	627,550	541,700
Communications	140,782	322,740	388,908	447,900	314,500	277,000
Human Resources	542,093	717,750	830,135	1,522,405	1,376,925	1,340,267
City Attorney	497,284	628,377	585,760	628,525	887,546	793,974
Finance	879,553	1,035,053	1,326,491	1,508,304	1,653,937	1,837,455
Information Technology	1,607,873	2,119,622	3,131,988	4,212,817	3,826,219	3,698,836
General Services	2,413,785	1,905,134	2,500,793	2,784,397	2,882,463	3,021,899
Total General Government	**$ 8,375,947**	**$ 9,117,500**	**$ 11,518,036**	**$ 14,143,755**	**$ 14,315,886**	**$ 14,577,619**
Police - Administration	1,372,323	1,200,317	1,080,807	1,236,326	1,525,020	1,588,738
Police - Support Services	2,753,905	3,102,224	3,709,993	4,149,423	4,997,055	5,488,852
Police - Field Operations	5,564,782	5,806,123	7,611,955	7,107,740	9,056,563	9,931,906
Police - Special Operations	-	704,948	1,166,360	1,204,553	1,466,284	1,645,237
Total Police	**$ 9,691,010**	**$ 10,813,612**	**$ 13,569,115**	**$ 13,698,042**	**$ 17,044,922**	**$ 18,654,733**
Fire - Administration	1,124,395	1,246,627	1,482,736	1,653,136	1,571,468	1,912,542
Fire- Emergency Services	8,846,023	7,648,966	9,270,350	9,813,769	12,575,334	13,410,056
Fire- Technical Services	544,982	555,861	628,535	793,832	919,405	991,609
Total Fire	**$ 10,515,400**	**$ 9,451,454**	**$ 11,381,621**	**$ 12,260,737**	**$ 15,066,207**	**$ 16,314,207**
Public Works - Engineering	985,145	1,036,308	1,213,486	1,528,987	1,527,334	1,651,574
Public Works - Street Lighting	533,004	740,300	613,900	713,900	870,000	920,000
Public Works - Operations Center	94,793	138,700	147,100	174,460	143,000	126,000
Public Works - Signs and Markings	432,156	463,006	529,538	549,520	534,978	559,619
Public Works- Powell Bill	1,463,646	1,513,120	1,583,146	1,794,902	1,991,000	1,982,290
Public Works - Street Maintenance	1,261,428	961,971	1,632,565	1,317,725	1,499,222	1,771,128
Total Public Works	**$ 4,770,172**	**$ 4,853,405**	**$ 5,719,735**	**$ 6,079,494**	**$ 6,565,534**	**$ 7,010,611**
Planning	992,702	1,102,225	1,263,207	1,339,115	1,534,126	1,587,491
Total Planning	**$ 992,702**	**$ 1,102,225**	**$ 1,263,207**	**$ 1,339,115**	**$ 1,534,126**	**$ 1,587,491**
Parks and Recreation - Parks	3,937,411	4,470,299	5,679,545	7,501,346	8,024,803	8,040,213
Parks and Recreation - Recreation Programs	781,356	930,500	998,000	1,366,600	1,037,000	873,000
Stadium	232,001	250,000	350,000	350,000	712,000	691,500
Total Parks and Recreation	**$ 4,950,768**	**$ 5,650,799**	**$ 7,027,545**	**$ 9,217,946**	**$ 9,773,803**	**$ 9,604,713**
Non-Departmental	3,910,833	5,642,314	3,940,169	4,795,862	3,333,887	4,411,974
Transfers	15,082,500	895,184	1,967,760	7,550,025	4,422,867	4,247,246
Total Other	**$ 18,993,333**	**$ 6,537,498**	**$ 5,907,929**	**$ 12,345,887**	**$ 7,756,754**	**$ 8,659,220**
Debt Service	14,421,899	14,960,666	13,984,091	14,175,856	13,926,149	13,362,195
Total Debt Service	**$ 14,421,899**	**$ 14,960,666**	**$ 13,984,091**	**$ 14,175,856**	**$ 13,926,149**	**$ 13,362,195**
Total General Fund Expenditures	**$ 72,711,230**	**$ 62,487,159**	**$ 70,371,279**	**$ 83,260,832**	**$ 85,983,381**	**$ 89,770,789**

Enterprise/Other Funds Detailed Expenditures

	FY 22 Actual	FY 23 Adopted	FY 24 Adopted	FY 25 Adopted	FY 26 Adopted	FY 27 Proposed
Expenditures						
Billing and Collections	1,029,040	1,306,070	1,556,054	1,703,941	1,815,401	1,946,861
Distribution	3,663,984	5,248,474	6,299,389	6,920,889	6,362,613	7,944,594
Water Treatment Plant	3,271,704	3,640,787	4,428,892	5,373,362	5,460,678	5,794,402
Sewage Treatment (WSACC)	3,478,271	4,274,460	4,455,480	5,869,191	6,520,775	7,089,343
General Management Services	2,143,921	1,922,482	1,823,413	1,845,182	2,192,230	2,585,597
Transfer to Capital/Other Funds	495,700	495,700	-	-	-	-
Debt Service	11,289,701	6,482,027	5,723,209	8,031,248	6,073,319	7,143,207
Total Water and Sewer Fund	**$ 25,372,321**	**$ 23,370,000**	**$ 24,286,437**	**$ 29,743,813**	**$ 28,425,016**	**$ 32,504,004**
Total Stormwater Fund	**$ 2,934,069**	**$ 3,291,706**	**$ 3,530,000**	**$ 3,750,000**	**$ 3,637,348**	**$ 3,927,549**
Total Environmental Fund	**$ 4,035,705**	**$ 4,908,080**	**$ 5,683,817**	**$ 6,700,690**	**$ 7,681,862**	**$ 8,064,746**
Total Separation Pay Fund	**$ 185,761**	**$ 506,407**	**$ 496,912**	**$ 600,000**	**$ 721,500**	**$ 758,000**
Total Transit Fund	**$ 483,704**	**$ 1,743,571**	**$ 1,223,031**	**$ 1,621,823**	**$ 1,402,698**	**$ 733,000**
Total Downtown Fund	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Insurance and Risk Fund	**$ -**	**$ -**	**$ 6,046,480**	**$ 6,761,084**	**$ 7,618,904**	**$ 8,825,900**

GENERAL FUND				
	FY 2026 Adopted	FY 2027 Proposed	Difference	% Change
Revenues				
Ad Valorem Taxes	51,446,045	53,263,188	1,817,143	3.53%
Sales Taxes	17,134,463	18,438,504	1,304,041	7.61%
Intergovernmental	7,966,275	8,839,267	872,992	10.96%
Other Revenues	9,436,598	9,229,830	(206,768)	-2.19%
Appropriated Fund Balance/Transfers In		-	-	-
Total	**$85,983,381**	**$ 89,770,789**	**$ 3,787,408**	**4.40%**
Expenditures				
Personnel	46,123,528	49,971,309	3,847,781	8.34%
Operating	39,659,853	39,599,480	(60,373)	-0.15%
Capital	200,000	200,000	-	-
Total	**$85,983,381**	**$ 89,770,789**	**$ 3,787,408**	**4.40%**

The FY 27 proposed General Fund budget totals $89,770,789 which is an increase of 4.40% or $3,787,408 over the FY 2026 adopted budget of $85,983,381.

Revenues in the General Fund are divided among property taxes, sales taxes, intergovernmental revenues, other revenues, and appropriated fund balance.

Property tax revenues are projected to increase by 3.5%, primarily due to modest growth in property valuations within both Cabarrus and Rowan counties. Cabarrus County's assessed valuation increased from $8,169,448,641 in FY 26 to $8,387,005,000 in FY 27, representing a 2.6% increase. Historically, stronger growth has occurred on the Cabarrus side; however, growth has moderated this year due to significant unanticipated exemptions, valuation appeals, and projected declines in motor vehicle values. Rowan County anticipates a 9% increase in assessed valuation, growing from $1,052,738,455 to $1,148,824,149 in FY 27. The City's tax base is approximately 88% Cabarrus County and 12% Rowan County. Rowan County's next property revaluation is scheduled for FY 28, with Cabarrus County following FY 29. As a reminder, North Carolina General Statutes require all properties to be revalued at least every eight years; however, both Cabarrus and Rowan counties conduct revaluations every four years.

Overall, property tax collections are projected to increase by $1,817,143, or 3.53%, based on a proposed tax rate of 55.95 cents and an assumed collection rate of 99%. Each penny on the property tax rate generates approximately $953,583 in revenue. Property tax revenue accounts for approximately 59% of the total General Fund budget.

Sales tax revenues are projected to increase by 7.61% over the adopted FY 26 budget. Recent trends indicate sales tax collections are outperforming original FY 26 projections, and collections are expected to exceed budget estimates by approximately 5% by fiscal year-end. For FY 27, projected final FY 26 sales tax collections of $18,030,159 were used as the baseline, with an

additional 2% growth factor applied in developing the FY 27 budget. Sales tax revenues comprise approximately 21% of the total General Fund budget.

Intergovernmental revenues consist of funding received from federal, state, and local sources that provide financial assistance to the City. Revenues in this category include utility franchise taxes, beer and wine taxes, Powell Bill funds, refunds of sales and gas taxes, ABC Board distributions, receipts from other local governments, and state grants. Also included are revenues received from Cabarrus County associated with the purchase of Limited Obligation Bonds. Overall, this category increased by $872,992, driven by higher projected franchise tax collections, increased fire district property and sales tax revenues, and significant growth in interlocal MSD tax revenues. Intergovernmental revenues comprise approximately 10% of the proposed FY 27 General Fund budget.

The “Other Revenue” category represents approximately 10% of the total General Fund budget. Overall, revenues in this category declined by $206,768 compared to the FY 26 adopted budget. The primary decreases are attributable to projected reductions in investment income of approximately $400,000, as well as lower parks and recreation charges and fees. The reduction in parks and recreation revenues is largely related to revised projections for the Gem and Swanee theatres. Following further evaluation of these facilities, revenue projections were adjusted to better align with historical trends. The long-term goal remains to reduce the gap between operating costs and generated revenues so these facilities can become self-supporting without reliance on additional subsidies.

Personnel expenditures include all costs associated with employment, including salaries, benefits, and special separation pay. The primary drivers of increased salary and benefit costs are higher retirement contribution rates for eligible employees. For FY 27, the retirement contribution rate for general government employees is 15.13%, while the rate for law enforcement employees is 17.10%. Personnel costs also include a 5% performance-based salary adjustment for all full-time and part-time employees, as well as a flat 5% City contribution to employee 401(k) plans. General employees receive a 5% contribution, while law enforcement employees receive a total 10% contribution, consisting of the mandated 5% contribution plus an additional 5% City contribution. Additional cost increases include a $2,200 per employee increase in medical insurance premiums, 40% increase in dental costs, employer-paid vision insurance, and employer-paid short-term disability coverage.

Another significant personnel-related investment is the addition of six firefighter positions to staff the Fire Department’s Adaptive Response Unit. This program is designed to provide two personnel per shift to operate a smaller response vehicle focused primarily on medical calls. These employees will be certified firefighters and paramedics, enabling them to support fireground operations when needed. The program is intended to reduce wear and tear on larger apparatus, such as fire engines and ladder trucks, by utilizing a more efficient response vehicle for medical-related incidents.

The operations category includes expenditures necessary for the day-to-day operation of departments, such as office supplies, technology equipment, uniforms, contracted services, debt service obligations, and interfund transfers. Operational expenditures are projected to decrease by 0.15%, or $60,373, primarily due to the continued right-sizing and refinement of departmental budget line items across the organization.

The capital category includes purchases exceeding $10,000 but below the $100,000 threshold required to qualify as a capital improvement project. Included in this category is the City's annual $200,000 contribution to the "Cap X" fund for capital-related expenditures associated with Atrium Health Ballpark. This contribution remains unchanged from FY 26 to FY 27

WATER AND SEWER FUND				
	FY 2026 Adopted	FY 2027 Proposed	Difference	% Change
Revenues				
Charges and Fees	24,320,553	28,432,041	4,111,488	16.91%
Wholesale Water Sales	436,000	433,500	(2,500)	-0.57%
Tap Fees	953,463	923,463	(30,000)	-3.15%
Connection Fees	1,850,000	1,850,000	-	-
Reconnection Fees	140,000	140,000	-	-
Penalties	525,000	525,000	-	-
Investment Income	200,000	200,000	-	-
Total	**$28,425,016**	**$ 32,504,004**	**$ 4,078,988**	**14.35%**
Expenditures				
Personnel	7,515,092	8,528,089	1,012,997	13.48%
Operating	20,909,924	23,975,915	3,065,991	14.66%
Capital	-	-	-	-
Total	**$28,425,016**	**$ 32,504,004**	**$ 4,078,988**	**14.35%**

The FY 27 proposed Water and Sewer budget totals $32,504,004 which represents a $4,078,988 or 14.35% increase over the adopted budget of 2026 at 28,425,016.

Due to current wastewater treatment capacity constraints, these revenues are expected to remain stable or potentially decline until additional treatment capacity becomes available to support future growth and development. The recent slowdown may also be partially attributed to increased caution within the local and national homebuilding and development industries, driven by economic uncertainty and the challenges associated with securing financing for certain projects. Despite these short-term conditions, the City remains optimistic that development activity and related revenues will rebound as economic conditions stabilize, and additional infrastructure capacity is realized. Water and Sewer are projected to have the following increases (per customer/per month):

- $1.45 base rate water increase and .53 cent water volumetric increase
- $4.80 base rate sewer increase and $1.08 sewer volumetric increase

The factors driving these rate increases are varied and reflect the City's continued investment in critical infrastructure and long-term system sustainability. A significant contributor has been the investment made in the downtown revitalization project, which required the replacement of aging water and sewer infrastructure throughout the downtown area. As a result, the Water and Sewer Fund assumed additional debt service obligations associated with these infrastructure improvements. In addition, the City issued approximately $12 million in debt during FY 2026 to support the replacement of the Kannapolis spillway and dam. Due to the age of the existing structure and damage sustained from significant storm events over the years, replacement of the spillway and dam is both necessary and critical to maintaining system reliability and public safety.

Another major factor is the increasing cost of wastewater treatment services through the Water and Sewer Authority of Cabarrus County (WSACC). In FY 2025, the City experienced an increase

of approximately $1.2 million in treatment costs as WSACC began preparations for the first phase of its system expansion. The FY 2027 Budget includes an additional $600,000 in projected treatment costs associated with the next phase of expansion.

Operational and maintenance costs for the City's water and sewer system have also continued to rise due to inflationary pressures, contractual increases, and the ongoing growth and expansion of the utility system. Over time, utility rates have not been adjusted at a sufficient pace to fully offset these increasing costs.

Finally, rate adjustments are necessary to ensure compliance with the City's bond covenants. Under these covenants, the utility system is required to establish and maintain rates, fees, and charges at levels adequate to fund operating expenses, debt service obligations, and required reserve balances. In addition, the City must maintain a debt service coverage ratio that demonstrates the utility system's ability to meet annual principal and interest payments through net operating revenues. These covenants, which typically require a minimum coverage ratio of 1.2 or greater, are intended to ensure the long-term financial stability and sustainability of the utility system while providing an appropriate financial safeguard for future operations and capital needs.

A breakdown in the rate increase is below:

- Water Base Rate Increase $1.45/per month ($9.75 - $8.30)
    - Base rate increase generates by type:
        - Residential Inside: $326,847 (20,492 customers)
        - Residential Outside: $6,380 (400 customers)
        - Commercial Inside: $23,925 (1500 customers)
        - Commercial Outside: $1,595 (100 customers)

- Water Volumetric Increase $0.53/per month ($7.84 - $7.31)
    - Volumetric increase generates by type:
        - Residential Inside: $418,139 (20,492 customers, 3,500 gallons per month)
        - Residential Outside: $8,162 (400 customers, 3,500 gallons per month)
        - Commercial Inside: $253,605 (1500 customers, 29,000 gallons per month)
        - Commercial Outside $16,907 (100 customers, 29,000 gallons per month)

- Sewer Base Rate Increase $4.80/month ($12.00 - $7.20)
    - Base rate increase generates by type:
        - Residential Inside: $1,032,504 (19,555 customers)
        - Residential Outside: $21,120 (400 customers)
        - Commercial Inside: $73,920 (1400 customers)
        - Commercial Outside: $5,280 (100 customers)

- Sewer Volumetric Rate Increase $1.08/month ($8.53 - $7.45)
    - Volumetric increase generates by type:

- Residential Inside: $813,096 (19,555 customers, 3,500 gallons per month)
- Residential Outside: $16,632 (400 customers, 3,500 gallons per month)
- Commercial Inside: $365,904 (1400 customers, 22,000 gallons per month)
- Commercial Outside: $26,136 (100 customers, 22,000 gallons per month)

Personnel increases include retirement rate increases, 5% performance increase for all full-time and part-time employees, recommended salary study implementation, health and dental increases and a flat 5% contribution to full-time employees' 401k.

Operations are projected to increase by 5%, primarily due to the increase in sewage treatment costs for the next phase in the WSACC expansion (estimated around $600,000) and increase in contracted services for maintenance efforts. There are also substantial increases in debt service. This includes existing debt service, the newly added debt of $12 million for the Kannapolis Spillway and Dam project, $4 million downtown sewer outfall and any new debt service related to rehabilitation and restoration efforts of the system as well as critical one priority projects. These rate increases will be used to support the following rehabilitation projects:

1. Suburban Woods- Phase 1 watermain replacement (approximately 1,500 ft) Year of the pipe to be replaced: 1965
2. Northwest High School Fire Protection Improvements
3. Concord Lake Road (HWY 136) sewer pump station improvements. Year of the pump station to be replaced: 1993
4. 18th Street sewer pump station electrical improvements. Year of the pump station to be replaced: 2003
5. Afton Run and Lindler Drive watermain improvements (approximately 2,400 ft)
6. Starlight Drive watermain phase 2 improvements (approximately 750 ft)
7. Washington Lane sewer pump station electrical improvements. Year of the pump station to be replaced: 200
8. Vermont Avenue watermain replacement (approximately 600 ft). Year of the pipe to be replaced: 1961
9. Irene Ave watermain replacement phase 2 (approximately 500 ft). Year of the pipe to be replaced: 1965
10. Hoke Street replacement (approximately 400 ft) Year of pipe to be replaced: 1965
11. Wellington Chase watermain redundancy and fire main loop
12. Central Drive and Jackson Street sewer rehabilitation project phase 1. Year of pipe to be replaced: 1965
13. Forrestbrook sewer pump station improvements. Year of pump station to be replaced: 1988
14. Elm Street watermain replacement project (approximately 480 ft) Year of pipe to be replaced: 1965

STORMWATER FUND				
	FY 2026 Adopted	FY 2027 Proposed	Difference	% Change
Revenues				
Charges and Fees	3,567,348	3,867,549	300,201	8.42%
Investment Income	70,000	60,000	(10,000)	-14.29%
Appropriated Fund Balance	-	-	-	-
Total	**$ 3,637,348**	**$ 3,927,549**	**$ 290,201**	**7.98%**
Expenditures				
Personnel	1,791,414	1,989,651	198,237	11.07%
Operating	1,845,934	1,937,898	91,964	4.98%
Capital	-	-	-	-
Total	**$ 3,637,348**	**$ 3,927,549**	**$ 290,201**	**7.98%**

The proposed Stormwater Fund budget totals $3,927,549, representing an increase of $290,201, or 7.98%, over the adopted FY 26 budget of $3,637,348. To address rising inflationary pressures on operational expenses and increased personnel costs, staff are recommending a $1.00 per month increase per account for FY 27. Unlike other revenue sources, the Stormwater Fund does not experience significant natural revenue growth through customer base expansion, making a rate adjustment necessary to maintain service levels and operational sustainability.

Personnel cost increases are primarily attributable to higher retirement contribution rates, a proposed 5% performance-based salary adjustment for all full-time and part-time employees, implementation of the recommended salary study adjustments, increases in health and dental insurance costs, and a flat 5% City contribution to full-time employees' 401(k) plans.

Operational expenditure includes increased funding for the purchase of much-needed trailers for departmental operations, as well as higher contracted service costs associated with driveway, curb and gutter replacement, ditch maintenance, and shoulder cutting services. Offsetting a portion of these increases is a $12,010 reduction in the General Management Services fee. This fee represents the Stormwater and Water/Sewer Funds' reimbursement to the General Fund for indirect administrative and operational support services provided throughout the year. The allocation is determined using a cost allocation formula based on prior year audited expenditures and employee distribution across departments.

ENVIRONMENTAL FUND				
	FY 2026 Adopted	FY 2027 Proposed	Difference	% Change
Revenues				
Solid Waste Disposal Tax	44,000	44,000	-	-
Charges and Fees	5,604,193	5,492,000	(112,193)	-2.00%
Commercial Revenue	155,000	178,500	23,500	15.16%
Investment Income	46,000	60,000	14,000	30.43%
Transfers from General Fund	1,832,669	2,290,246	457,577	24.97%
Transfers from Water and Fund	-	-	-	-
Total	**$ 7,681,862**	**$ 8,064,746**	**$ 382,884**	**4.98%**
Expenditures				
Personnel	1,144,262	1,284,731	140,469	12.28%
Operating	6,537,600	6,780,015	242,415	3.71%
Capital	-	-	-	0.00%
Total	**$ 7,681,862**	**$ 8,064,746**	**$ 382,884**	**4.98%**

The proposed FY 2027 Environmental Fund budget totals $8,064,746, representing an increase of $382,884, or 4.98%, over the FY 26 adopted budget of $7,681,862.

As a reminder, a $5.00 fee increase was implemented in FY 26, increasing the monthly rate from $18.10 to $23.10. The purpose of this adjustment was to reduce reliance on interfund transfers, move the fund to be solvent, and offset rising costs associated. While this adjustment improved the fund's financial position, additional rate increases will ultimately be necessary for the fund to become fully self-sustaining. Currently, staff are not recommending an additional fee increase for FY 27; however, the Environmental Fund continues to require a subsidy from the General Fund. Based on current projections, an additional fee increase in the range of $5 to $8 per account will likely be necessary in future years to achieve full cost recovery.

Charges and fees within the Environmental Fund continue to experience limited organic growth, resulting in a projected revenue decrease of $112,193. Modest increases are anticipated in commercial revenue collections and investment income, along with an increase in the General Fund subsidy required to support operations.

Personnel cost increases are primarily driven by higher retirement contribution rates, a proposed 5% performance-based salary adjustment for all full-time and part-time employees, implementation of recommended salary study adjustments, increases in health and dental insurance costs, and a flat 5% City contribution to full-time employees' 401(k) plans.

The primary driver of increased operational expenditures is the rising cost of recycling and solid waste disposal services provided through the City's contract with Waste Connections. Current projections include a Consumer Price Index (CPI) adjustment of 1.7%, along with increased landfill tipping fees and recycling processing costs. Landfill disposal costs are estimated at approximately $48 per ton, while recycling processing costs are projected at approximately $124 per ton.

SEPARATION PAY FUND				
	FY 2026 Adopted	FY 2027 Proposed	Difference	% Change
Revenues				
Transfers from General Fund	721,500	758,000	36,500	5.06%
Total	**$ 721,500**	**$ 758,000**	**$ 36,500**	**5.06%**
Expenditures				
Personnel	-	-	-	-
Operating	721,500	758,000	36,500	5.06%
Capital	-	-	-	-
Total	**$ 721,500**	**$ 758,000**	**$ 36,500**	**5.06%**

The proposed FY 27 Separation Pay Fund Budget is $758,000 which represents a 5.06% increase from the FY 26 adopted budget of $721,500.

The full amount of the Separation Pay Fund is projected for separation pay obligations for retired City employees. From FY 26 to FY 27, three (3) former employees rolled off that are no longer eligible to receive special separation pay because they are over sixty-two. A projected (3) three new employees are projected to roll on for FY 27. Thirty-five former employees currently receive separation pay benefits for FY 27.

The full amount of the Separation Pay Fund is projected to be spent on separation pay obligations for retired City employees.

Expenditures are calculated based off .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the employee for each year of credible service. Benefits such as Social Security and Medicare are also calculated off the total projected contribution.

TRANSIT FUND				
	FY 2026 Adopted	FY 2027 Proposed	Difference	% Change
Revenues				
Vehicle License	434,000	434,000	-	-
Transfers from General Fund	968,698	299,000	(669,698)	-69.13%
Appropriated Fund Balance	-	-	-	-
Total	**$ 1,402,698**	**$ 733,000**	**$ (669,698)**	**-47.74%**
Expenditures				
Personnel	-	-	-	-
Operating	1,402,698	733,000	(669,698)	-47.74%
Capital	-	-	-	-
Total	**$ 1,402,698**	**$ 733,000**	**$ (669,698)**	**-47.74%**

The proposed FY 2027 Transit Fund budget totals $733,000, representing a decrease of $669,698, or 47.74%, from the FY 26 adopted budget of $1,402,698. This reduction is primarily attributable to the revised operating agreement between the Cities of Concord and Kannapolis for the CK Rider public transit system.

Under the revised funding structure, the City's $30 vehicle license tax allocation has been restructured to more accurately reflect transportation-related expenditures. Of the $30 fee, $10 will be allocated directly to the Transit Fund to support public transportation services, while the remaining $20 will continue to support enhanced street paving and transportation improvements through the General Fund. This accounting adjustment more accurately reflects the intended use of the revenues and the level of General Fund subsidy historically provided to transit operations. The direct $10 allocation to transit is projected to generate approximately $434,000 annually. State statutes authorize $5 of the fee to be used specifically for public transit purposes, while the additional $5 may be used at the City's discretion for broader transportation-related needs.

To significantly reduce operating costs while maintaining a reasonable level of transit service for residents, the City has reached an agreement with the City of Concord to reconfigure the CK Rider transit system beginning in July 2026. The revised service plan includes the elimination of the Brown Route and potential minor modifications to the Blue Route, both of which serve Kannapolis residents. The Green and Yellow routes will remain substantially unchanged.

As a result of the revised service structure and cost-sharing agreement, Kannapolis' annual contribution to the CK Rider system will decrease by approximately $669,698. Under the new agreement, Kannapolis will be responsible for approximately 21% of system operating costs, compared to the previous 35% allocation. These reduced costs are expected to remain generally consistent throughout the term of the proposed agreement with the new service provider.

INSURANCE AND RISK FUND				
	FY 2026 Adopted	FY 2027 Proposed	Difference	% Change
Revenues				
Health Insurance Premiums	6,578,904	7,617,900	1,038,996	15.79%
Workers Compensation Premiums	840,000	1,008,000	168,000	20.00%
Retiree Premiums (Health Insurance)	200,000	200,000	-	-
Total	**$ 7,618,904**	**$ 8,825,900**	**$ 1,206,996**	**15.84%**
Expenditures				
Personnel	-	-	-	-
Operations	7,618,904	8,825,900	1,206,996	15.84%
Capital	-	-	-	-
Total	**$ 7,618,904**	**$ 8,825,900**	**$ 1,206,996**	**15.84%**

The proposed FY 2027 Insurance and Risk Fund budget totals $8,825,900, representing an increase of 15.84% over the FY 26 adopted budget. This fund accounts for all health-related expenses associated with active employees, retirees participating in the City's health plan, and workers' compensation coverage for active employees.

A primary driver of the increase is the rise in employer health insurance contributions, which are proposed to increase from $13,500 to $15,700 per full-time employee position. This adjustment has an estimated citywide financial impact of approximately $983,400. The City has gradually increased employer contributions in recent years to better align with projected claims activity and maintain the financial stability of the fund. Recent trends indicate significant increases in prescription-related claims costs, and the proposed contribution adjustment is intended to address those rising expenditures.

The majority of health insurance funding is associated with the City's 447 budgeted full-time positions, calculated at $15,700 per position, totaling approximately $7,017,900. The remaining health insurance expenditures primarily reflect dependent coverage premiums, which are estimated at approximately $600,000 based on current projections provided by the City's insurance broker, Pierce Group Benefits.

Retiree health insurance premiums are projected at approximately $200,000 annually. In addition, workers' compensation premiums are budgeted to increase by 20% in FY 27 based on current market conditions and claims experience.

Expenses are based on the following:

- $787,000 in retiree insurance (claims)
- $355,000 in retiree insurance (post 65- claims)
- $12,000 in pre 65 administration fees
- $4,800 in pre 65 care management fees

- $1,100,000 - HSA and HRA benefit (estimated at 447 employees at $2,200 plus a buffer for over hire)
- $80,000 for retiree HSA/HRA benefits
- $25,000 - Contracted Services for OPEB reporting
- $500,000 – Health clinic costs with Atrium Health (2 full time practitioners)
- $160,000 -estimated administrative costs for BCBS to administer the plan
    - Estimated to pay $40/employee in higher admin costs to get pharmacy rebates
- $4,021,720 – estimated health claims based on trends forecasted from broker.
- $255,000 – workers compensation insurance
- $40,000 – admin fees for Gallagher to administer plan
- $713,000– estimated workers compensation claims based on trends forecasted from Gallagher.

POSITION SUMMARY

FULL TIME EMPLOYEES BY DEPARTMENT

DEPARTMENT	ADOPTED FY2026	BUDGET FY2027	CHANGES/ ADDITIONS	COMMENTS
GENERAL GOVERNMENT				
City Council	7	7	0	
City Manager	10	10	0	
Human Resources	6	6	0	
Legal Services	3	3	0	
General Services	12	12	0	
Planning	11	11	0	
Finance	8	8	0	
Information Tech	6	6	0	
TOTAL GENERAL GOVERNMENT	**63**	**63**	**0**	
PUBLIC SAFETY				
Admin	8	8	0	
Support	38	38	0	
Field Ops	68	68	0	
Special Ops	11	11	0	
Total Police	**125**	**125**	**0**	
Admin	6	6	0	
Emergency	88	94	6	(6) Firefighters
Technical	6	6	0	
Total Fire	**100**	**106**	**6**	
TOTAL PUBLIC SAFETY	**227**	**233**	**6**	
TOTAL PARKS AND RECREATION	**28**	**28**	**0**	
PUBLIC WORKS				
Engineering	9	9	0	
Signs	3	3	0	
Street Maintenance	14	14	0	
TOTAL PUBLIC WORKS	**26**	**26**	**0**	
TOTAL GENERAL FUND	**342**	**348**	**6**	

DEPARTMENT	ADOPTED FY2024	BUDGET FY2025	CHANGES/ ADDITIONS	COMMENTS
WATER & SEWER FUND				
Customer Service	15	15	0	
Water Plant	19	19	0	
Distribution	45	45	0	
TOTAL WATER & SEWER	**79**	**79**	**0**	

POSITION SUMMARY

TOTAL STORMWATER FUND	**17**	**17**	**0**
TOTAL ENVIRONMENTAL	**10**	**10**	**0**
TOTAL ALL FUNDS	**448**	**454**	**6**

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 includes most of the basic operating services, such as fire and police protection, administration, finance, information technology, economic development, communications, parks, planning, and general services.

General Fund Revenues

Account Description	FY 2026 Adopted	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
Ad Valorem Taxes - Current Year	51,096,045	52,913,188	1,817,143	3.56%
Ad Valorem Taxes - Prior Year	350,000	350,000	-	-
Total Ad Valorem Taxes	**$ 51,446,045**	**$ 53,263,188**	**$ 1,817,143**	**3.53%**
1% Sales Tax (State)	6,734,463	7,153,453	418,990	6.22%
1/2% Sales Tax (Local)	10,400,000	11,285,051	885,051	8.51%
Total Sales Tax	**$ 17,134,463**	**$ 18,438,504**	**$ 1,304,041**	**7.61%**
Fire District Sales Tax	450,000	452,950	2,950	0.66%
Franchise Tax	3,500,000	3,818,162	318,162	9.09%
Beer & Wine Tax	281,275	250,000	(31,275)	-11.12%
Interlocal MSD Tax	200,000	790,000	590,000	295.00%
ABC Funds	145,000	145,000	-	-
Cabarrus Contributions	1,325,000	1,320,865	(4,135)	-0.31%
CDBG Administration Revenues	70,000	70,000	-	-
Rowan County Contributions	4,000	10,000	6,000	150.00%
Powell Bill Funds	1,991,000	1,982,290	(8,710)	-0.44%
Total Intergovernmental	**$ 7,966,275**	**$ 8,839,267**	**$ 872,992**	**10.96%**
Vehicle License	900,000	900,000	-	-
Vehicle Rental Tax	50,000	60,000	10,000	20.00%
Buildings Rental	290,000	290,000	-	-
Tower Rental	130,000	130,000	-	-
Miscellaneous Revenue	25,000	25,000	-	-
Investment Income	1,400,000	1,000,000	(400,000)	-28.57%
Enterprise Fund Management Fee Reimbursement	2,782,598	3,163,955	381,357	13.71%
Police - Charges and Fees	275,000	200,000	(75,000)	-27.27%
Officer Court Reimbursement	14,000	14,000	-	-
False Alarm Fees	15,000	15,000	-	-
Fire - Technical Services - Charges and Fees	20,000	21,000	1,000	5.00%
Planning - Charges and Fees	100,000	120,000	20,000	20.00%
Engineering Fees	-	10,000	10,000	100.00%
City Code Violations	55,000	80,000	25,000	45.45%
Parks - Charges and Fees	1,920,000	1,740,875	(179,125)	-9.33%
Recreation Programs - Charges and Fees	200,000	200,000	-	-
Recreation Programs - Donations	40,000	40,000	-	-
Commercial Rent/Lease-College Station	400,000	350,000	(50,000)	-12.50%
P card Rebates	80,000	80,000	-	-
Parking Deck Lease	100,000	100,000	-	-
Parking Deck Fees	40,000	90,000	50,000	125.00%
CVB Contribution	100,000	100,000	-	-
Team Lease	500,000	500,000	-	-
Total Other	**$ 9,436,598**	**$ 9,229,830**	**$ (206,768)**	**-2.19%**
	$ 85,983,381	**$ 89,770,789**	**$ 3,787,408**	**4.40%**

Property (Ad Valorem) Taxes

Property valuations are determined by the respective County Tax Assessors in Cabarrus and Rowan counties, as the City of Kannapolis is located within both jurisdictions.

Cabarrus County's assessed valuation increased from $8,169,448,641 in FY 26 to $8,387,005,000 in FY 27, representing a 2.6% increase. Historically, the Cabarrus County portion of the City has experienced stronger valuation growth; however, growth has moderated this year due to significant unanticipated exemptions, valuation appeals, and projected declines in motor vehicle values. Rowan County anticipates a 9% increase in assessed property valuations, growing from $1,052,738,455 to $1,148,824,149 in FY 27. The City's overall tax base is comprised of approximately 88% Cabarrus County valuations and 12% Rowan County valuations.

Rowan County's next countywide property revaluation is scheduled for FY 28, with Cabarrus County following in FY 29. While North Carolina General Statutes require counties to conduct property revaluations at least once every eight years, both Cabarrus and Rowan counties currently perform revaluations on a four-year cycle.

Overall, property tax collections are projected to increase by $1,817,143, or 3.53%, based on a proposed property tax rate of 55.95 cents and an assumed collection rate of 99%. Each penny on the property tax rate is projected to generate approximately $953,583 in revenue, or nearly $1 million annually. Total property tax collections are estimated at $53,263,188 and comprise approximately 59% of the total General Fund budget.

Please note the graph below that shows the increase in property tax revenue over the past 10 years. The City of Kannapolis has experienced consistent growth and continues to do so.



Cabarrus County and Rowan County conduct revaluations every four years rather than the maximum eight years. Rowan County will have a revaluation in FY 28 and Cabarrus in FY 29.

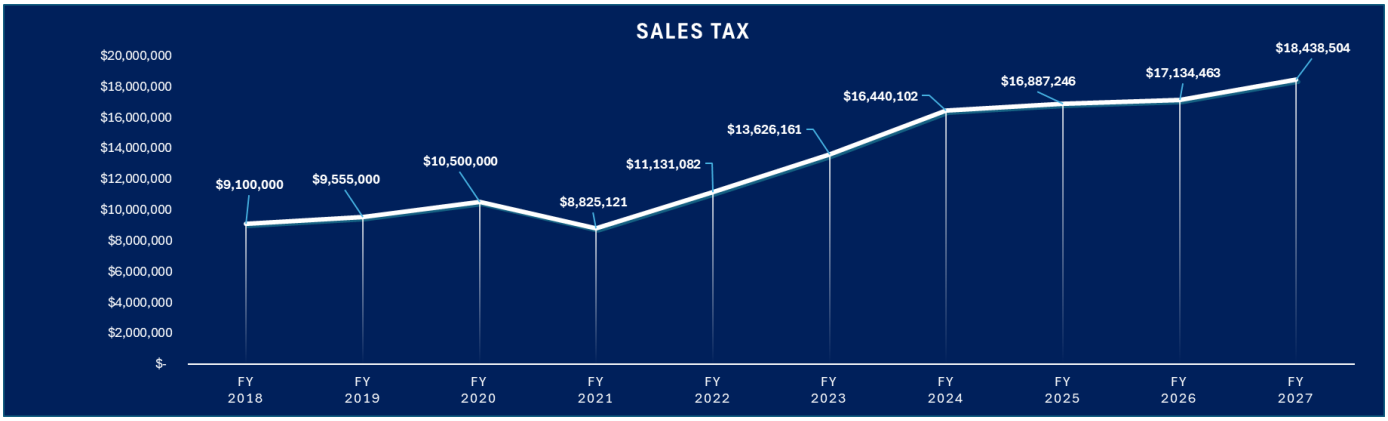
Sales Taxes

Sales tax projections are developed based on historical collection trends and anticipated retail sales activity. Under Article 39 of Chapter 105 of the North Carolina General Statutes (1% local sales tax), counties and municipalities receive the net proceeds of sales tax collections generated within the county, less the State's cost of administration and collection, commonly referred to as the "point of sale" method.

Distribution methodologies vary by county. In Rowan County, Article 39 proceeds are distributed on a per capita basis, while Cabarrus County distributes proceeds on an ad valorem basis. The per capita method allocates revenues based on the ratio of the City's population relative to the combined population of the county and all municipalities located within the county. The ad valorem method utilizes the City's proportionate share of the total countywide property tax levy rather than population.

In addition, Article 40 (½-cent sales tax) and Article 42 (½-cent sales tax) revenues are collected statewide and distributed through a statewide allocation pool using both per capita and ad valorem methodologies.

Sales tax revenues comprise approximately 21% of the proposed General Fund budget. Collections are projected to increase by 7.61% over the FY 26 adopted budget. Recent collection trends indicate sales tax revenues are outperforming original FY 26 projections, with current estimates anticipating collections will exceed budget by approximately 5% at fiscal year-end. For FY 27, the City utilized a projected FY 26 year-end sales tax collection estimate of $18,030,159 as the baseline and applied a conservative 2% growth factor in developing the proposed FY 27 budget.



Intergovernmental Revenue

Intergovernmental revenues consist of funding received from federal, state, and local governmental entities that provide financial assistance to the City. Revenues in this category include utility franchise taxes, beer and wine taxes, Powell Bill allocations, refunds of sales and gas taxes, ABC Board distributions, reimbursements from other local governments, and state

grant funding. Also included are revenues the City will receive from Cabarrus County associated with the purchase of Limited Obligation Bonds.

Overall, intergovernmental revenues are projected to increase by $872,992 in FY 27. The increase is primarily attributable to higher projected franchise tax collections, increased fire district property and sales tax revenues, and significant growth in interlocal MSD tax revenues. Franchise tax revenues alone are projected to increase by $318,162 over the adopted FY 26 budget and represent the City's third-largest revenue source. These revenues are derived from taxes imposed on public utilities operating within North Carolina, including providers of electricity, natural gas, steam, and similar services, as well as local video programming providers.

Intergovernmental revenues comprise approximately 10% of the proposed FY 27 General Fund budget.

Other Revenues

Other revenues include various revenue sources that support City operations but do not fit within the primary revenue classifications previously discussed. Collectively, these revenues comprise approximately 10% of the proposed General Fund budget.

This category includes the City's $20 vehicle license fee allocation that supports General Fund operations and transportation-related improvements. Historically, only $10 of the fee was budgeted within the General Fund; however, revised accounting practices and statutory guidance now allow $10 of the total $30 vehicle license fee to be directly allocated to public transit purposes, with the remaining $20 supporting enhanced street paving efforts and General Fund operations.

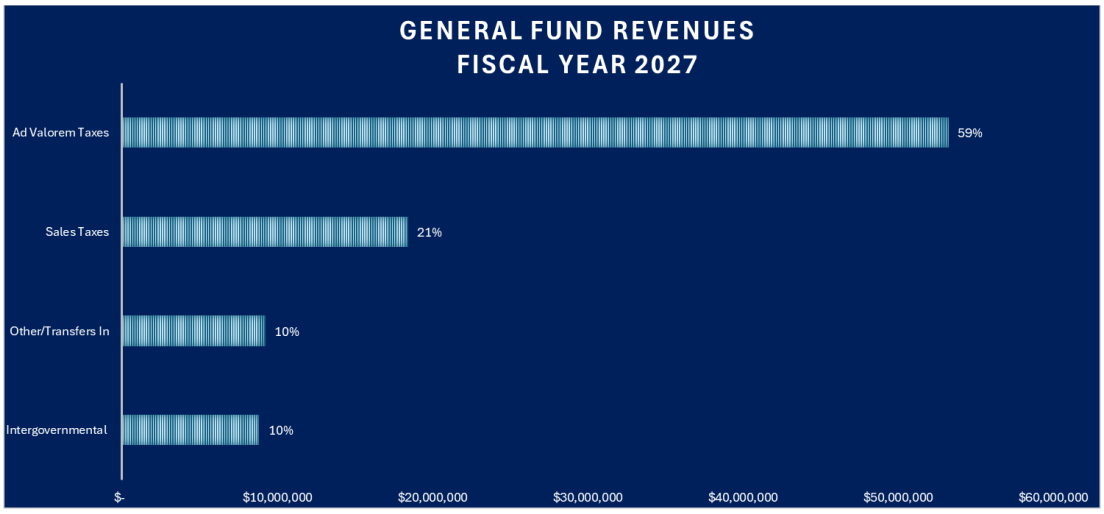
Additional revenues within this category include vehicle rental taxes, building and tower rental income, miscellaneous revenues, investment earnings, and charges and fees generated by various City departments. Miscellaneous revenues are projected to remain stable at approximately $25,000, while investment income is projected to decrease by $400,000 based on current market conditions and anticipated interest rate trends.

Also included in this category is the enterprise fund management fee, which represents reimbursement to the General Fund for administrative and operational support services provided to the Water and Sewer Fund and the Stormwater Fund. This revenue source is projected to increase by $381,357 based on the employee allocation methodology used to calculate shared service costs across these funds.

Parks and recreation revenues within the charges and fees category are projected to decline, primarily due to revised revenue estimates for the Gem and Swanee theatres. Following further evaluation of these facilities, revenue projections were adjusted to more closely align with historical operating trends. The City's long-term objective remains to reduce the gap between

operating costs and generated revenues so these facilities can become increasingly self-supporting without reliance on additional subsidies.

The bar graph below illustrates the distribution of the primary revenue sources within the General Fund.



General Fund Expenditures

Account Description	FY 2026 Adopted	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
City Council	371,583	402,588	31,005	8.34%
City Manager - Administration	2,375,163	2,663,900	288,737	12.16%
Economic Development	627,550	541,700	(85,850)	-13.68%
Communications	314,500	277,000	(37,500)	-11.92%
Human Resources	1,376,925	1,340,267	(36,658)	-2.66%
City Attorney	887,546	793,974	(93,572)	-10.54%
Finance	1,653,937	1,837,455	183,518	11.10%
Information Technology	3,826,219	3,698,836	(127,383)	-3.33%
General Services	2,882,463	3,021,899	139,436	4.84%
Total General Government	**$ 14,315,886**	**$ 14,577,619**	**$ 261,733**	**1.83%**
Police - Administration	1,525,020	1,588,738	63,718	4.18%
Police - Support Services	4,997,055	5,488,852	491,797	9.84%
Police - Field Operations	9,056,563	9,931,906	875,343	9.67%
Police - Special Operations	1,466,284	1,645,237	178,953	12.20%
Total Police	**$ 17,044,922**	**$ 18,654,733**	**$ 1,609,811**	**9.44%**
Fire - Administration	1,571,468	1,912,542	341,074	21.70%
Fire - Emergency Services	12,575,334	13,410,056	834,722	6.64%
Fire - Technical Services	919,405	991,609	72,204	7.85%
Total Fire	**$ 15,066,207**	**$ 16,314,207**	**$ 1,248,000**	**8.28%**
Public Works - Engineering	1,527,334	1,651,574	124,240	8.13%
Public Works - Street Lighting	870,000	920,000	50,000	5.75%
Public Works - Operations Center	143,000	126,000	(17,000)	-11.89%
Public Works - Signs and Markings	534,978	559,619	24,641	4.61%
Powell Bill	1,991,000	1,982,290	(8,710)	-0.44%
Public Works - Street Maintenance	1,499,222	1,771,128	271,906	18.14%
Total Public Works	**$ 6,565,534**	**$ 7,010,611**	**$ 445,077**	**6.78%**
Planning	$ 1,534,126	$ 1,587,491	53,365	3.48%
Total Planning	**$ 1,534,126**	**$ 1,587,491**	**$ 53,365**	**3.48%**
Parks and Recreation - Parks	8,024,803	8,040,213	15,410	0.19%
Parks and Recreation - Recreation Programs	1,037,000	873,000	(164,000)	-15.81%
Stadium	712,000	691,500	(20,500)	-2.88%
Total Parks and Recreation	**$ 9,773,803**	**$ 9,604,713**	**$ (169,090)**	**-1.73%**
Non - Departmental	3,333,887	4,411,974	1,078,087	32.34%
Transfers	4,422,867	4,247,246	(175,621)	-3.97%
Total Other	**$ 7,756,754**	**$ 8,659,220**	**$ 902,466**	**11.63%**
Debt Service Payments (Principal and Interest)	13,926,149	13,362,195	(563,954)	-4.05%
Total Debt Service	**$ 13,926,149**	**$ 13,362,195**	**$ (563,954)**	**-4.05%**
Total General Fund Expenditures	**$ 85,983,381**	**$ 89,770,789**	**$ 3,787,408**	**4.40%**

Expenditures in the General Fund are broken out among function areas. There are seven function areas explained below:

General Government

The General Government Services area accounts for services provided by the City for the benefit of the public and the government body as a whole. This service area encompasses the following departments: City Council, City Manager's Office, Economic Development, Communications, Human Resources, Legal Services, Finance, Information Technology and General Services.

This service area comprises 16% of total General Fund spending. This service area increased by $261,733 or 1.83%.

The primary drivers of this increase are personnel-related costs associated with the proposed 5% performance-based salary adjustment, increased retirement contribution rates, higher health and dental insurance costs, and enhanced 401(k) contributions.

To help offset the financial impact of these personnel adjustments, a number of departmental operational expenditures were reduced or right sized. These reductions include decreases in part-time staffing and contracted services within Human Resources, reductions in annual maintenance and small equipment funding within Information Technology, salary and wage reductions associated with a paralegal position within Legal Services, and reductions in citywide marketing and communications funding.

Public Safety

Public Safety funding provides services responsible for the safety and security of the public. Included in this service area is the Police Department and the Fire Department. The Police Department includes four divisions: Administration, Support Services, Field Operations, and the newly developed Special Operations Division. The Fire Department includes three divisions: Administration, Emergency Services and Technical Services.

This service area comprises 39% of all General Fund spending. This service area increased by $2,41857,811 or 8.9% over the FY 26 adopted budget.

The primary drivers of this increase are personnel-related costs associated with the proposed 5% performance-based salary adjustment, increased retirement contribution rates, higher health and dental insurance costs, and enhanced 401(k) contributions.

In addition, the budget includes funding for six new firefighter positions within the Fire–Emergency Services Division to support the implementation of the Adaptive Response Unit. This program assigns two personnel per shift to operate a smaller response vehicle primarily dedicated to medical calls. These positions will be filled by certified firefighters and paramedics, enabling personnel to provide full fireground support when needed. The intent of this program is to reduce wear and tear on larger fire apparatus, such as engines and ladder trucks, by utilizing a more efficient vehicle for medical response incidents.

Additional increases within the Fire Department are attributable to higher costs for public safety supplies, including personal protective equipment for the new firefighter positions, as well as increased contractual costs associated with fire protection services provided by Odell Fire Protection in the western portion of the City. This contract is projected to increase by $268,525.

Other significant increases are associated with the new lease agreement with Axon for the replacement of in-car cameras, body-worn cameras, and tasers, totaling an estimated $710,800, which represents an increase of $387,000 over prior year costs. The budget also continues funding for the City's 911 communications center equipment and redundancy infrastructure. Because the City is not designated as a primary or secondary Public Safety Answering Point (PSAP), it is not eligible for State 911 Board funding, requiring these costs to be fully supported within the General Fund.

Public Works

Public Works is responsible for enhancing the quality of life by providing dependable, high quality and responsive services. The following departments comprise this service area: Engineering, Street Lighting, Operations Center, Signs and Markings, Powell Bill, and Street Maintenance.

This area comprises 8% of total General Fund spending. This service area increased by $445,077 or 6.78% over the adopted FY 26 budget.

Outside of the personnel increases already noted, the major increases in this category are related to contract engineering for specialized engineering work and an increase in electricity costs downtown based on trends.

Planning

Planning provides for orderly planning of growth and development within the City.

This area comprises 2% of all General Fund spending. This service area increased by $$53,365 or 3.48% over the adopted FY 26 budget.

The Planning Department's increases are related to the 5% performance increase, 40% increase in dental insurance and 16% increase in health insurance, 5% for 401k contribution and increases to the retirement rate. Outside of those personnel increases, the department saw decreases in their operational line items.

Parks and Recreation

Parks and Recreation provide City residents with opportunities and facilities for recreational and educational programs and activities. The departments that make up this service area are Parks, Recreation Programs, and the Stadium. Parks and Recreation include the maintenance of all city parks, youth athletics, summer events and concert series and the newly opened Atrium Health Ballpark.

This area comprises 11% of all General Fund spending. This service area decreased by $169,000 or -1.73% from the adopted budget on FY 26.

Funding for the summer concert series was reduced from $575,000 to $400,000. Additional reductions are reflected in the Swanee and Gem Theatres, consistent with the City's objective of transitioning these facilities toward greater financial self-sufficiency and reducing reliance on General Fund subsidies to support ongoing operations.

At the Swanee Theatre, talent and entertainment expenditures were reduced by $289,000 to allow for a restructured programming model focused on increased cost recovery. A key priority of the City Council is to further maximize facility utilization through expanded rental activity at this venue.

Personnel costs within the Parks and Recreation Department reflect an overall increase associated with the proposed 5% performance-based salary adjustment for all full-time and part-time employees.

Other

The other category includes the Non-Departmental department, and transfers to other funds.

This area comprises 10% of all General Fund spending. This service area increased by $902,466 or 11.63% over the FY 26 adopted budget.

Expenses in the Non-Departmental budget include:

- $137,200 - increase in workers compensation insurance based on trends
- 12% increase across all insurance line items based on trends.
- $28,000 – increase in contingency appropriation based on internal policy of 0.005% of the total General Fund budget of $89 million ($448,000 for FY 27).
- $976,054 – budgeted in special expenses for the proposed salary study implementation based on council retreat recommendation of 6-year option.

Transfers include the following: transfer to the Separation Pay Fund based on additional employees rolling on (estimated at $758,000), transfer to the Environmental Fund related to the increase in contract with Waste Connections and to subsidize no fee increase for this fund in FY 27 (estimated at $2,290,246) and the transfer of $900,000 to start setting aside to put towards enhanced street paving efforts and road, intersection, and sidewalk improvements.

Debt Service

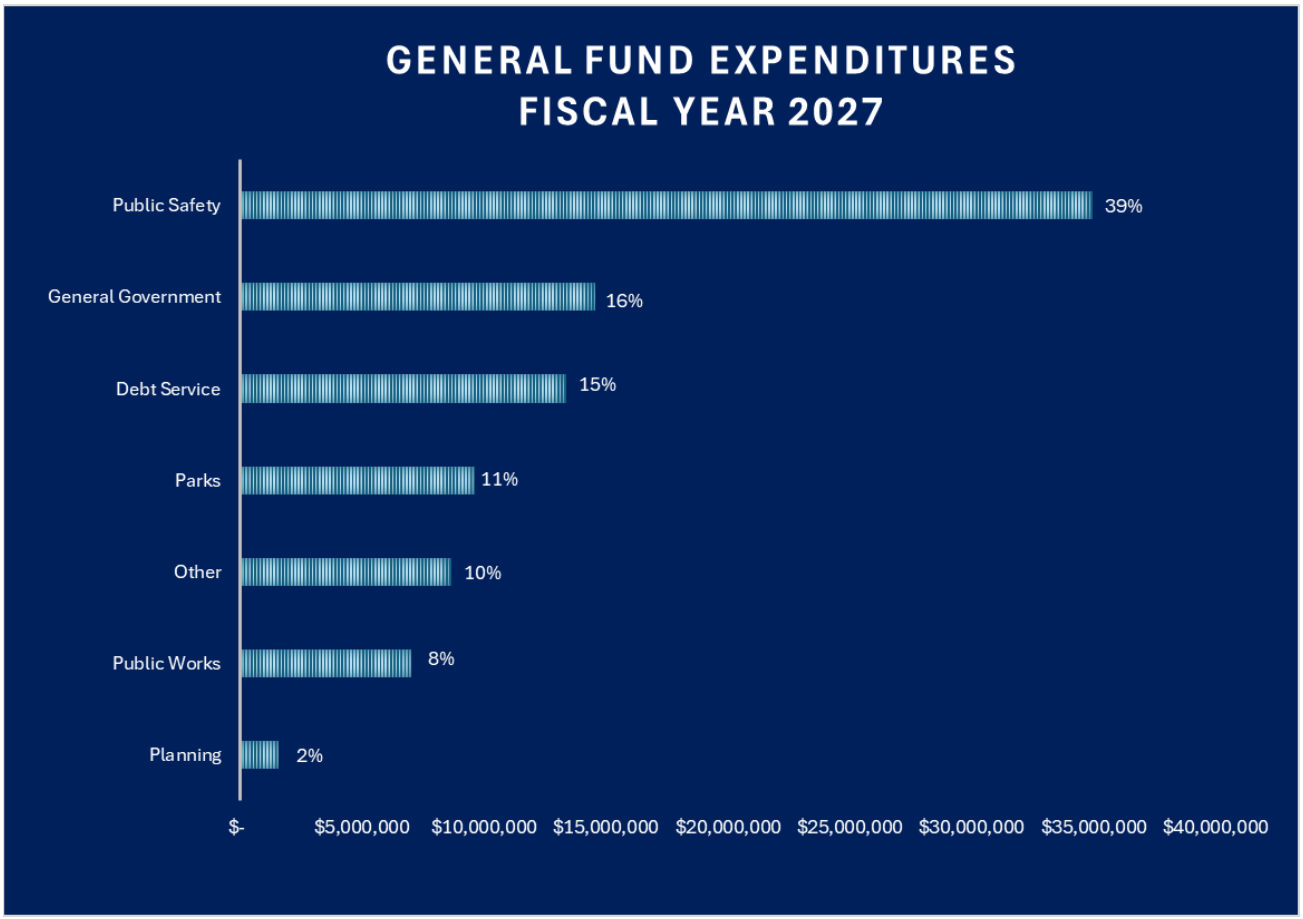
The debt service category accounts for principal and interest payments on debt that is outside of the enterprise fund debt service obligations. Debt service in the General Fund is for greenways, City Hall and Police Headquarters, Fire Stations, and machinery and equipment used to support departments in the General Fund. Also, included is the debt service that was formerly budgeted in the Downtown Fund. This includes debt service payments on the streetscape/linear park, the baseball stadium and for the newly constructed parking deck downtown at the VIDA apartment complex.

This area comprises 15% of all General Fund spending. This service area decreased by $563,954 or-4.05% decreased from the adopted FY 26 budget.

This category reflects a net decrease primarily due to the retirement of existing debt service obligations.

Included within this area is an estimated $225,000 in interest expense associated with a proposed short-term borrowing anticipated in October 2026. This financing would provide up to $6 million for the replacement of capital outlay items citywide, including vehicles, machinery, and equipment. Because the borrowing is expected to occur late in the fiscal year, only interest payments are budgeted in FY 27, with both principal and interest payments beginning in FY 28, estimated at approximately $600,000 annually.

Additionally, the budget includes an estimated $200,000 in debt issuance costs related to a potential General Obligation (GO) Bond referendum for Parks and Recreation projects, should it be approved by voters in the November 2026 election.



City Council 11000

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 term 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.

Expense Summary	
Personnel Expenses	$191,588
Operating Expenses	$211,000
Total Budget	$402,588

Increases:

- 5% increase for performance pay.
- $15,700 increase in special expenses due to trends. This account is used for meals for meetings.

Reductions:

- $31,000 – reduction in election expenses. Still showing some expenses even though this is an off year due to November election with the potential parks GO bond. This is projected to cover any expenses associated with this effort.
- $5,000 – reduction in travel and training.

Items of Interest:

- $40,000 - NC League of Municipalities
- $5,500 - National League of Cities
- $11,000 - Metropolitan Mayor's Coalition
- $10,000 - Cabarrus/South Rowan MPO
- $14,000- Centralina Council of Governments
- $8,000 - Public Health Authority
- $3,300 - Rowan Chamber of Commerce
- $2,000 - Cabarrus Chamber of Commerce
- $6,200 – UNC School of Government
- Elections expenses are found in budget every other year

City Council 11000

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	136,763	136,763	143,602	6,839	5.00%
42000	FICA	6,204	11,000	10,986	(14)	-0.13%
42210	401K	31,616	35,000	37,000	2,000	5.71%
Sub-Total For Personnel		**$ 174,583**	**$ 182,763**	**$ 191,588**	**$ 8,825**	**4.83%**

OPERATING						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
43200	Advertising	5,000	5,000	5,000	-	-
45250	Telephone	2,000	2,000	2,000	-	-
46100	Office Supplies	1,000	1,000	1,000	-	-
46300	Dues and Subscriptions	100,000	100,000	100,000	-	-
51100	Travel and Training	20,000	20,000	15,000	(5,000)	-25.00%
51200	Elections	51,000	51,000	20,000	(31,000)	-60.78%
51300	Special Expenses	18,000	52,300	68,000	15,700	30.02%
51800	Meetings	-	-	-	-	-
Sub-Total for Operating Expenditures		**$ 197,000**	**$ 231,300**	**$ 211,000**	**$ (20,300)**	**-8.78%**

TOTAL CITY COUNCIL						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	174,583	182,763	191,588	8,825	4.83%
	Operating Expenditures	197,000	231,300	211,000	(20,300)	-8.78%
Total for All Categories of Expenses		**$ 371,583**	**$ 414,063**	**$ 402,588**	**$ (11,475)**	**-2.77%**

City Manager 11100

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.

Expense Summary	
Personnel Expenses	$2,560,550
Operating Expenses	$103,350
Total Budget	$2,663,900

Personnel includes: City Manager, Deputy City Manager, (2) Assistant City Managers, Assistant to the City Manager, Communications Director, Director of Business and Community Affairs, City Clerk and the Community Development Block Administrator and Community Outreach Coordinator and (1) Administrative Assistant that supports Engineering and Economic Development.

Increases:

- Salary and benefit increases related to 5% performance increases.
- Standard healthcare and dental insurance increases.
- $300 - increase in overtime based on trends.
- $2,000 – increase in small tools and equipment based on trends.

Reductions:

- $4,724 – reduction in disability insurance due to lapsed policy with retirement.
- $1,800 – reduction in longevity pay due to retirement of former City Manager.
- $15,000 – reduction in consultants based on one time project in prior year.
- $5,000 – reduction in travel and training.
- $10,000 – reduction in special expenses based on trends. This account is used for miscellaneous meetings, etc.

City Manager 11100

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	1,603,167	1,697,000	1,781,850	84,850	5.00%
41100	Salaries - Part Time	2,678	3,000	3,150	150	5.00%
41200	Salaries - Overtime	-	6,000	6,300	300	5.00%
41300	Longevity Pay	24,300	25,000	23,200	(1,800)	-7.20%
41600	Vehicle Allowance	44,100	48,910	48,910	-	-
42000	FICA	110,392	132,115	138,810	6,695	5.07%
42210	401k	82,227	89,877	90,725	848	0.94%
42200	State Retirement	233,434	254,733	274,534	19,801	7.77%
42230	Deferred Compensation	16,727	16,727	16,727	-	-
42300	Medical Insurance	135,000	135,000	157,000	22,000	16.30%
42400	Life Insurance	5,676	5,676	5,676	-	-
42500	Dental Insurance	9,048	9,048	12,668	3,620	40.01%
42600	Disability Insurance	914	5,724	1,000	(4,724)	-82.53%
Sub-Total for Personnel		**$ 2,267,663**	**$ 2,428,810**	**$ 2,560,550**	**$ 131,740**	**5.42%**

OPERATING						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
45250	Telephone	16,000	16,000	16,000	-	-
45610	Motor Fuel	500	500	500	-	-
46100	Office Supplies	7,000	7,000	7,000	-	-
46200	Small Equipment and Tools	4,000	2,000	4,000	2,000	100.00%
46300	Dues and Subscriptions	20,000	20,000	20,000	-	-
48300	Consultants	-	15,000	-	(15,000)	-100.00%
51100	Travel and Training	35,000	35,000	30,000	(5,000)	-14.29%
51300	Special Expenses	20,000	30,000	20,000	(10,000)	-33.33%
51315	Grant Expenses	-	850	850	-	-
51800	Meetings	5,000	5,000	5,000	-	-
Sub-Total for Operating Expenditures		**$ 107,500**	**$ 131,350**	**$ 103,350**	**$ (28,000)**	**-21.32%**

TOTAL CITY MANAGER						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	2,267,663	2,428,810	2,560,550	131,740	5.42%
	Operating Expenditures	107,500	131,350	103,350	(28,000)	-21.32%
Total for All Categories of Expenses		**$ 2,375,163**	**$ 2,560,160**	**$ 2,663,900**	**$ 103,740**	**4.05%**

Economic Development 11115

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.

Expense Summary	
Personnel Expenses	$0
Operating Expenses	$597,873
Total Budget	$597,873

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

Increases:

- $190,000 – 3-year incentive with Chick Fil-A

Items of Interest:

- $21,500 – Cabarrus Arts Council for non-profit support, $50k associated for downtown efforts.
- $25,000 – NC Music Hall of Fame (reduction, no longer provide this support)
- $150,000 – Incentive grant for Gordon Foods
- $90,500 – Economic Development Support ($23k for Rowan, $68k for Cabarrus)
- $21,000 – Contracted services for Place AI database to track cell phone data for events
- $15,000 – Economic Development Initiatives for Flywheel grant agreement

OPERATING EXPENDITURES						
Account #	**Account Description**	**FY 2026 Adopted**	**FY 2026 Revised**	**FY 2027 Proposed**	**Actual Increase/ Decrease ($)**	**% Change**
43405	EDC Contribution	87,100	77,100	90,500	13,400	17.38%
43415	Economic Development Initiatives	15,000	40,000	15,000	(25,000)	-62.50%
46350	Community Support/ Non Profit Cont	174,250	164,250	75,000	(89,250)	-54.34%
48000	Contracted Services	21,000	31,500	21,000	(10,500)	-33.33%
51310	Incentive Grant	330,200	330,200	340,200	10,000	3.03%
Sub-Total For Operating		**$ 627,550**	**$ 643,050**	**$ 541,700**	**$ (101,350)**	**-15.76%**

TOTAL ECONOMIC DEVELOPMENT						
	Expense Category	**FY 2026 Adopted**	**FY 2026 Revised**	**FY 2027 Proposed**	**Actual Increase/ Decrease ($)**	**% Change**
	Operating Expenditures	627,550	643,050	541,700	(101,350)	-15.76%
Total for All Categories of Expenses		**$ 627,550**	**$ 643,050**	**$ 541,700**	**$ (101,350)**	**-15.76%**

Communications 11120

MISSION STATEMENT:

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

Expense Summary	
Personnel Expenses	$0
Operating Expenses	$277,000
Capital Expenses:	$0
Total Budget	$277,000

Personnel includes: No personnel cost are paid from this department

Decreases:

- $53,403 – reduction in marketing and branding based on trends.
- $5,000 – reduction in consultants.
- $2,500 – reduction in academy programs (scale this program back with meals, etc.).
- $10,000 – reduction in youth council programming (rework this program).

Items of Interest:

- $20,000 – Swanee theatre marketing and branding initiatives.
- $20,000 – Gem theatre marketing and branding initiatives.
- $20,000 – downtown marketing efforts.
- $30,000 – Consultants to be used for recruitment initiatives, branding, etc.
- $48,107 – Special Events Mailers
- $9,200 – Everbridge mass communication
- $82,000 – Kannapolis Matters

Communications 11120

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
43415	Recruitment Initiatives	-	-	-	-	-
43425	Marketing/Branding	180,000	183,403	130,000	(53,403)	-29.12%
43425-DWNTW	Martketing/Branding - Downtown	-	20,000	20,000	-	-
43425- GEM	Marketing/Branding- Gem	20,000	20,000	20,000	-	-
43425-SWANEE	Marketing/Branding- Swanee	20,000	20,000	20,000	-	-
44300	RM: Building and Grounds	-	-	-	-	-
46200	Small Equipment and Tools	2,500	2,500	2,500	-	-
46300	Dues and Subscriptions	7,500	7,500	7,500	-	-
48300	Consultants	25,000	35,000	30,000	(5,000)	-14.29%
48540	Website	9,000	9,000	9,000	-	-
51100	Travel and Training	8,000	8,000	8,000	-	-
51300	Special Expenses	8,000	8,000	8,000	-	-
51421	Academy Programs	12,500	12,500	10,000	(2,500)	-20.00%
51422	Outreach Education Programs	12,000	12,000	12,000	-	-
51422-YTH	Outreach Education Programs-Yth	10,000	10,000	-	(10,000)	-100.00%
Sub-Total for Operating Expenditures		**$ 314,500**	**$ 347,903**	**$ 277,000**	**$ (37,500)**	**-11.92%**

TOTAL COMMUNICATIONS						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Operating Expenditures	314,500	347,903	277,000	(70,903)	-20.38%
59500	Capital Expenditures	-	-	-	-	-
Total for All Categories of Expenses		**$ 314,500**	**$ 347,903**	**$ 277,000**	**$ (70,903)**	**-20.38%**

Human Resources 11200

MISSION STATEMENT:

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

Expense Summary	
Personnel Expenses	$910,267
Operating Expenses	$430,000
Total Budget	$1,340,267

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

Increases:

- Salary and benefit increases related to 5% performance merit.
- Standard health and dental insurance increases.
- $23,200 – increase in contracted services for risk management for AED/First aid kits at all city facilities and hand sanitizer machines.
- $18,035 – increase in contract services for first responder EAP and testing.

Reduction/Decreases:

- $121,000 – reduction in part-time funding. This assignment is essentially over with the development of the personnel policy and new performance evaluation system.
- $6,150 – reduction in office supplies due to one-time purchases related to renovation of shell space.
- $1,250 – reduction in dues and subscriptions and small tools and equipment based on trends.

Items of Interest:

- Advertising covers all cost of advertising for the city
- Contracted Services covers EAP, pre-employment background checks, and OPEB reports
- $83,500 – rate lock for short term disability
- $32,000 – rate lock for vision insurance (switching from EyeMed to Community Eye). This is a slight cost savings to go to Community eye.
- $110,000 –contracted services for: $35k - turnover increase for psychological/BRAINS testing and cost increase for FMRT; increased referrals for mental health for general employees; increase in more comprehensive background screenings (general employees and fire).
    - $50,000 for First Responder EAP services.
    - $20,000 for internal communications/educational services and $5k employee attorney.
- $20,000 in academy programs for Kannapolis orientation (offset by p-card rebates)
- $20,000 in employee initiatives for SEEK (supervising employee engagement Kannapolis), supervisors class and employee appreciation events (offset by p-card rebates).

Human Resources 11200

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	566,124	591,124	620,681	29,557	5.00%
41100	Salaries- Part Time	120,750	121,000	-	(121,000)	-100.00%
41200	Salaries - Overtime	5,775	6,000	6,300	300	5.00%
41300	Longevity Pay	4,600	5,700	3,000	(2,700)	-47.37%
42000	FICA	56,169	56,169	48,194	(7,975)	-14.20%
42200	State Retirement	98,569	98,569	95,316	(3,253)	-3.30%
42210	401k	27,033	29,033	31,500	2,467	8.50%
42300	Medical Insurance	81,000	81,000	94,200	13,200	16.30%
42400	Life Insurance	1,229	1,229	1,229	-	-
42500	Dental Insurance	4,176	4,176	5,847	1,671	40.01%
42800	Tuition Reimbursement	4,000	4,000	4,000	-	-
Sub-Total For Personnel		**$ 969,425**	**$ 998,000**	**$ 910,267**	**$ (87,733)**	**-8.79%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
43100	Printing	1,000	1,000	1,000	-	-
43200	Advertising	15,000	17,846	15,000	(2,846)	-15.95%
43710	Medical Expenses	14,500	23,795	24,000	205	0.86%
43710-STD	Medical Expenses	83,500	-	-	-	-
43710-VIS	Medical Expenses	32,000	-	-	-	-
43715	Short Term Disability	-	83,500	83,500	-	-
43720	Vision Expense	-	32,000	32,000	-	-
44200	Repair & Maintenance: Vehicles	2,500	2,500	2,500	-	-
45250	Telephone	4,000	4,000	4,000	-	-
45610	Motor Fuel	2,000	2,000	2,000	-	-
46100	Office Supplies	10,000	10,150	4,000	(6,150)	-60.59%
46200	Small Tools and Equipment	1,000	2,000	1,000	(1,000)	-50.00%
46300	Dues and Subscriptions	4,500	4,750	4,500	(250)	-5.26%
48000	Contracted Services	110,000	91,965	110,000	18,035	19.61%
48000-RISK	Contracted Services-RISK	-	60,800	84,000	23,200	38.16%
51100	Travel and Training	30,000	29,750	20,000	(9,750)	-32.77%
51800	Meetings	-	2,500	2,500	-	-
51110	Departmental Training	35,000	-	-	-	-
51421	Academy Programs	60,000	27,469	20,000	(7,469)	-27.19%
51425	Employee Initiatives	2,500	103,622	20,000	(83,622)	-80.70%
Sub-Total for Operating Expenditures		**$ 407,500**	**$ 499,647**	**$ 430,000**	**$ (69,647)**	**-13.94%**

TOTAL HUMAN RESOURCES						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	969,425	998,000	910,267	(87,733)	-8.79%
	Operating Expenditures	407,500	499,647	430,000	(69,647)	-13.94%
Total for All Categories of Expenses		**$ 1,376,925**	**$ 1,497,647**	**$ 1,340,267**	**$ (157,380)**	**-10.51%**

Legal Services 11300

MISSION STATEMENT:

The City Attorney is a statutory personnel appointment made by the city Council who serves 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.

Expense Summary	
Personnel Expenses	$674,974
Operating Expenses	$119,000
Total Budget	$793,974

Personnel Includes: City Attorney, Administrative Assistant and a paralegal

Reductions/Decreases:

- $72,942 – reduction in attorney salary due to proposed hiring of a paralegal with applicable benefits.
- $35,000 – reduction in contracted services based on trends.

Items of Interest:

- 5% performance increases accounted for.
- Standard health and dental insurance increases.

Legal Services 11300

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	557,168	541,150	468,208	(72,942)	-13.48%
41100	Salaries - Part Time	-	12,850	2,850	(10,000)	-77.82%
41200	Salaries - Overtime	-	1,000	1,000	-	-
41300	Longevity Policy	5,100	6,000	6,000	-	-
41600	Vehicle Allowance	15,120	15,120	8,000	(7,120)	-47.09%
42000	FICA	35,285	46,000	36,572	(9,428)	-20.50%
42210	401k	21,813	24,000	23,903	(97)	-0.40%
42200	State Retirement	50,106	85,000	72,330	(12,670)	-14.91%
42300	Medical Insurance	40,500	40,500	47,100	6,600	16.30%
42400	Life Insurance	3,162	3,162	3,162	-	-
42500	Dental Insurance	1,392	1,392	1,949	557	40.01%
42600	Disability Insurance	3,900	3,900	3,900	-	-
Sub-Total For Personnel		**$ 733,546**	**$ 780,074**	**$ 674,974**	**$ (105,100)**	**-13.47%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
43300	Postage	1,000	1,000	1,000	-	-
45250	Telephone	1,000	1,000	1,000	-	-
46100	Office Supplies	2,000	2,000	2,000	-	-
46200	Small Tools and Equipment	1,000	1,000	1,000	-	-
46300	Dues and Subscriptions	4,000	4,000	4,000	-	-
48000	Contracted Services	135,000	135,000	100,000	(35,000)	-25.93%
51100	Travel and Training	10,000	10,000	10,000	-	-
51800	Meetings	-	-	-	-	-
Sub-Total for Operating Expenditures		**$ 154,000**	**$ 154,000**	**$ 119,000**	**$ (35,000)**	**-22.73%**

TOTAL CITY ATTORNEY						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	733,546	780,074	674,974	(105,100)	-13.47%
	Operating Expenditures	154,000	154,000	119,000	(35,000)	-22.73%
Total for All Categories of Expenses		**$ 887,546**	**$ 934,074**	**$ 793,974**	**$ (140,100)**	**-15.00%**

Finance 11400

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.

Expense Summary	
Personnel Expenses	$1,322,455
Operating Expenses	$515,000
Total Budget	$1,837,455

Personnel includes: Finance Director, Deputy Finance Director, Senior Accountant (3), Purchasing Agent, (1) Accounts Payable and (1) Payroll Administrator and (1) part time purchasing assistant and (1) part time accounts payable technician

Increases:

- 5% performance increase for all personnel.
- Standard health and dental insurance increases.

Reductions/Decreases:

- $4,500 – reduction in travel and training costs due to trends
- $2,500 – reduction in meetings line due to cost savings for less employee-based meetings

Items of Interest:

- $300,000 - Tax collection is the per listing fee the city pays Cabarrus County for providing and receiving tax bill notification.
- $66,000- Audit contract with Martin Starnes.
- $18,000 – Debt book software to track all outstanding debt service for the City.
- $91,000 – Part time salaries for a part-time purchasing assistant/contract manager and funding for part time accounts payable position.

Finance 11400

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	762,365	773,000	824,370	51,370	6.65%
41100	Salaries - Part Time	44,100	58,100	91,005	32,905	56.64%
41200	Salaries - Overtime	6,825	8,000	8,400	400	5.00%
41300	Longevity Pay	4,300	5,000	5,400	400	8.00%
42000	FICA	58,043	64,000	71,082	7,082	11.07%
42210	401k	34,427	37,427	46,459	9,032	24.13%
42200	State Retirement	110,051	120,000	140,585	20,585	17.15%
42300	Medical Insurance	108,000	108,000	125,600	17,600	16.30%
42400	Life Insurance	1,758	1,758	1,758	-	-
42500	Dental Insurance	5,568	5,568	7,796	2,228	40.01%
Sub-Total For Personnel		**$ 1,135,437**	**$ 1,180,853**	**$ 1,322,455**	**$ 141,602**	**11.99%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
46100	Office Supplies	4,000	4,000	3,000	(1,000)	-25.00%
45250	Telephone	-	2,200	-	(2,200)	-100.00%
46200	Small Tools and Equipment	-	-	-	-	-
46300	Dues and Subscriptions	2,000	2,000	2,000	-	-
48000	Contracted Services	113,500	113,500	113,500	-	-
48410	Tax Collection	318,000	298,200	318,000	19,800	6.64%
48420	Audit	66,000	66,000	66,000	-	-
51100	Travel and Training	10,000	14,500	10,000	(4,500)	-31.03%
51800	Meetings	5,000	5,000	2,500	(2,500)	-50.00%
Sub-Total for Operating Expenditures		**$ 518,500**	**$ 505,400**	**$ 515,000**	**$ 9,600**	**1.90%**

TOTAL FINANCE						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	1,135,437	1,180,853	1,322,455	141,602	11.99%
	Operating Expenditures	518,500	505,400	515,000	9,600	1.90%
Total for All Categories of Expenses		**$ 1,653,937**	**$ 1,686,253**	**$ 1,837,455**	**$ 151,202**	**8.97%**

Information Technology 11500

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.

Expense Summary	
Personnel Expenses	$989,036
Operating Expenses	$2,709,800
Capital Machinery	$0
Total Budget	$3,698,836

Personnel includes: IT Director (1), Systems Engineer (1), Network Administrator (1), Software Support Specialist (1) and (1) Senior Network Administrator and (1) Technical Specialist

Increases:

- Standard 5% personnel increases related to performance reviews throughout the year.
- Standard health and dental insurance increases.

Decreases:

- $285,426 - reduction in small tools and equipment. This line item is used to purchase outdated equipment for all city personnel.
- $15,431 – reduction in contracted services based on trends.
- $179,529 – reduction in annual maintenance based on trends. This is the line item where all citywide software applications are budgeted. There are over 100 software applications budgeted in this line.

Items of Interest:

- All annual maintenance for IT is in the Information Technology budget.
- New equipment purchases related to new personnel are budgeted in the individual departmental (small tools and equipment) budgets.
- All replacement equipment purchases are budgeted in IT small tools and equipment account.
    - Continued to budget $100,000 to cover the implementation of a routine emplacement schedule for all devices (estimated at 100 devices per year over 5 years).

Information Technology 11500

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	643,647	645,000	677,250	32,250	5.00%
41200	Salaries - Overtime	-	1,000	1,050	50	5.00%
41300	Longevity Pay	9,200	10,000	11,600	1,600	16.00%
41600	Vehicle Allowance	6,300	6,300	6,000	(300)	-4.76%
42000	FICA	49,189	51,000	52,778	1,778	3.49%
42210	401k	29,108	31,108	34,495	3,387	10.89%
42200	State Retirement	92,365	97,000	104,382	7,382	7.61%
42300	Medical Insurance	81,000	81,000	94,200	13,200	16.30%
42400	Life Insurance	1,434	1,434	1,434	-	0.00%
42500	Dental Insurance	4,176	4,176	5,847	1,671	40.01%
Sub-Total For Personnel		**$ 916,419**	**$ 928,018**	**$ 989,036**	**$ 61,018**	**6.58%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
45250	Telephone	26,800	26,800	26,800	-	-
46100	Office Supplies	1,000	1,000	1,000	-	-
46200	Small Equipment and Tools	200,000	535,426	250,000	(285,426)	-53.31%
46300	Dues and Subscriptions	-	-	-	-	-
47100	Uniforms	2,000	2,000	2,000	-	0.00%
48000	Contracted Services	20,000	35,431	20,000	(15,431)	-43.55%
48300	Consultants	-	-	-	-	-
48530	Annual Maintenance	2,650,000	2,579,529	2,400,000	(179,529)	-6.96%
4853-DECK	Annual Maintenance - DECK	-	-	-	-	-
51100	Travel and Training	10,000	10,000	10,000	-	0.00%
Sub-Total for Operating Expenditures		**$ 2,909,800**	**$ 3,190,186**	**$ 2,709,800**	**$ (480,386)**	**-15.06%**

TOTAL INFORMATION TECHNOLOGY						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	916,419	928,018	989,036	61,018	6.58%
	Operating Expenditures	2,909,800	3,190,186	2,709,800	(480,386)	-15.06%
59500	Capital Machinery and Equipment	-	-	-	-	-
Total for All Categories of Expenses		**$ 3,826,219**	**$ 4,118,204**	**$ 3,698,836**	**$ (419,368)**	**-10.18%**

General Services 11600

MISSION STATEMENT:

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

Expense Summary	
Personnel Expenses	$1,272,399
Operating Expenses	$1,749,500
Capital Machinery	$0
Total Budget	$3,021,899

Personnel Includes: General Services Director, Administrative Assistant, (1) Building Maintenance Technician I, (3) Building Maintenance Technician II, (3) Building Maintenance Technician III and (2) Crew Chiefs and 1 Building Technician

Increases:

- 5% performance based increase for all employees (salary and benefits).
- Standard health and dental insurance increases.
- $11,000 – increase in water and sewer utility based on trends.
- $20,000 – increase in common area maintenance costs of the parking deck.

Reductions/Decreases:

- $18,830 – decrease in repair and maintenance building and grounds for the parking deck.
- $10,000 - decrease in repair and maintenance building and grounds for the train station.
- $5,000 – reduction in cleaning supplies.
- $50,000 – reduction in contracted services based on trends.
- $1,957 – reduction in travel and training based on trends.

Items of Interest:

- Postage covers the cost of all postage for the city with the exception of Billing and Police.

General Services 11600

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	689,689	691,000	725,550	34,550	5.00%
41115	On Call	-	12,750	13,388	638	5.00%
41116	Call Back	-	3,250	3,413	163	5.02%
41200	Salaries - Overtime	73,500	74,000	77,700	3,700	5.00%
41300	Longevity Policy	10,400	11,000	12,300	1,300	11.82%
41600	Vehicle Allowance	6,300	6,300	6,000	(300)	-4.76%
42000	FICA	53,419	61,000	63,675	2,675	4.39%
42200	State Retirement	100,324	115,000	125,935	10,935	9.51%
42210	401k	27,531	32,000	41,618	9,618	30.06%
42300	Medical Insurance	162,000	162,000	188,400	26,400	16.30%
42400	Life Insurance	1,752	1,752	1,752	-	-
42500	Dental Insurance	9,048	9,048	12,668	3,620	40.01%
Sub-Total for Personnel		**$ 1,133,963**	**$ 1,179,100**	**$ 1,272,399**	**$ 93,299**	**7.91%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
43300	Postage	10,000	10,000	10,000	-	-
43800	Credit Card Fees	5,000	5,000	5,000	-	-
43810	Transaction Fees	17,000	17,000	17,000	-	-
44100	Repair & Maintenance: Office Equip	1,000	1,000	1,000	-	-
44200	Repair & Maintenance: Vehicles	8,000	8,000	8,000	-	-
44300	Repair & Maintenance: Buildings & Grounds	334,500	334,500	334,500	-	-
44300-DECK	Repair & Maintenance: Buildings & Grounds- DECK	22,000	40,830	22,000	(18,830)	-46.12%
44400	Repair & Maintenance: Equipment	10,000	10,000	10,000	-	-
44500	Repair & Maintenance: Railroad Depot	35,000	45,000	35,000	(10,000)	-22.22%
45220	Electricity	100,000	100,000	100,000	-	-
45230	Water & Sewer	404,000	404,000	415,000	11,000	2.72%
45240	Gas Utilities	8,000	8,000	8,000	-	-
45250	Telephone	195,500	195,500	195,500	-	-
45410	Equipment Rental	207,000	207,000	207,000	-	-
45430	Real Property Rental	-	-	-	-	-
45610	Motor Fuel	6,000	6,000	6,000	-	-
46100	Office Supplies	25,000	25,000	25,000	-	-
46200	Small Equipment and Tools	4,000	4,000	4,000	-	-
46300	Dues and Subscriptions	3,000	3,000	3,000	-	-
46820	Cleaning Supplies	50,000	55,000	50,000	(5,000)	-9.09%
47100	Uniforms	6,500	4,543	6,500	1,957	43.08%
48000	Contracted Services	290,000	290,000	240,000	(50,000)	-17.24%
48575-DECK	Common Area Maintenance - DECK	-	20,000	40,000	20,000	100.00%
51100	Travel and Training	5,000	6,957	5,000	(1,957)	-28.13%
51300	Special Expenses	2,000	2,000	2,000	-	-
Sub-Total for Operating Expenditures		**$ 1,748,500**	**$ 1,802,330**	**$ 1,749,500**	**$ (52,830)**	**-2.93%**

TOTAL GENERAL SERVICES						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	$ 1,133,963	$ 1,179,100	$ 1,272,399	$ 93,299	7.91%
	Operating Expenditures	$ 1,748,500	$ 1,802,330	$ 1,749,500	$ (52,830)	-2.93%
59500-FS1/FS4	Capital - Machinery & Equipment	$ -	$ -	$ -	$ -	-
	Capital - Machinery & Equipment	$ -	$ 55,824	$ -	$ (55,824)	-100.00%
Total for All Categories of Expenses		**$ 2,882,463**	**$ 3,037,254**	**$ 3,021,899**	**$ (15,355)**	**-0.51%**

Non-Departmental 10000

MISSION STATEMENT:

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

Expense Summary	
Personnel Expenses	$0
Operating Expenses	$4,411,974
Total Budget	$4,477,974

Increases:

- $137,200 - increase in workers compensation insurance based on trends
- 12% increase across all insurance line items based on trends.
- $28,000 – increase in contingency appropriation based on internal policy of 0.005% of the total General Fund budget of $89 million.
- $976,054 – budgeted in special expenses for the salary study implementation based on council retreat recommendation of 6-year option (impact around 223 employees city wide).

Reduction/Decrease:

- $4,500,000 – reduction in legal settlements based on one-time legal expenses.
- $20,000 – reduction in banking fees based on trends.
- $13,000 – reduction in contracted services at College Station based on trends.
- $600,000 – reduction in developer contribution for block 10. This project is on pause.
- $30,000 – reduction in one-time closing costs on city owned property.

Items of Interest:

- Contingency funding – internal policy is .5% of total General Fund budget = $448,000
  - This is set on the following formula: $89,000,000 * 0.005= $448,000
  - Policy states at least .5% of all General Fund expenditures.
- Continued funding of $125,000 for YMCA contribution in special expenses
- $70,000 - decrease in portion on the Cabarrus Share/Tri Share Pilot-daycare subsidy. This program is no longer being offered by Cabarrus County.

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
42100	Workers Comp Insurance	686,000	686,000	823,200	137,200	20.00%
42310	Medical Plan Expense	-	-	-	-	-
42700	Unemployment Insurance	35,000	35,000	35,000	-	-
43406-BLK10	Developer Contribution-Block 10	-	600,000	-	(600,000)	-100.00%
43550	Closing Costs	-	30,000	-	(30,000)	-100.00%
45220-COLL	Electricity-College Station	7,500	7,500	7,500	-	-
45230	Water and Sewer	10,000	10,000	10,000	-	-
45230-COLL	Water and Sewer-College Station	-	-	-	-	-
45240-COLL	Gas Utilities-College Station	-	-	-	-	-
48000-COLL	Contracted Services-College Station	20,000	33,000	20,000	(13,000)	-39.39%
48430	Banking Fees	35,000	55,000	35,000	(20,000)	-36.36%
48550	Legal Settlements	-	4,500,000	-	(4,500,000)	-100.00%
51300	Special Expenses	575,280	320,280	1,296,334	976,054	304.75%
51300-GEM	Special Expenses- GEM	-	-	-	-	-
51320	Contingency Appropriation	420,000	420,000	448,000	28,000	6.67%
51325	Strategic Planning Intiatives	-	-	-	-	-
51610	Insurance - Public Officials	177,100	50,141	57,662	7,521	15.00%
51611	Insurance- Police Professional	-	124,620	139,574	14,954	12.00%
51612	Insurance- Performance Premiums	-	4,839	5,420	581	12.01%
51620	Insurance - General Liability	759,000	286,352	320,714	34,362	12.00%
51621	Insurance- Automobile Premiums	-	244,659	274,018	29,359	12.00%
51622	Insurance - Liquor Premiums	-	8,656	9,695	1,039	12.00%
51623	Insurance - Gov Crimes	-	7,765	8,697	932	12.00%
51624	Insurance- Inland Marine	-	37,922	42,473	4,551	12.00%
51625	Insurance- Employee Benefit	-	1,067	1,195	128	12.00%
51626	Insurance - Employment Prac	-	63,717	71,363	7,646	12.00%
51627	Insurance - Cyber Premiums	-	44,471	49,807	5,336	12.00%
51628	Insurance - Pollution Premiums	-	3,061	3,428	367	11.99%
51630	Insurance - Buildings	243,800	253,800	284,256	30,456	12.00%
51640	Insurance - Self Insured	364,207	73,013	98,904	25,891	35.46%
51642	Insurance - Automobile Claims	-	124,026	138,909	14,883	12.00%
51643	Insurance - Liquor Claims	-	5,000	5,600	600	12.00%
51644	Insurance - Government Crime Claims	-	5,000	5,600	600	12.00%
51645	Insurance - Inland Marine Claims	-	64,208	50,625	(13,583)	-21.15%
51646	Insurance - Building Content Claims	-	35,000	39,200	4,200	12.00%
51647	Insurance - Employee Ben Claims	-	5,000	5,600	600	12.00%
51648	Insurance - Police Prof Claims	-	40,000	44,800	4,800	12.00%
51649	Insurance - Public Official Claims	-	20,000	22,400	2,400	12.00%
51652	Insurance - Employment Prac Claim	-	20,000	22,400	2,400	12.00%
51653	Insurance - Cyber Claims	-	25,000	28,000	3,000	12.00%
51654	Insurance - Pollution Claims	-	5,000	5,600	600	12.00%
51750-CHALL	Non-Depreciable Capital-CHALL	-	21,699	-	(21,699)	-100.00%
51650	Encroachment Bond	1,000	1,000	1,000	-	-
Sub-Total for Operating Expenditures		**$ 3,333,887**	**$ 8,271,796**	**$ 4,411,974**	**$ (3,859,822)**	**-46.66%**

TOTAL NON-DEPARTMENTAL						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Operating Expenditures	3,333,887	8,271,796	4,411,974	(3,859,822)	-46.66%
Total for All Categories of Expenses		**$ 3,333,887**	**$ 8,271,796**	**$ 4,411,974**	**$ (3,859,822)**	**-46.66%**

General Fund Debt Service 18000

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
58100	Bond Principal	10,604,903	10,604,903	9,942,999	(661,904)	-6.24%
58200	Bond Interest	3,321,246	3,321,246	3,219,196	(102,050)	-3.07%
58300	Debt Issuance Cost	-	-	200,000	200,000	#DIV/0!
Sub-Total for Operating Expenditures		**$ 13,926,149**	**$ 13,926,149**	**$ 13,362,195**	**$ (563,954)**	**-4.05%**

TOTAL GENERAL FUND DEBT SERVICE						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Debt Service Expenditures	13,926,149	13,926,149	13,362,195	(563,954)	-4.05%
Total for All Categories of Expenses		**$ 13,926,149**	**$ 13,926,149**	**$ 13,362,195**	**$ (563,954)**	**-4.05%**

General Fund Debt Service				
Limited Obligation Bonds	Project	Principal	Interest	Maturity Date
LOB 2018B	FireStation 2 and 3	555,000	264,402	4/1/2038
LOB 2014	City Hall/ Police Headquarters	1,365,000	402,556	4/1/2034
LOB 2020	Irish buffalo Creek	92,000	18,382	4/1/2035
LOB 2018	College Station/Duct Bank/Street Scape	394,999	171,588	4/1/2038
LOB 2018C	Stadium	2,600,000	1,532,700	10/1/2039
LOB 2021	Parking Deck at Vida	735,000	245,777	4/1/2041
2011 Notes Payable	Equipment	-	-	6/10/2026
2017 Notes Payable	Village Park/Fire Truck	446,000	110,534	4/1/2037
Spec Oblig Bond 2015	Downtown Purchase	733,000	157,338	8/1/2030
2020 Notes Payable	NCRC Projects	2,594,000	47,730	3/1/2027
Lease	Motorola - Police Dept.	-	-	11/1/2025
Short Term Borrowing	Capital Outlay	428,000	43,189	6/1/2029
	Total	**9,942,999**	**2,994,196**	

- An estimated $225,000 is included for interest expense associated with a proposed short-term borrowing anticipated in October 2026. This financing, up to $6 million, would be used for the replacement of capital outlay items citywide, including vehicles, machinery, and equipment. Because the borrowing is expected late in FY 27, only interest payments are budgeted in that year, with full principal and interest payments beginning in FY 28, estimated at approximately $600,000 annually.

- The budget also includes an estimated $200,000 in debt issuance costs associated with a potential General Obligation (GO) Bond for Parks and Recreation projects, contingent upon voter approval in the November 2026 election.

Transfers General Fund 19000

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41800	Separation Pay	721,500	737,650	758,000	20,350	2.76%
57100	Transfer to Transit Fund	968,698	968,698	299,000	(669,698)	-69.13%
57150	Transfer to Other Funds	-	347,008	-	(347,008)	-100.00%
57200	Transfer to Capital Projects Fund	-	-	-	-	-
57250	Transfer to CRF	900,000	900,000	900,000	-	-
57400	Transfer to Environmental Fund	1,832,669	1,832,669	2,290,246	457,577	24.97%
57400	Transfer to Downtown Fund	-	-	-	-	-
57700	Transfer to Insurance and Risk	-	75,000	-	(75,000)	-100.00%

TOTAL TRANSFERS GENERAL FUND						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Transfers	4,422,867	4,861,025	4,247,246	(613,779)	-12.63%
Total for All Categories of Expenses		**$ 4,422,867**	**$ 4,861,025**	**$ 4,247,246**	**$ (613,779)**	**-12.63%**

Increases:

- $20,350 – increase in the transfer to the Separation Pay Fund based on additional employees rolling on.
- $457,577 – increase in the transfer to the Environmental Fund related to the increase in contract with Waste Connections and to subsidize no fee increase for this fund in FY 27.

Reductions:

- $669,698 - reduction in the transfer to the transit fund based on council recommendations.
- $347,008 – reduction in transfer to other funds. These are one time funding costs associated with capital projects.
- $75,000 – reduction in the transfer to the insurance and risk fund. This was a one time transfer to cover a workers compensation claim.

Items of Interest:

- General Fund transfer to Environmental Fund assists with Waste Connection contract costs and recycling costs.
    - General fund to Environmental: $2,290,246
- $900,000 to start setting aside to put towards enhanced street paving efforts and road, intersection, and sidewalk improvements.

Police – Administration 12010

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.

Expense Summary	
Personnel Expenses	$1,431,138
Operating Expenses	$157,600
Capital Machinery	$0
Total Budget	$1,588,738

Personnel includes: Chief of Police (1), Deputy Chief of Police (1), Captains (3), Executive Assistant (1), and Police Planner/Accreditation Manager (1) and (1) Data Manager/Crime Analyst. 5 Sworn, 3 Civilian

Increases:

- Increases in personnel costs related to the 5% performance merit increase.
- Standard health and dental insurance increases.

Reductions:

- $1,000 – reduction in medical expenses due to spending history (account not used).
- $11,831 – reduction in public safety expenses due to trends.
- $16,120 – reduction in NCACP grant. This was a one-time grant and has expired.
- $2,500 – reduction in meetings due to a combined Public Safety academy with KFD.

Items of Interest:

- Equipment Rental covers text messaging service.
- Contracted services include:
    - Investigative software programming
- Consultants covers the Police Legal Support
- Public Safety Supplies cover several ad hoc expenses – JCSU recruitment, flowers, plaques, interpreters.

Police – Administration 12010

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	919,187	919,187	965,147	45,960	5.00%
41200	Salaries - Overtime	7,350	8,000	8,400	400	5.00%
41300	Longevity Pay	25,600	26,000	18,600	(7,400)	-28.46%
42000	FICA	33,271	33,000	34,650	1,650	5.00%
42200	State Retirement	185,655	185,655	169,658	(15,997)	-8.62%
42210	401K	77,217	79,217	99,215	19,998	25.24%
42300	Medical Insurance	108,000	108,000	125,600	17,600	16.30%
42400	Life Insurance	2,072	2,072	2,072	-	-
42500	Dental Insurance	5,568	5,568	7,796	2,228	40.01%
Sub-Total For Personnel		**$ 1,363,920**	**$ 1,366,699**	**$ 1,431,138**	**$ 64,439**	**4.71%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
43100	Printing	3,000	3,000	3,000	-	-
43300	Postage	6,000	6,000	6,000	-	-
43415	Recruitment Initiatives	-	-	-	-	-
43710	Medical Expense	-	1,000	-	(1,000)	-100.00%
44100	Repair & Maintenance:Office Equipment	1,000	-	-	-	-
44200	Repair & Maintenance: Vehicles	5,000	5,000	5,000	-	-
44400	Repair & Maintenance: Equipment	1,000	1,000	1,000	-	-
45250	Telephone	7,800	7,800	7,800	-	-
45410	Equipment Rental	2,000	2,000	2,000	-	-
45610	Motor Fuel	5,000	5,000	5,000	-	-
46100	Office Supplies	9,000	9,000	9,000	-	-
46200	Small Tools and Equipment	-	-	-	-	-
46300	Dues and Subscriptions	3,800	3,800	3,800	-	-
46400	Public Safety Supplies	30,000	41,831	30,000	(11,831)	-28.28%
46400-ICAC	Public Safety Supplies - ICAC	-	-	-	-	-
47100	Uniforms	6,000	6,000	6,000	-	-
48000	Contracted Services	35,000	35,000	35,000	-	-
48000-NCACP	Contracted Services- Wellness Initiative	-	16,620	-	(16,620)	-100.00%
48300	Consultants	16,000	16,000	16,000	-	-
51100	Travel and Training	22,000	22,000	22,000	-	-
51100-ICAC	Travel and Training - ICAC	-	-	-	-	-
51800	Meetings	8,500	8,500	6,000	(2,500)	-29.41%
Sub-Total for Operating Expenditures		**$ 161,100**	**$ 189,551**	**$ 157,600**	**$ (31,951)**	**-16.86%**

TOTAL POLICE ADMINISTRATION						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	1,363,920	1,366,699	1,431,138	64,439	4.71%
	Operating Expenditures	161,100	189,551	157,600	(31,951)	-16.86%
	Capital - Machinery & Equipment	-	-	-	-	-
Total for All Categories of Expenses		**$ 1,525,020**	**$ 1,556,250**	**$ 1,588,738**	**$ 32,488**	**2.09%**

Police – Support Services 12030

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.

Expense Summary	
Personnel Expenses	$5,065,952
Operating Expenses	$422,900
Capital Machinery	$0
Total Budget	$5,488,852

Personnel includes: Lieutenant (1), Sergeants (4), Investigators (10), Communications Center Manager (1), Telecommunicator Shift Supervisors (4), Telecommunicator (14), Records Supervisor (1), Records Clerks (2), and Administrative Assistant (1) and (1) Police Officer assigned to CID

20 Sworn, 21 Civilian

Increases:

- Increases in personnel costs related to the 5% performance merit increase.
- Standard health and dental insurance increases.

Reductions:

- $14,775 – reduction in public safety supplies based on trends.
- $47,000 – reduction in overtime based on trends.

Items of Interest:

- $150,000 in contracted services for P-25 maintenance network with Cabarrus County for emergency communications.
    - $100,000 in recurring costs for own 911 line with hosted solutions.

Police – Support Services 12030

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	2,798,905	2,739,905	2,876,901	136,996	5.00%
41115	On Call	-	54,250	56,963	2,713	5.00%
41116	Call Back	-	14,750	15,488	738	5.00%
41200	Salaries - Overtime	346,500	347,000	300,000	(47,000)	-13.54%
41300	Longevity Pay	50,200	51,000	51,000	-	-
41700	Clothing Allowance	22,313	22,313	18,000	(4,313)	-19.33%
42000	FICA	159,519	146,000	153,300	7,300	5.00%
42200	State Retirement	445,853	480,000	567,438	87,438	18.22%
42210	401K	179,526	225,000	357,221	132,221	58.76%
42300	Medical Insurance	540,000	540,000	628,000	88,000	16.30%
42400	Life Insurance	5,585	5,585	5,585	-	-
42500	Dental Insurance	25,754	25,754	36,056	10,302	40.00%
Sub-Total For Personnel		**$ 4,574,155**	**$ 4,651,557**	**$ 5,065,952**	**$ 414,395**	**8.91%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
43100	Printing	1,000	1,000	1,000	-	-
44200	Repair & Maintenance: Vehicles	21,000	21,000	21,000	-	-
44400	Repair & Maintenance: Equipment	3,000	3,000	3,000	-	-
45250	Telephone	24,000	24,000	24,000	-	-
45410	Equipment Rental	-	-	-	-	-
45610	Motor Fuel	15,000	15,000	15,000	-	-
46100	Office Supplies	11,500	11,500	11,500	-	-
46200	Small Equipment and Tools	10,000	10,000	10,000	-	-
46300	Dues and Subscriptions	1,400	1,400	1,400	-	-
46400	Public Safety Supplies	21,000	35,775	21,000	(14,775)	-41.30%
47100	Uniforms	16,000	16,000	16,000	-	-
48000	Contracted Services	250,000	250,000	250,000	-	-
48860	Pre-Construction Costs	-	-	-	-	-
51100	Travel and Training	22,000	22,000	22,000	-	-
51300	Special Expenses	25,000	25,000	25,000	-	-
51800	Meetings	2,000	2,000	2,000	-	-
Sub-Total for Operating Expenditures		**$ 422,900**	**$ 437,675**	**$ 422,900**	**$ (14,775)**	**-3.38%**

TOTAL POLICE SUPPORT SERVICES						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	4,574,155	4,651,557	5,065,952	414,395	8.91%
	Operating Expenditures	422,900	437,675	422,900	(14,775)	-3.38%
	Capital - Machinery & Equipment	-	-	-	-	-
Total for All Categories of Expenses		**$ 4,997,055**	**$ 5,089,232**	**$ 5,488,852**	**$ 399,620**	**7.85%**

Police – Field Operations 12035

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.

Expense Summary	
Personnel Expenses	$8,491,106
Operating Expenses	$1,440,800
Capital Machinery	$0
Total Budget	$9,931,906

Personnel includes: Lieutenants (4), Sergeants (9), Police Officers (52), and (1) Administrative Assistant, 64 Sworn, 1 Civilian

Increases:

- Increases in personnel costs related to the 5% performance merit increase.
- Standard health and dental insurance increases.
- $34,800 – increases in fuel.

Decreases:

- $24,000 – reduction in repair and maintenance for vehicles with the hopes of replacing capital outlay and equipment this fiscal year so not as much is needed in terms of maintenance costs.
- $4,000 – reduction in office supplies based on trends.
- $25,000 – reduction in public safety supplies based on trends.
- $506,654 – reduction in the axon lease. This is due to 2 fiscal years' worth of this lease being budgeted in FY 26 revised budget. There is a substantial increase to this lease accounted for in FY 27 which is for the in-car cameras, body worn cameras and tasers for all sworn officers.
- $40,000 – reduction in overtime based on trends.

Items of Interest:

- Continued funding of $710,800 to include the Axon lease payment (in-car and body worn cameras and tasers). This is the first year of the renewed contract.
- All vehicles are purchased out of this budget.

Police – Field Operations 12035

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	4,592,259	4,593,259	4,822,922	229,663	5.00%
41115	On Call	-	21,750	22,838	1,088	5.00%
41116	Call Back	-	7,250	7,613	363	5.01%
41200	Salaries - Overtime	840,000	840,000	800,000	(40,000)	-4.76%
41300	Longevity Pay	57,300	58,000	57,800	(200)	-0.34%
42000	FICA	178,553	128,553	134,981	6,428	5.00%
42200	State Retirement	934,388	900,000	976,611	76,611	8.51%
42210	401K	408,492	520,000	571,118	51,118	9.83%
42300	Medical Insurance	877,500	877,500	1,020,500	143,000	16.30%
42400	Life Insurance	11,441	11,441	11,441	-	-
42500	Dental Insurance	46,630	46,630	65,282	18,652	40.00%
Sub-Total For Personnel		**$ 7,946,563**	**$ 8,004,383**	**$ 8,491,106**	**$ 486,723**	**6.08%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
43100	Printing	1,000	1,000	1,000	-	-
44200	Repair & Maintenance: Vehicles	200,000	224,000	200,000	(24,000)	-10.71%
44400	Repair & Maintenance: Equipment	4,000	4,000	4,000	-	-
45250	Telephone	45,000	45,000	45,000	-	-
45410	Equipment Rental	-	-	-	-	-
45610	Motor Fuel	246,000	211,200	246,000	34,800	16.48%
46100	Office Supplies	13,000	17,000	13,000	(4,000)	-23.53%
46200	Small Equipment and Tools	6,000	6,000	6,000	-	-
46300	Dues and Subscriptions	4,000	4,000	4,000	-	-
46400	Public Safety Supplies	125,000	125,000	100,000	(25,000)	-20.00%
46500	Axon Lease	355,000	1,217,454	710,800	(506,654)	-41.62%
47100	Uniforms	86,000	140,081	86,000	(54,081)	-38.61%
51100	Travel and Training	23,000	23,000	23,000	-	-
51800	Meetings	2,000	2,000	2,000	-	-
Sub-Total for Operating Expenditures		**$ 1,110,000**	**$ 2,019,735**	**$ 1,440,800**	**$ (578,935)**	**-28.66%**

TOTAL POLICE-FIELD OPERATIONS						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	7,946,563	8,004,383	8,491,106	486,723	6.08%
	Operating Expenditures	1,110,000	2,019,735	1,440,800	(578,935)	-28.66%
	Capital Machinery & Equipment	-	-	-	-	-
Total for All Categories of Expenses		**$ 9,056,563**	**$ 10,024,118**	**$ 9,931,906**	**$ (92,212)**	**-0.92%**

Police – Special Operations 12070

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.

Expense Summary	
Personnel Expenses	$1,538,737
Operating Expenses	$106,500
Capital Machinery	$0
Total Budget	$1,645,237

Personnel includes: (1) Sergeant, Training Officer (1), School Resource Officers/ DARE (7), (2) Park Rangers, (1) Training Coordinator

Increases:

- Increases in personnel costs related to the 5% performance merit increase.
- Standard health and dental insurance increases.

Reductions:

- $14,000 – reduction in public safety supplies due to trends.
- $8,000 – reduction in travel and training due to one-time costs in FY 26 with accreditation associated travel.

Capital:

- None.

Items of Interest:

- FY 22 was the first year for this newly created division. This division was created to balance the administrative and operational responsibilities of the Field Operations and Support Services Bureau Commanders the Special Operations Bureau was created. The Special Operations Bureau provides operational support to the Patrol Division and currently consists of three components: Auxiliary/Reserve Officer Program, Community Services and Training.

Police – Special Operations 12070

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	747,611	828,000	869,400	41,400	5.00%
41100	Salaries- Part Time	68,250	69,000	72,450	3,450	5.00%
41115	On Call	-	3,000	3,150	150	5.00%
41116	Call Back	-	1,000	1,050	50	5.00%
41200	Salaries - Overtime	48,300	69,000	70,000	1,000	1.45%
41300	Longevity Pay	12,500	13,000	12,500	(500)	-3.85%
42000	FICA	48,452	30,000	31,500	1,500	5.00%
42200	State Retirement	177,086	152,000	175,883	23,883	15.71%
42210	401K	64,820	79,000	102,855	23,855	30.20%
42300	Medical Insurance	162,000	162,000	188,400	26,400	16.30%
42400	Life Insurance	1,805	1,805	1,805	-	0.00%
42500	Dental Insurance	6,960	6,960	9,744	2,784	40.00%
Sub-Total For Personnel		**$ 1,337,784**	**$ 1,414,765**	**$ 1,538,737**	**$ 123,972**	**8.76%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
43100	Printing	1,000	1,000	1,000	-	-
43415	Recruitment Initiatives	15,000	15,000	15,000	-	-
44200	Repair & Maintenance: Vehicles	11,000	11,000	11,000	-	-
44400	Repair & Maintenance: Equipment	1,000	1,000	1,000	-	-
45250	Telephone	9,000	9,000	9,000	-	-
45410	Equipment Rental	1,000	1,000	1,000	-	-
45610	Motor Fuel	20,000	20,000	20,000	-	-
46100	Office Supplies	2,000	2,000	2,000	-	-
46200	Small Equipment and Tools	1,000	1,000	1,000	-	-
46300	Dues and Subscriptions	1,000	1,000	1,000	-	-
46400	Public Safety Supplies	34,000	34,000	20,000	(14,000)	-41.18%
47100	Uniforms	11,500	11,500	11,500	-	-
51100	Travel and Training	20,000	20,000	12,000	(8,000)	-40.00%
51800	Meetings	1,000	1,000	1,000	-	-
Sub-Total for Operating Expenditures		**$ 128,500**	**$ 128,500**	**$ 106,500**	**$ (22,000)**	**-17.12%**

TOTAL POLICE SPECIAL OPERATIONS						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	1,337,784	1,414,765	1,538,737	123,972	8.76%
	Operating Expenditures	128,500	128,500	106,500	(22,000)	-17.12%
	Capital - Machinery & Equipment	-	-	-	-	-
Total for All Categories of Expenses		**$ 1,466,284**	**$ 1,543,265**	**$ 1,645,237**	**$ 101,972**	**6.61%**

Fire – Administration 12510

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.

Expense Summary	
Personnel Expenses	$962,017
Operating Expenses	$950,525
Capital Machinery	$0
Total Budget	$1,912,542

Personnel includes: Fire Chief (1), Deputy Fire Chief (1), Battalion Chief (1), (1) HR Tech, (1) Office Manager (1) and (1) Fire Mechanic

Increases:

- Increases in personnel costs related to the 5% performance merit increase.
- Standard health and dental insurance increases.
- $1,000 increase in printing due to trends.
- $1,500 increase in office supplies based on trends.
- $1,500 increase in small tools and equipment based on trends.
- $268,525 – increase in contracted services with Odell VFD based on assessed value of properties in this district.

Reductions:

- $1,000 – reduction in medical expenses due to account not being utilized.
- $5,000 – reduction in dues and subscriptions based on trends.
- $3,500 – reduction in meetings based on a combined public safety academy with KPD.

Capital:

- None.

Items of Interest:

- Utilities for all fire stations are found in this department
- Contracted Services covers the contract with Odell VFD

Fire – Administration 12510

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	594,031	598,000	627,900	29,900	5.00%
41200	Salaries - Overtime	27,300	28,000	29,400	1,400	5.00%
41300	Longevity Pay	13,500	14,000	16,200	2,200	15.71%
42000	FICA	46,056	49,000	51,523	2,523	5.15%
42200	State Retirement	87,159	99,000	101,901	2,901	2.93%
42210	401k	30,375	32,375	33,675	1,300	4.02%
42300	Medical Insurance	81,000	81,000	94,200	13,200	16.30%
42400	Life Insurance	1,371	1,371	1,371	-	0.00%
42500	Dental Insurance	4,176	4,176	5,847	1,671	40.01%
Sub-Total For Personnel		**$ 884,968**	**$ 906,922**	**$ 962,017**	**$ 55,095**	**6.07%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
43100	Printing	2,000	1,000	2,000	1,000	100.00%
43300	Postage	1,500	1,500	1,500	-	-
43710	Medical Expense	-	1,000	-	(1,000)	-100.00%
44200	Repair & Maintenance: Vehicles	5,000	5,000	5,000	-	-
44400	Repair & Maintenance: Equipment	10,000	10,000	10,000	-	-
45220	Electricity	75,000	75,000	75,000	-	-
45230	Water & Sewer	35,000	35,000	35,000	-	-
45240	Gas Utilities	19,000	19,000	19,000	-	-
45250	Telephone	73,000	73,000	73,000	-	-
45410	Equipment Rental	2,000	2,000	2,000	-	-
45610	Motor Fuel	5,000	5,000	5,000	-	-
46100	Office Supplies	8,000	6,500	8,000	1,500	23.08%
46200	Small Equipment and Tools	7,000	5,500	7,000	1,500	27.27%
46300	Dues and Subscriptions	20,000	25,000	20,000	(5,000)	-20.00%
46400	Public Safety Supplies	3,000	3,000	3,000	-	-
47100	Uniforms	4,000	4,000	4,000	-	-
48000	Contracted Services	400,000	400,000	668,525	268,525	67.13%
51100	Travel and Training	6,000	6,000	6,000	-	-
51800	Meetings	10,000	10,000	6,500	(3,500)	-35.00%
Sub-Total for Operating Expenditures		**$ 685,500**	**$ 687,500**	**$ 950,525**	**$ 263,025**	**38.26%**

TOTAL FIRE ADMINISTRATION						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	884,968	906,922	962,017	55,095	6.07%
	Operating Expenditures	685,500	687,500	950,525	263,025	38.26%
	Capital Machinery & Equipment	-	-	-	-	-
Total for All Categories of Expenses		**$ 1,570,468**	**$ 1,594,422**	**$ 1,912,542**	**$ 318,120**	**19.95%**

Fire – Emergency Services 12540

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.

Expense Summary	
Personnel Expenses	$12,261,056
Operating Expenses	$1,149,000
Capital Machinery	$0
Total Budget	$13,410,056

Personnel Includes: Assistant Fire Chief (1), Battalion Chief (3), Fire Captain (24), Fire Engineer (21), Firefighter (39)

Increases:

- Increases in personnel costs related to the 5% performance merit increase.
- Standard health and dental insurance increases.
- 6 new firefighter positions are accounted for in this budget associated with the new Adaptive Response Vehicle (ARV) program. This program is designed to have 2 personnel each shift operates this truck and respond primarily to medical calls. They will be certified firefighters and paramedics so they can serve on the fire ground. The purpose of this program is to reduce wear and tear on the City's larger apparatus (fire engines and ladders) responding to medical calls and having a smaller apparatus responding to these calls.
- $2,500 – increase in repair and maintenance equipment based on trends.
- $52,525 – increase in public safety supplies for PPE related to the 6 firefighters for the ARV.

Reductions/Decreases:

- $25,000 – decrease in overtime based on trends.
- $105,257 – reduction in repair and maintenance for vehicles with the hopes of replacing capital outlay and equipment this fiscal year so not as much is needed in terms of maintenance costs.

Capital:

- None.

Items of Interest:

- All part-time positions in all divisions housed in Emergency Services budget
- 3 new firefighters were added in FY 24 which results in most companies to 4 ff per truck. This is a NFPA standard. This will leave only one company that does not have 3 FF per engine.

Fire – Emergency Services 12540

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	7,187,628	6,560,184	7,238,194	678,010	10.34%
41100	Salaries - Part Time	255,836	256,000	268,800	12,800	5.00%
41200	Salaries - Overtime	824,250	825,000	800,000	(25,000)	-3.03%
41300	Longevity Pay	129,200	130,000	131,200	1,200	0.92%
42000	FICA	592,466	587,000	645,522	58,522	9.97%
42200	State Retirement	985,887	1,101,000	1,276,699	175,699	15.96%
42210	401k	292,100	350,000	421,910	71,910	20.55%
42300	Medical Insurance	1,188,000	1,188,000	1,381,600	193,600	16.30%
42400	Life Insurance	14,307	14,307	14,307	-	-
42500	Dental Insurance	59,160	59,160	82,824	23,664	40.00%
Sub-Total For Personnel		**$ 11,528,834**	**$ 11,070,651**	**$ 12,261,056**	**$ 1,190,405**	**10.75%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
44200	Repair & Maintenance: Vehicles	400,000	555,257	450,000	(105,257)	-18.96%
44400	Repair & Maintenance: Equipment	27,500	27,500	30,000	2,500	9.09%
45250	Telephone	33,000	33,000	33,000	-	-
45610	Motor Fuel	110,000	110,000	110,000	-	-
46100	Office Supplies	1,000	1,000	1,000	-	-
46200	Small Equipment and Tools	40,000	40,000	40,000	-	-
46400	Public Safety Supplies	365,000	362,475	415,000	52,525	14.49%
46820	Cleaning Supplies	16,000	16,000	16,000	-	-
47100	Uniforms	50,000	50,000	50,000	-	-
48000	Contracted Services	-	-	-	-	-
51300	Special Expenses	4,000	4,000	4,000	-	-
Sub-Total for Operating Expenditures		**$ 1,046,500**	**$ 1,199,232**	**$ 1,149,000**	**$ (50,232)**	**-4.19%**

TOTAL FIRE EMERGENCY SERVICES						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	11,528,834	11,070,651	12,261,056	1,190,405	10.75%
	Operating Expenditures	1,046,500	1,199,232	1,149,000	(50,232)	-4.19%
	Capital Machinery & Equipment	-	-	-	-	-
Total for All Categories of Expenses		**$ 12,575,334**	**$ 12,269,883**	**$ 13,410,056**	**$ 1,140,173**	**9.29%**

Fire – Technical Services 12545

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.

Expense Summary	
Personnel Expenses	$904,109
Operating Expenses	$87,500
Capital Machinery	$0
Total Budget	$991,609

Personnel Includes: Assistant Fire Chief (1), (1) Fire Marshal, (1) Assistant Fire Marshal, (1) Community Engagement and (1) Battalion Chief and (1) Fire Inspector

Increases:

- Increases in personnel costs related to the 5% performance merit increase.
- Standard health and dental insurance increases.
- $2,200 – increase in overtime based on trends.
- $1,000 – increase in uniforms based on trends.
- $100 – decrease in longevity pay based on recent retirement.

Reductions/Decreases:

- $7,650 – reduction in public safety supplies based on trends.

Fire – Technical Services 12545

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	531,624	528,000	554,400	26,400	5.00%
41115	On Call	-	11,250	11,813	563	5.00%
41116	Call Back	-	3,750	3,938	188	5.01%
41200	Salaries - Overtime	42,000	44,000	46,200	2,200	5.00%
41300	Longevity Pay	11,900	12,000	11,900	(100)	-0.83%
42000	FICA	46,390	46,000	48,062	2,062	4.48%
42200	State Retirement	88,260	90,000	95,055	5,055	5.62%
42210	401k	25,274	29,274	31,413	2,139	7.31%
42300	Medical Insurance	81,000	81,000	94,200	13,200	16.30%
42400	Life Insurance	1,281	1,281	1,281	-	-
42500	Dental Insurance	4,176	4,176	5,847	1,671	40.01%
Sub-Total For Personnel		**$ 831,905**	**$ 850,731**	**$ 904,109**	**$ 53,378**	**6.27%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
44200	Repair & Maintenance: Vehicles	7,500	7,500	7,500	-	-
44400	Repair & Maintenance: Equipment	-	-	-	-	-
45250	Telephone	8,000	8,000	8,000	-	-
45610	Motor Fuel	13,000	13,000	13,000	-	-
46100	Office Supplies	4,000	4,000	4,000	-	-
46300	Dues and Subscriptions	3,000	3,000	3,000	-	-
46400	Public Safety Supplies	14,500	22,150	14,500	(7,650)	-34.54%
47100	Uniforms	5,000	4,000	5,000	1,000	25.00%
51100	Travel and Training	29,500	29,500	29,500	-	-
51800	Meetings	3,000	3,000	3,000	-	-
Sub-Total for Operating Expenditures		**$ 87,500**	**$ 94,150**	**$ 87,500**	**$ (6,650)**	**-7.06%**

TOTAL FIRE TECHNICAL SERVICES						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	831,905	850,731	904,109	53,378	6.27%
	Operating Expenditures	87,500	94,150	87,500	(6,650)	-7.06%
	Capital - Machinery & Equipment	-	-	-	-	-
Total for All Categories of Expenses		**$ 919,405**	**$ 944,881**	**$ 991,609**	**$ 46,728**	**4.95%**

Public Works - Engineering 13000

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.

Expense Summary	
Personnel Expenses	$1,284,074
Operating Expenses	$367,500
Capital Machinery	$0
Total Budget	$1,651,574

Personnel includes: (1) Director of Engineering, (1) Assistant City Engineer, (1) Civil Engineer I, (1) Civil Engineer II, (2) Engineer Techs, (1) Engineer Tech II, (1) Senior Engineer Tech

Increases:

- Increases related to the 5% performance increase
- Standard health and dental insurance increases

Reductions:

- $42,750 – reduction in part-time funding due to no part-time positions in this budget (along with applicable benefits).
- $52,525 – reduction in contract engineering services based on trends. This account is used for contracted engineering work on specialized projects.
- $1,021,900 – reduction in consultants engineering. This is for the EPA brownfield grant. The remaining funding is tied up in a purchase order and will be rolled to FY 27.

Capital:

- None.

Public Works - Engineering 13000

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	820,440	831,000	872,550	41,550	5.00%
41100	Salaries - Part Time	42,000	42,750	-	(42,750)	-100.00%
41200	Overtime Pay	5,250	5,250	5,513	263	5.01%
41300	Longevity Pay	2,200	3,000	3,300	300	10.00%
41600	Vehicle Allowance	6,300	6,300	6,000	(300)	-4.76%
42000	FICA	75,220	68,000	67,425	(575)	-0.85%
42200	State Retirement	141,354	127,000	133,351	6,351	5.00%
42210	401k	37,510	37,510	44,069	6,559	17.49%
42300	Medical Insurance	121,500	121,500	141,300	19,800	16.30%
42400	Life Insurance	1,796	1,796	1,796	-	-
42500	Dental Insurance	6,264	6,264	8,770	2,506	40.01%
Sub-Total For Personnel		**$ 1,259,834**	**$ 1,250,370**	**$ 1,284,074**	**$ 33,704**	**2.70%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
43200	Advertising	1,000	1,000	1,000	-	-
43300	Postage	1,000	1,000	1,000	-	-
44200	Repair & Maintenance: Vehicles	6,000	6,000	6,000	-	-
44400	Repair & Maintenance: Equipment	1,000	1,000	1,000	-	-
45250	Telephone	13,000	13,000	13,000	-	-
45610	Motor Fuel	8,000	8,000	8,000	-	-
46100	Office Supplies	7,500	7,500	7,500	-	-
46300	Dues and Subscriptions	10,000	10,000	10,000	-	-
47100	Uniforms	4,000	4,000	4,000	-	-
48000	Contracted Services	-	-	-	-	-
48800	Contract - Engineering	200,000	352,525	300,000	(52,525)	-14.90%
48300	Consultants	-	1,021,900	-	(1,021,900)	-100.00%
51100	Travel and Training	13,000	13,000	13,000	-	-
51800	Meetings	3,000	3,000	3,000	-	-
Sub-Total for Operating Expenditures		**$ 267,500**	**$ 1,441,925**	**$ 367,500**	**$ (1,074,425)**	**-74.51%**

TOTAL ENGINEERING						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	1,259,834	1,250,370	1,284,074	24,240	1.92%
	Operating Expenditures	267,500	1,441,925	367,500	100,000	37.38%
59500	Capital Machinery & Equipment	-	-	-	-	0.00%
Total for All Categories of Expenses		**$ 1,527,334**	**$ 2,692,295**	**$ 1,651,574**	**$ (1,040,721)**	**-38.66%**

Public Works - Street Lighting 13100

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.

Expense Summary	
Personnel Expenses	$0
Operating Expenses	$920,000
Total Budget	$920,000

No Personnel included in this Division.

Increases:

- $50,000 – increase based on trends in electricity based on trends.

Reductions/Decreases:

- $45,008 reduction in contract new lights based on standard budget allocation of $60,000 based on trends.

Capital:

- None

Items of Interest:

- Budget Includes:
  - Contracted Services (installation of new lights)
  - Contract – New Lights (purchase of new lights)

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
45220	Electricity	750,000	750,000	800,000	50,000	6.67%
48000	Contracted Services	60,000	60,000	60,000	-	-
48650	Contract - New Lights	60,000	105,008	60,000	(45,008)	-42.86%
Sub-Total for Operating Expenditures		**$ 870,000**	**$ 915,008**	**$ 920,000**	**$ 4,992**	**0.55%**

TOTAL STREET LIGHTING						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Operating Expenditures	870,000	915,008	920,000	4,992	0.55%
	Capital - Improvements	-	-	-	-	-
Total for All Categories of Expenses		**$ 870,000**	**$ 915,008**	**$ 920,000**	**$ 4,992**	**0.55%**

Public Works – Operations Center 13200

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.

Expense Summary	
Personnel Expenses	$0
Operating Expenses	$126,000
Total Budget	$126,000

No Personnel included in this Division.

Decreases:

- $17,000 – standard utility decreases based on trends.

OPERATING EXPENDITURES

Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
44100	Repair & Maintenance: Office Equipment	500	500	500	-	-
45220	Electricity	60,000	60,000	53,000	(7,000)	-11.67%
45230	Water & Sewer	30,000	30,000	24,000	(6,000)	-20.00%
45240	Gas Utilities	12,000	12,000	14,000	2,000	16.67%
45250	Telephone	30,000	30,000	24,000	(6,000)	-20.00%
45410	Equipment Rental	5,000	5,000	5,000	-	-
45610	Motor Fuel	500	500	500	-	-
46100	Office Supplies	5,000	5,000	5,000	-	-
Sub-Total for Operating Expenditures		**$ 143,000**	**$ 143,000**	**$ 126,000**	**$ (17,000)**	**-11.89%**

TOTAL OPERATIONS CENTER

	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Operating Expenditures	143,000	143,000	126,000	(17,000)	-11.89%
Total for All Categories of Expenses		**$ 143,000**	**$ 143,000**	**$ 126,000**	**$ (17,000)**	**-11.89%**

Public Works – Signs and Markings 13300

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.

Expense Summary	
Personnel Expenses	$315,119
Operating Expenses	$244,500
Capital Machinery	$0
Total Budget	$559,619

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

Increases:

- Increases related to the 5% performance increase.
- Standard health and dental insurance increases.
- $2,000 increase in small tools and equipment based on trends.
- $3,000 increase in contracted services based on trends.

Reductions/Decreases:

- $1,000 decrease in telephones based on trends.
- $3,800 decrease in uniforms.
- $3,000 decrease in travel and training.

Capital:

- None

Items of Interest:

- Budget Includes:
    - $100,000 for sign supplies.
    - $90,000 for Contracted Services.
        - $35,000 for guardrail maintenance and repair.
        - $45,000 for contracted pavement markings.
        - $10,000 for NCRC pavers maintenance.

Public Works – Signs and Markings 13300

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	183,233	183,000	192,150	9,150	5.00%
41115	On Call	-	750	1,000	250	33.33%
41116	Call Back	-	250	500	250	100.00%
41200	Salaries - Overtime	8,400	9,000	9,450	450	5.00%
41300	Longevity Pay	3,500	4,000	4,000	-	-
42000	FICA	14,126	15,000	15,844	844	5.63%
42200	State Retirement	26,822	29,000	31,335	2,335	8.05%
42210	401k	9,348	9,348	10,355	1,007	10.77%
42300	Medical Insurance	40,500	40,500	47,100	6,600	16.30%
42400	Life Insurance	461	461	461	-	-
42500	Dental Insurance	2,088	2,088	2,924	836	40.04%
Sub-Total For Personnel		**$ 288,478**	**$ 293,397**	**$ 315,119**	**$ 21,722**	**7.40%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
44200	Repair & Maintenance: Vehicles	10,000	10,000	10,000	-	-
44400	Repair & Maintenance: Equipment	1,000	1,000	1,000	-	-
45250	Telephone	7,000	7,000	6,000	(1,000)	-14.29%
45610	Motor Fuel	11,000	11,000	11,000	-	-
46100	Office Supplies	5,000	5,000	5,000	-	-
46200	Small Equipment and Tools	4,000	4,000	6,000	2,000	50.00%
46810	Sign Supplies	100,000	100,000	100,000	-	-
47100	Uniforms	3,500	7,300	3,500	(3,800)	-52.05%
48000	Contracted Services	90,000	86,200	90,000	3,800	4.41%
51100	Travel and Training	15,000	15,000	12,000	(3,000)	-20.00%
Sub-Total for Operating Expenditures		**$ 246,500**	**$ 246,500**	**$ 244,500**	**$ (2,000)**	**-0.81%**

TOTAL SIGNS AND MARKINGS						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	288,478	293,397	315,119	21,722	7.40%
	Operating Expenditures	246,500	246,500	244,500	(2,000)	-0.81%
	Capital - Machinery & Equipment	-	-	-	-	-
Total for All Categories of Expenses		**$ 534,978**	**$ 539,897**	**$ 559,619**	**$ 19,722**	**3.65%**

Public Works – Powell Bill 13400

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".

Expense Summary	
Personnel Expenses	$0
Operating Expenses	$1,982,290
Capital Machinery	$0
Total Budget	$1,982,290

No personnel are included in this budget

Increases:

- $200,000 increase in consultants.

Reductions:

- $1,747,473 – reduction resurfacing contract based off the FY 26 revised budget. The original FY 26 budget had an allocation of $1,991,000 but we only received $1,982,290.
- $746,460 – reduction in contracted services off the FY 26 revised budget.
- The total must match the projected Powell Bill revenues.

Items of Interest:

- $250,000 for R&M: Streets (repairs to existing streets, pothole repair).
- $327,290 for Contracted Services (small street repaving projects).
- $1,200,000 for Contract – Resurfacing (Covers the annual resurfacing plan).

OPERATING EXPENDITURES

Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
44900	Repair & Maintenance: Streets	250,000	250,000	250,000	-	-
45220	Electricity	5,000	5,000	5,000	-	-
48000	Contracted Services	976,000	1,073,750	327,290	(746,460)	-69.52%
48300	Consultants	-	-	200,000	200,000	-
48850	Contract - Resurfacing	760,000	2,947,473	1,200,000	(1,747,473)	-59.29%
Sub-Total for Operating Expenditures		**$ 1,991,000**	**$ 4,276,223**	**$ 1,982,290**	**$ (2,293,933)**	**-53.64%**

TOTAL POWELL BILL

	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	-	-	-	-	-
	Operating Expenditures	1,991,000	4,276,223	1,982,290	(2,293,933)	-53.64%
	Capital Machinery & Equipment	-	-	-	-	-
Total for All Categories of Expenses		**$ 1,991,000**	**$ 4,276,223**	**$ 1,982,290**	**$ (2,293,933)**	**-53.64%**

Public Works – Street Maintenance 13500

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".

Expense Summary	
Personnel Expenses	$1,546,128
Operating Expenses	$225,000
Capital Machinery	$0
Total Budget	$1,771,128

Personnel Includes: Operations Manager (1), Crew Chief (1), Construction Maintenance Technician (2), Construction Maintenance Worker II (8), (1) Crew Supervisor and proposed (1) ROW Crew Chief

Increases:

- $9,992 – increase in equipment rental based on trends.
- Increases related to the 5% performance increase.
- Standard health and dental insurance increases.
- $2,000 – increase in motor fuel based on fuel prices increasing.

Reductions/Decreases:

- $7,000 – reduction in repair and maintenance vehicles. With short term borrowing of capital machinery and equipment, goal is to reduce this line item with less wear and tear on machinery and equipment by replacing it more frequently.
- $7,992 – reduction in repair and maintenance on equipment.
- $17,700 – reduction in repair and maintenance for streets.
- $5,720 – reduction in small equipment and tools.
- $385,560 – reduction in contracted services from the revised budget. These are for one-time projects that will ideally be completed by the end of FY 26 and therefore don't need to be budgeted. Anything not complete will roll to FY 27.

Capital:

- None

Items of Interest:

- None.

Public Works – Street Maintenance 13500

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	820,761	919,000	964,950	45,950	5.00%
41115	On Call	-	8,500	9,000	500	5.88%
41116	Call Back	-	2,500	3,000	500	20.00%
41200	Salaries - Overtime	19,950	50,000	30,000	(20,000)	-40.00%
41300	Longevity Pay	17,600	18,000	18,700	700	3.89%
42000	FICA	63,165	74,000	78,463	4,463	6.03%
42200	State Retirement	120,034	139,000	155,181	16,181	11.64%
42210	401k	34,859	39,000	51,283	12,283	31.49%
42300	Medical Insurance	189,000	189,000	219,800	30,800	16.30%
42400	Life Insurance	2,109	2,109	2,109	-	-
42500	Dental Insurance	9,744	9,744	13,642	3,898	40.00%
Sub-Total for Personnel		**$ 1,277,222**	**$ 1,450,853**	**$ 1,546,128**	**$ 95,275**	**6.57%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
44200	Repair & Maintenance: Vehicles	55,000	55,000	48,000	(7,000)	-12.73%
44400	Repair & Maintenance: Equipment	50,000	58,992	51,000	(7,992)	-13.55%
44900	Repair & Maintenance: Streets	50,000	67,700	50,000	(17,700)	-26.14%
45410	Equipment Rental	5,000	3,008	13,000	9,992	332.18%
45610	Motor Fuel	42,000	42,000	44,000	2,000	4.76%
46200	Small Tools and Equipment	6,000	10,720	5,000	(5,720)	-53.36%
47100	Uniforms	14,000	14,000	14,000	-	-
48000	Contracted Services	-	136,300	-	(136,300)	-100.00%
48000-MLK	Contracted Services	-	158,000	-	(158,000)	-100.00%
48000-ROGER	Contracted Services	-	91,260	-	(91,260)	-100.00%
Sub-Total for Operating Expenditures		**$ 222,000**	**$ 636,980**	**$ 225,000**	**$ (411,980)**	**-64.68%**

TOTAL STREET MAINTENANCE						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	1,277,222	1,450,853	1,546,128	95,275	6.57%
	Operating Expenditures	222,000	636,980	225,000	(411,980)	-64.68%
59500	Capital Machinery & Equipment	-	-	-	-	-
Total for All Categories of Expenses		**$ 1,499,222**	**$ 2,087,833**	**$ 1,771,128**	**$ (316,705)**	**-15.17%**

Planning 14000

MISSION STATEMENT:

The Kannapolis Planning 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.

Expense Summary	
Personnel Expenses	$1,465,491
Operating Expenses	$122,000
Capital Machinery	$0
Total Budget	$1,587,491

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

Increases:

- Increases in personnel costs related to the 5% performance merit increase.
- Standard health and dental insurance increases.
- $1,500 – increase in advertising budget based on trends.

Reductions:

- $8,000 – reduction based on trends.
- $2,000 – reduction in repair and maintenance for vehicles with the goal of replacing capital outlay which will reduce maintenance funding needed.
- $800 – reduction in fuel based on trends.
- $2,000 – reduction in dues and subscriptions based on trends.
- $1,000 – reduction in uniforms based on trends.
- $6,000 – reduction in travel and training based on trends.

Capital:

- None

PLANNING

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	925,389	926,000	972,300	46,300	5.00%
41100	Salaries - Part Time	5,250	-	5,250	5,250	100.00%
41200	Salaries - Overtime	7,875	10,000	10,500	500	5.00%
41300	Longevity Policy	3,800	4,000	3,000	(1,000)	-25.00%
41400	Board Member Fees	7,350	7,350	7,350	-	-
41600	Vehicle Allowance	6,300	6,300	6,300	-	-
42000	FICA	80,878	72,000	75,816	3,816	5.30%
42200	State Retirement	157,536	140,000	149,946	9,946	7.10%
42210	401k	41,235	44,235	49,553	5,318	12.02%
42300	Medical Insurance	148,500	148,500	172,700	24,200	16.30%
42400	Life Insurance	2,057	2,057	2,057	-	-
42500	Dental Insurance	7,656	7,656	10,719	3,063	40.01%
Sub-Total For Personnel		**$ 1,393,826**	**$ 1,368,098**	**$ 1,465,491**	**$ 97,393**	**7.12%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
43100	Printing	1,000	1,000	1,000	-	-
43200	Advertising	18,500	18,500	20,000	1,500	8.11%
43300	Postage	1,000	1,000	1,000	-	-
43610	Demolition Expenditures	60,000	60,000	52,000	(8,000)	-13.33%
44200	Repair & Maintenance: Vehicles	5,000	5,000	3,000	(2,000)	-40.00%
45250	Telephone	12,000	12,000	12,000	-	-
45610	Motor Fuel	1,800	1,800	1,000	(800)	-44.44%
46100	Office Supplies	4,000	4,000	4,000	-	-
46200	Small Equipment and Tools	1,000	1,000	1,000	-	-
46300	Dues and Subscriptions	6,000	6,000	4,000	(2,000)	-33.33%
47100	Uniforms	3,000	3,000	2,000	(1,000)	-33.33%
51100	Travel and Training	23,000	23,000	17,000	(6,000)	-26.09%
51300	Special Expenses	2,000	2,000	2,000	-	-
51800	Meetings	2,000	2,000	2,000	-	-
Sub-Total for Operating Expenditures		**$ 140,300**	**$ 140,300**	**$ 122,000**	**$ (18,300)**	**-13.04%**

TOTAL PLANNING						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	1,393,826	1,368,098	1,465,491	97,393	7.12%
	Operating Expenditures	140,300	140,300	122,000	(18,300)	-13.04%
	Capital Expenditures	-	-	-	-	-
Total for All Categories of Expenses		**$ 1,534,126**	**$ 1,508,398**	**$ 1,587,491**	**$ 79,093**	**5.24%**

Parks and Recreation - Parks 15010

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.

Expense Summary	
Personnel Expenses	$5,168,911
Operating Expenses	$2,871,300
Capital Machinery	$0
Total Budget	$8,040,211

Personnel: Parks and Recreation Director (1), Park Managers (2), Recreation Program Coordinators (3), (1) Recreation Program Assistant, (2) PM Tech II, (4) Park Maintenance Techs IV, (5) Park Maintenance Tech III, (1) Grounds Manger, (1) Concession Manager, (1) Athletic Coordinator, (1) Assistant Athletic Coordinator, (1) Administrative Assistant and (1) Recreation Superintendent and (1) Parks Superintendent

Increases:

- Increases in personnel costs related to the 5% performance merit increase.
- Standard health and dental insurance increases.
- $4,673 – increase in repair and maintenance building and grounds Village Park based on trends.
- $1,247 – increase in laundry expenses based on trends.

Reductions:

- $15,000 – reduction in credit card fees at the Swanee.
- $3,000 – reduction in repair and maintenance: vehicles at Bakers Creek
- $52,891 – reduction in building and grounds budget based on trends.
- $60,000 – reduction in building and grounds at the Gem based on one-time projects that occurred in FY 26.
- $13,710 – reduction in building and grounds based on one-time projects that occurred in FY 26.
- $9,200 – reduction in building and grounds at the Swanee based on one-time projects that occurred in FY 26.
- $48,913 – reduction in repair and maintenance at Village Park based on one-time projects that occurred in FY 26.
- $20,000 in reduction in electricity costs at the Gem and Swanee.
- $6,000 – reduction in facility expenses at the Swanee.
- $1,000 – reduction in office supplies at the Swanee.
- $18,600 – reduction in small tools and equipment based on one-time costs that occurred in FY 26.
- $19,580 – reduction in small equipment and tools at Village Park and the Swanee.
- $73,000 – reduction in concession supplies and rider requirements at the Gem and Swanee.

- $13,500 – reduction in cleaning supplies at the Gem and Swanee.
- $3,000 – reduction in uniform budget at the Gem and Swanee.
- $90,800 – reduction in contracted services due to trends and one-time projects that occurred in FY 26 and won't occur in FY 27.
- $70,115 – reduction in contracted services for Irish Buffalo Creek (IBC) related to one-time costs associated with the grant received for IBC.
- $140,000 – reduction in consultants related to the Gem and Swanee theatres.
- $31,855 - reduction in contract grounds maintenance based on trends.
- $341,957 – reduction in talent and entertainment and sound costs associated with the Swanee Theatre. The goal is to have less costly performances at the venue and rely on facility rentals with less overhead.

Items of Interest:

- Grounds Maintenance for all city properties is in Contracted Services.
- Gem Theatre Revenues budgeted at: $700,000
- Gem Theatre Expenses budgeted at: $920,067
- Gem Theatre Subsidy: $220,067
- Swanee Theatre Revenues budgeted at: $360,000
- Swanee Theatre Expenses budgeted at: $829,983
- Swanee Theatre Subsidy: $469,983

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	1,815,623	1,694,623	1,779,355	84,732	5.00%
41000-GEM	Salaries - Regular - Gem	-	61,500	64,575	3,075	5.00%
41000-SWANE	Salaries - Regular - Swanee	-	60,500	43,000	(17,500)	-28.93%
41100-BCPK	Salaries - Part Time-Bakers Creek Park	131,250	132,000	145,530	13,530	10.25%
41100-BUILD	Salaries - Part Time-Building Monitor	147,000	147,000	162,068	15,068	10.25%
41100-CONCE	Salaries- Part Time- Concessions	225,750	226,000	249,165	23,165	10.25%
41100-EVENT	Salaries - Part Time-Events	178,500	179,000	197,348	18,348	10.25%
411000-GEM	Salaries - Part Time-Gem	252,000	252,000	277,830	25,830	10.25%
41100-GROUN	Salaries - Part Time-Grounds Maintenance	210,000	210,000	231,525	21,525	10.25%
41100-SWANEE	Salaries - Part Time-Swanee	136,500	137,000	151,043	14,043	10.25%
41100-VILPK	Salaries - Part Time-Village Park	318,150	319,000	351,698	32,698	10.25%
41115	On Call	-	-	-	-	-
41116	Call Back	-	-	-	-	-
41200	Salaries - Overtime	21,000	21,000	22,050	1,050	5.00%
41300	Longevity Pay	30,800	31,000	28,700	(2,300)	-7.42%
41600	Vehicle Allowance	2,048	2,048	2,000	(48)	-2.34%
42000	FICA	216,979	157,679	140,003	(17,676)	-11.21%
42000-BCPK	FICA	21,320	11,000	10,603	(397)	-3.61%
42000-BUILD	FICA	19,660	12,000	11,808	(192)	-1.60%
42000-CONC	FICA	14,387	18,000	18,154	154	0.86%
42000-EVENT	FICA	20,260	14,000	14,379	379	2.71%
42000-GEM	FICA	7,508	24,650	25,182	532	2.16%
42000-GROUN	FICA	20,995	17,000	16,869	(131)	-0.77%
42000-SWANE	FICA	17,101	15,650	15,865	215	1.37%
42000-VILPK	FICA	77,632	25,000	25,624	624	2.50%
42200	State Retirement	223,596	250,600	276,895	26,295	10.49%
42200-BCPK	State Retirement	19,986	19,000	20,971	1,971	10.37%
42200-BUILD	State Retirement	-	22,000	23,354	1,354	6.15%
42200-EVENT	State Retirement	3,009	24,073	28,437	4,364	18.13%
42200-GEM	State Retirement	4,936	25,576	49,886	24,310	95.05%
42200-GROUN	State Retirement	25,060	56,060	33,362	(22,698)	-40.49%
42200-SAFPK	State Retirement	-	-	-	-	-
42200-SWANE	State Retirement	-	28,700	31,376	2,676	9.32%
42200-VETPK	State Retirement	-	-	-	-	-
42200-VILPK	State Retirement	16,204	46,000	50,678	4,678	10.17%
42210	401k	77,635	72,735	91,506	18,771	25.81%
42210-BCPK	401k	901	6,000	6,930	930	15.50%
42210-BUILD	401k	355	6,000	7,718	1,718	28.63%
42210-EVENT	401k	410	7,646	9,398	1,752	22.91%
42210-GEM	401k	764	12,303	16,459	4,156	33.78%
42210-GROUN	401k	1,911	10,911	7,193	(3,718)	-34.08%
42210-SAFPK	401k	-	-	-	-	-
42210-SWANE	401k	300	8,450	10,369	1,919	22.71%
42210-VILPK	401k	1,775	13,000	16,748	3,748	28.83%
42300	Medical Insurance	378,000	351,000	439,600	88,600	25.24%

42300-GEM	Medical Insurance - GEM	-	13,500	15,700	2,200	16.30%
42300-SWANE	Medical Insurance - SWANE	-	13,500	15,700	2,200	16.30%
42400	Life Insurance	3,710	3,465	3,710	245	7.07%
42400-GEM	Life Insurance- GEM	-	125	125	-	-
42400-SWANE	Life Insurance - SWANE	-	120	120	-	-
42500-GEM	Dental Insurance- GEM	-	364	510	146	40.11%
42500-SWANE	Dental Insurance - SWANE	-	364	510	146	40.11%
42500	Dental Insurance	19,488	18,760	27,284	8,524	45.44%
Sub-Total For Personnel		**$ 4,662,503**	**$ 4,777,902**	**$ 5,168,911**	**$ 391,009**	**8.18%**

OPERATING EXPENDITURES

Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
43100	Printing	2,000	2,000	2,000	-	-
43100-GEM	Printing-Gem	3,000	3,000	3,000	-	-
43100-SWANEE	Printing-Swanee	1,500	1,500	1,500	-	-
43200	Advertising	2,000	2,000	2,000	-	-
43200-GEM	Advertising-Gem	1,000	1,000	1,000	-	-
43300	Postage	500	500	500	-	-
43300-GEM	Postage-Gem	1,000	1,000	1,000	-	-
43300-SWANEE	Postage-Swanee	1,000	1,000	1,000	-	-
43800	Credit Card Fees	56,000	56,000	56,000	-	-
43800-GEM	Credit Card Fees-Gem	35,000	35,000	35,000	-	-
43800-SWANEE	Credit Card Fees- Swanee	60,000	60,000	45,000	(15,000)	-25.00%
44200	Repair & Maintenance: Vehicles	5,000	5,000	5,000	-	-
44200-BCPK	Repair & Maintenance: Vehicles - Bakers Creek Park	8,000	11,000	8,000	(3,000)	-27.27%
44200-GROUN	Repair & Maintenance: Vehicles - Grounds Maintenanc	8,000	8,000	8,000	-	-
44200-VILPK	Repair & Maintenance: Vehicles - Village Park	6,000	6,000	6,000	-	-
44300	Repair & Maintenance: Buildings and Grounds	12,500	65,391	12,500	(52,891)	-80.88%
44300-BCPK	Repair & Maintenance: Buildings and Grounds-BC	33,000	33,000	33,000	-	-
44300-DIXIE	Repair & Maintenance: Buildings and Grounds-Dixie	15,500	15,500	15,500	-	-
44300-GEM	Repair & Maintenance: Buildings and Grounds-Gem	25,000	85,000	25,000	(60,000)	-70.59%
44300-GROUN	Repair & Maintenance: Buildings and Grounds-Grounds	90,000	103,710	90,000	(13,710)	-13.22%
44300-SWANEE	Repair & Maintenance: Buildings and Grounds-Swanee	16,000	19,200	10,000	(9,200)	-47.92%
44300-SAFPK	Repair & Maintenance: Buildings and Grounds-SP	28,000	28,000	28,000	-	-
44300-VILPK	Repair & Maintenance: Buildings and Grounds-VP	65,000	60,327	65,000	4,673	7.75%
44400	Repair & Maintenance: Equipment	-	-	-	-	-
44400-BCPK	Repair & Maintenance: Equipment-BC	6,500	6,500	6,500	-	-
44400-GEM	Repair & Maintenance: Equipment-Gem	6,000	6,000	6,000	-	-
44400-GROUN	Repair & Maintenance: Equipment-Grounds	8,000	8,000	8,000	-	-
44400-SWANEE	Repair & Maintenance: Equipment-Swanee	5,000	5,000	5,000	-	-
44400-VILPK	Repair & Maintenance: Equipment-VP	8,000	56,913	8,000	(48,913)	-85.94%
45220	Electricity	150,000	150,000	150,000	-	-
45220-GEM	Electricity-Gem	40,000	40,000	30,000	(10,000)	-25.00%
45220-SWANEE	Electricity-Swanee	40,000	40,000	30,000	(10,000)	-25.00%
45230	Water & Sewer	325,000	325,000	325,000	-	-
45230-GEM	Water & Sewer-Gem	-	-	-	-	-
45230-SWANEE	Water & Sewer-Swanee	-	-	-	-	-
45240	Gas Utilities	6,000	6,000	6,000	-	-
45240-GEM	Gas Utilities-Gem	-	-	-	-	-
45240-SWANEE	Gas Utilities-Swanee	8,000	8,000	8,000	-	-
45250	Telephone	59,200	59,200	59,200	-	-
45250-GEM	Telephone-Gem	11,000	11,000	11,000	-	-
45250-SWANEE	Telephone-Swanee	15,000	15,000	15,000	-	-

45410	Equipment Rental	7,000	7,000	7,000	-	-
45450	Facility Expenses -Laundry	30,000	28,753	30,000	1,247	4.34%
45450-SWANEE	Facility Expenses-Swanee	16,000	16,000	10,000	(6,000)	-37.50%
45610	Motor Fuel	35,000	35,000	35,000	-	-
46100	Office Supplies	10,000	10,000	10,000	-	-
46100-GEM	Office Supplies-Gem	9,000	9,000	9,000	-	-
46100-SWANEE	Office Supplies-Swanee	3,500	3,500	2,500	(1,000)	-28.57%
46200	Small Equipment and Tools	1,900	20,500	1,900	(18,600)	-90.73%
46200-BCPK	Small Equipment and Tools-BC	2,000	2,000	2,000	-	-
46200-GEM	Small Equipment and Tools-Gem	5,000	5,000	5,000	-	-
46200-GROUN	Small Equipment and Tools-Grounds	7,000	9,700	7,000	(2,700)	-27.84%
46200-SWANEE	Small Equipment and Tools-Swanee	25,000	25,000	10,000	(15,000)	-60.00%
46200-VILPK	Small Equipment and Tools-VP	10,500	12,380	10,500	(1,880)	-15.19%
46300	Dues and Subscriptions	5,300	5,300	5,300	-	-
46300-GEM	Dues and Subscriptions-Gem	2,500	2,500	2,500	-	-
46300-SWANEE	Dues and Subscriptions-Swanee	1,000	1,000	1,000	-	-
46620	Concession Supplies	140,000	140,000	140,000	-	-
46620-GEM	Concession Supplies-GEM	120,000	120,000	100,000	(20,000)	-16.67%
46620-SWANEE	Concession Supplies-Swanee	90,000	93,000	50,000	(43,000)	-46.24%
46625-SWANEE	Rider Requirements- Swanee	20,000	20,000	10,000	(10,000)	-50.00%
46640	Cemetery Supplies	3,000	3,000	3,000	-	-
46820	Cleaning Supplies	1,000	1,000	1,000	-	-
46820-BCPK	Cleaning Supplies-BC	4,500	4,500	4,500	-	-
46820-GEM	Cleaning Supplies-Gem	20,000	20,000	10,000	(10,000)	-50.00%
46820-GROUN	Cleaning Supplies-Grounds	7,000	7,000	7,000	-	-
46820-SWANEE	Cleaning Supplies-Swanee	7,500	7,500	4,000	(3,500)	-46.67%
46820-VILPK	Cleaning Supplies-VP	6,500	6,500	6,500	-	-
47100	Uniforms	25,000	25,000	25,000	-	-
47100-GEM	Uniforms-Gem	3,500	3,500	2,000	(1,500)	-42.86%
47100-SWANEE	Uniforms- Swanee	3,500	3,500	2,000	(1,500)	-42.86%
48000	Contracted Services	40,000	130,800	40,000	(90,800)	-69.42%
48000-GEM	Contracted Services-Gem	200,000	200,000	200,000	-	-
48000-IBC	Contracted Services- IBC	-	70,115	-	(70,115)	-100.00%
48000-SWANEE	Contracted Services-Swanee	19,000	19,000	19,000	-	-
48220	Contract - Grounds Maintenance	627,600	659,455	627,600	(31,855)	-4.83%
48300-GEM	Consultants-Gem	20,000	20,000	-	(20,000)	-100.00%
48300-SWANEE	Consultants-Swanee	7,500	120,000	-	(120,000)	-100.00%
48455-SWANE	Convenience Expense	-	20,000	20,000	-	-
48840-SWANE	Talent and Entertainment-Swanee	550,000	539,000	250,000	(289,000)	-53.62%
48845-SWANE	Sound Technology-Swanee	69,000	87,957	35,000	(52,957)	-60.21%
51100	Travel and Training	34,000	34,000	34,000	-	-
51100-GEM	Travel and Training-Gem	1,300	1,300	1,300	-	-
51100-SWANEE	Travel and Training-Swanee	2,000	2,000	2,000	-	-
51800	Meetings	6,000	6,000	6,000	-	-
51800-GEM	Meetings-Gem	1,000	1,000	1,000	-	-
Sub-Total for Operating Expenditures		**$ 3,362,300**	**$ 3,897,501**	**$ 2,871,300**	**$ (1,026,201)**	**-26.33%**

TOTAL PARKS

	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	4,662,503	4,777,902	5,168,911	506,408	10.86%
	Operating Expenditures	3,362,300	3,897,501	2,871,300	(491,000)	-14.60%
59400	Capital Improvements- GEM	-	-	-	-	-
59400-BCPK	Capital Improvements- BCPK	-	519,231	-	(519,231)	-100.00%
59400-DIXIE	Capital Improvements- Dixie	-	7,468	-	(7,468)	-100.00%
59400-DWNTW	Capital Improvements- Downtown	-	55,000	-	(55,000)	-100.00%
59400-IBC	Capital Improvements- IBC	-	290,000	-	(290,000)	-100.00%
59400-SAFPK	Capital Improvements-SAFPK	-	106,945	-	(106,945)	-100.00%
59400-VILPK	Capital Improvements-VILPK	-	155,792	-	(155,792)	-100.00%
59500	Capital Machinery and Equipment	-	31,206	-	(31,206)	-100.00%
Total for All Categories of Expenses		**$ 8,024,803**	**$ 9,841,045**	**$ 8,040,211**	**$ (1,800,834)**	**-18.30%**

Parks and Recreation - Programs 15060

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.

Expense Summary	
Personnel Expenses	$0
Operating Expenses	$873,000
Total Budget	$873,000

Reduction:

- $484 – reduction in Christmas parade program supplies.
- $5,250 – reduction in youth athletic program supplies.
- $77,050 – reduction in cultural arts funding. This will be later determined once Downtown Visitors Center and Cultural Arts facility is determined.
- $208,125 – reduction in summer concert series. This brings total program funding to $400,00 per Council recommendation at the retreat.

Items of Interest:

- Program Supplies covers all downtown events.
- Program Supplies-Sports covers Youth Athletics covers basketball, soccer, flag football, and baseball programs.

Parks and Recreation - Programs 15060

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
46630-ADLT	Adult Program Supplies	28,000	28,000	28,000	-	-
46630-ADV	Advertising Program Supplies	10,000	10,000	10,000	-	-
46630-EQUIP	Equipment Program Supplies	9,000	9,000	9,000	-	-
46630-FAM	Family Program Supplies	25,000	25,000	25,000	-	-
466300-GEM	GEM Program Supplies	7,000	7,000	7,000	-	-
46630-JIGGY	Jiggy Program Supplies	-	-	-	-	-
46630-LOOP	Loop Program Supplies	5,000	5,000	5,000	-	-
46630-PARAD	Christmas Parade Program Supplies	40,000	40,484	40,000	(484)	-1.20%
46630-PRINT	Printing Program Supplies	4,000	4,000	4,000	-	-
46630-SENIR	Senior Program Supplies	22,500	22,500	22,500	-	-
46630-SUBS	Dues and Subs Program Supplies	9,500	9,500	9,500	-	-
46630-SWANE	Program Supplies- Swanee	-	11,000	11,000	-	-
46630-WEST	West Avenue Program Supplies	5,000	5,000	5,000	-	-
46630-YTH	Youth Program Supplies	12,000	12,000	12,000	-	-
46635	Program Supplies-Athletics	175,000	180,250	175,000	(5,250)	-2.91%
46635-RUN	Run Program Supplies	40,000	40,000	40,000	-	-
46630-ARTS	Cultural & Historical Programming	-	77,050	-	(77,050)	-100.00%
51441	Summer Event Series	575,000	608,125	400,000	(208,125)	-34.22%
51441-MOVIE	Summer Event Series- MOVIE	-	5,000	-	(5,000)	-100.00%
51441-OPENR	Summer Event Series-OPENER	-	7,500	-	(7,500)	-100.00%
51441-RIDER	Summer Event Series-RIDER	-	15,054	-	(15,054)	-100.00%
51441-SETUP	Summer Event Series-SETUP	-	45,000	-	(45,000)	-100.00%
51441-SOUND	Summer Event Series-SOUND	-	95,800	-	(95,800)	-100.00%
51441-TALNT	Summer Event Series-TALNT	-	68,775	-	(68,775)	-100.00%
51441-TOM	Summer Event Series-Thursdays on Main	-	18,000	-	(18,000)	-100.00%
51442	Kannapolis Christmas	70,000	70,000	70,000	-	0.00%
Sub-Total for Operating Expenditures		**$ 1,037,000**	**$ 1,419,038**	**$ 873,000**	**$ (546,038)**	**-38.48%**

TOTAL RECREATION PROGRAMS						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Operating Expenditures	1,037,000	1,419,038	873,000	(546,038)	-38.48%
Total for All Categories of Expenses		**$ 1,037,000**	**$ 1,419,038**	**$ 873,000**	**$ (546,038)**	**-38.48%**

Parks and Recreation - Stadium 15200

Expense Summary	
Personnel Expenses	$0
Operating Expenses	$691,500
Total Budget	$691,500

Reductions/Decreases:

- $28,000 – reduction in consultants based on one-time costs that occurred in FY 26.
- $178,090 – reduction in capital improvement account based on one-time costs that occurred in FY 26.
- $32,000 – reduction in repair and maintenance: building and grounds for one-time projects that occurred in FY 26.

Items of Interest:

- Team and City each cover ½ of electricity and gas costs.
  - $90,000 – electricity based on trends
  - $15,000 – gas based on trends
- City pays for all Water and Sewer
  - $6,000 – water and sewer based on trends.
- $10,000 – repair and maintenance: building and grounds.
- $200,000 – capital investment to the Capital "X" funding for capital improvements made to the stadium over time.
- $370,500 – lease expense for the team store lease payment.

OPERATING EXPENDITURES

Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
44300	Repair & Maintenance: Buildings and Grounds	10,000	42,200	10,000	(32,200)	-76.30%
45220	Electricity	90,000	90,000	90,000	-	-
45230	Water and Sewer	6,000	4,800	6,000	1,200	25.00%
45240	Gas	15,000	15,000	15,000	-	-
45455	Lease Expense	361,000	361,000	370,500	9,500	2.63%
48300	Consultants	30,000	28,000	-	(28,000)	-100.00%
59400	Capital - Improvements	200,000	378,090	200,000	(178,090)	-47.10%
Sub-Total for Operating Expenditures		**$ 712,000**	**$ 919,090**	**$ 691,500**	**$ (227,590)**	**-24.76%**

TOTAL STADIUM

	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Operating Expenditures	512,000	541,000	491,500	(49,500)	-9.15%
	Capital Expenditures	200,000	378,090	200,000	(178,090)	-47.10%
Total for All Categories of Expenses		**$ 712,000**	**$ 919,090**	**$ 691,500**	**$ (227,590)**	**-24.76%**

WATER & 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.

Water & Sewer Revenue Summary

Fiscal Year 2027

REVENUES					
Account #	Account Description	FY 2026 Adopted	FY 2027 Proposed	Actual Increase/ Decrease	% Change
36000	Charges and Fees	24,320,553	28,432,041	4,111,488	16.91%
36600	Wholesale Water Sales	436,000	433,500	(2,500)	-0.57%
36610	Tap Fees	953,463	923,463	(30,000)	-3.15%
36620	Connection Fees	1,850,000	1,850,000	-	-
36640	Reconnection Fees	140,000	140,000	-	-
36650	Penalties	525,000	525,000	-	-
37000	Miscellaneous Revenue	-	-	-	-
38000	Investment Income	200,000	200,000	-	0.00%
39900	Appropriated Fund Balance	-	-	-	-
	Total Water and Sewer Fund	**$ 28,425,016**	**$ 32,504,004**	**$ 4,078,988**	**14.35%**

Water & Sewer Expenditure Summary

Fiscal Year 2027

EXPENSES				
Account Description	FY 2026 Adopted	FY 2027 Proposed	Actual Increase/ Decrease	% Change
Water & Sewer - Billing & Collections	1,815,401	1,946,861	131,460	7.24%
Water & Sewer - Distribution	6,362,613	7,944,594	1,581,981	24.86%
Water & Sewer - Water Treatment Plant	5,460,678	5,794,402	333,724	6.11%
Water & Sewer - WSACC	6,520,775	7,089,343	568,568	8.72%
General Management Services - Transfer to General Fund	2,192,230	2,585,597	393,367	17.94%
Transfer to Other Funds	-	-	-	-
Total Operating	**$ 22,351,697**	**$ 25,360,797**	**$ 3,009,100**	**13.46%**
Total Debt Service	**$ 6,073,319**	**$ 7,143,207**	**$ 1,069,888**	**17.62%**
Total Water and Sewer Fund Expenditures	**$ 28,425,016**	**$ 32,504,004**	**$ 4,078,988**	**14.35%**

Water and Sewer – Billing and Collections 36000

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.

Expense Summary	
Personnel Expenses	$1,489,861
Operating Expenses	$457,000
Total Budget	$1,946,861

Personnel includes: Customer Service Director (1), Billing and Collections Supervisor (1), Customer Service Advocates (10), Revenue Collection Specialist (1), Utility Billing Specialist (2), (1) Communication Specialist and (1) Customer Service Revenue Specialist

Increases:

- $128,939 – increase in personnel costs. This accounts for a 5% merit, health and dental insurance increases, retirement and 401k increase for all staff.
- $800 – increase in telephone based on trends.
- $5,000 – increase in banking fees based on trends. Depending on if the City switches to Paymentus for the new payment platform instead of Invoice Cloud, we could see up to $70,000 savings in this line item.

Reductions

- $7,000 – decrease in small tools and equipment based on a one-time purchase of chairs in FY 26.
- $20,250 – decrease in contracted services with the Datamax contract based on trends.
- $1,000 – reduction in dues and subscriptions based on trends.
- $1,000 – reduction in uniforms based on trends.
- $40,000 – reduction in postage costs based on trends.
- $2,000 – reduction in bank administration fees based on trends.
- $2,500 – reduction in travel and training based on trends.

Items of Interest:

- Banking fees include Lockbox and e-box services.

Water and Sewer – Billing and Collections 36000

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	866,934	861,750	918,588	56,838	6.60%
41200	Salaries - Overtime	22,050	23,000	24,150	1,150	5.00%
41300	Longevity Pay	6,000	6,000	9,000	3,000	50.00%
42000	FICA	65,485	69,000	71,757	2,757	4.00%
42100	Workers Compensation Insurance	21,000	21,000	25,200	4,200	20.00%
42200	State Retirement	125,151	129,000	141,918	12,918	10.01%
42210	401k	34,909	36,000	46,900	10,900	30.28%
42300	Medical Insurance	202,500	202,500	235,500	33,000	16.30%
42400	Life Insurance	2,232	2,232	2,232	-	-
42500	Dental Insurance	10,440	10,440	14,616	4,176	40.00%
Sub-Total For Personnel		**$ 1,356,701**	**$ 1,360,922**	**$ 1,489,861**	**$ 128,939**	**9.47%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
43100	Printing	3,000	3,000	3,000	-	-
43300	Postage	150,000	150,000	110,000	(40,000)	-26.67%
44100	Repair & Maintenance: Office Equipment	1,000	1,000	1,000	-	0.00%
45250	Telephone	3,200	3,200	4,000	800	25.00%
46100	Office Supplies	7,000	7,000	7,000	-	-
46200	Small Equipment and Tools	4,000	10,000	3,000	(7,000)	-70.00%
46300	Dues and Subscriptions	3,000	3,000	2,000	(1,000)	-33.33%
47100	Uniforms	3,000	3,000	2,000	(1,000)	-33.33%
48000	Contracted Services	25,000	60,250	40,000	(20,250)	-33.61%
48430	Banking Fees	190,000	215,000	220,000	5,000	2.33%
48440	Mailing Services	50,000	50,000	50,000	-	-
48460	Bank Admin Fees	12,000	12,000	10,000	(2,000)	-16.67%
51100	Travel and Training	7,500	7,500	5,000	(2,500)	-33.33%
Sub-Total for Operating Expenditures		**$ 458,700**	**$ 524,950**	**$ 457,000**	**$ (67,950)**	**-12.94%**

TOTAL BILLIING AND COLLECTIONS						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
-	Personnel Expenditures	1,356,701	1,360,922	1,489,861	128,939	9.47%
-	Operating Expenditures	458,700	524,950	457,000	(67,950)	-12.94%
Total for All Categories of Expenses		**$ 1,815,401**	**$ 1,885,872**	**$ 1,946,861**	**$ 60,989**	**3.23%**

Water and Sewer – Distribution 36100

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.

Expense Summary	
Personnel Expenses	$4,714,494
Operating Expenses	$3,230,100
Capital Expenses	$0
Total Budget	$7,944,594

Personnel include: (8) Construction Maintenance Technicians, (16) CMW II, (5) Crew Chiefs, (3) Crew Supervisors, (2) Equipment Operators, (1) Heavy Equipment Operator, (3) Locators, (4) Meter Technicians, (1) Operations Manager, (1) Senior Admin Support Specialist and (1) Warehouse Assistant.

Increases:

- $440,552 – increase in personnel costs includes personnel costs. This accounts for a 5% merit, health and dental insurance increases, retirement and 401k increase for all staff. There are 45 staff members in this division.
- $15,000 – increase in repair and maintenance vehicles based on trends.
- $4,000 – increase in equipment rental based on trends.
- $10,000 – increase in motor fuel based on trends
- $626,324 – increase in contracted services for rehabilitation and restoration efforts related to the rate increase.
- Maintained funding in contracted services for:
    - Outfall contract maintenance. This contracted service is important as we are struggling to maintain our sewer outfalls (ROW) due to all available staff being assigned to construction. We cannot maintain mowing due to turnover rate and this is a permit required obligation. The best solution is to contract this work out.
    - I/I reduction efforts: This is more cost effective to contract this service than to have an in-house crew currently. This type of work will include work on wastewater outfall failures and reduction efforts via manhole raising and replacement.

Decreases:

- $230,000 – reduction in consultants due to one-time costs associated with the masterplan update.
- $29,429 – reduction in materials for water and sewer services based on trends.
- $10,658 – reduction in dues and subscriptions based on trends.
- $70,165 – reduction in repair and maintenance: lift station for a one-time repair that occurred in FY 26.
- $5,282 – reduction in utilities based on trends.
- $1,000,000 – reduction in consultants related to the Lead Service Line Inventory. This is tied to state revolving loan, and the remaining contract will roll to FY 27 after the budget process.

WATER AND SEWER

PERSONNEL

Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	2,504,059	2,495,000	2,744,750	249,750	10.01%
41115	On Call Pay	-	51,000	60,000	9,000	17.65%
41116	Call Back	-	17,000	17,850	850	5.00%
41200	Salaries - Overtime	223,650	224,000	205,200	(18,800)	-8.39%
41300	Longevity Pay	30,300	31,000	33,800	2,800	9.03%
42000	FICA	187,911	216,000	224,650	8,650	4.00%
42100	Workers Compensation Insurance	65,000	65,000	78,000	13,000	20.00%
42200	State Retirement	334,520	405,000	444,308	39,308	9.71%
42210	401k	104,031	123,200	146,830	23,630	19.18%
42300	Medical Insurance	607,500	607,500	706,500	99,000	16.30%
42400	Life Insurance	5,834	5,834	5,834	-	-
42500	Dental Insurance	33,408	33,408	46,772	13,364	40.00%
Sub-Total For Personnel		**$ 4,096,213**	**$ 4,273,942**	**$ 4,714,494**	**$ 440,552**	**10.31%**

OPERATING EXPENDITURES

Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
43100	Printing	1,500	992	2,000	1,008	101.61%
43300	Postage	1,800	1,800	2,000	200	11.11%
44200	Repair & Maintenance: Vehicles	105,000	105,000	120,000	15,000	14.29%
44300	Repair & Maintenance: Buildings and Grounds	2,000	2,000	2,000	-	-
44400	Repair & Maintenance: Equipment	83,000	83,000	83,000	-	-
44600	Repair & Maintenance: Lift Station	244,000	270,165	200,000	(70,165)	-25.97%
44900	Repair & Maintenance: Streets	-	-	-	-	-
45220	Electricity	62,000	62,000	62,000	-	-
45230	Water and Sewer	12,000	12,000	10,000	(2,000)	-16.67%
45249	Gas Utilities	2,000	5,282	2,000	(3,282)	-62.14%
45250	Telephone	60,000	60,000	60,000	-	-
45410	Equipment Rental	8,500	4,500	8,500	4,000	88.89%
45610	Motor Fuel	90,000	90,000	100,000	10,000	11.11%
46100	Office Supplies	12,000	12,000	12,000	-	-
46200	Small Equipment and Tools	13,000	13,000	13,000	-	-
46300	Dues and Subscriptions	50,000	50,658	40,000	(10,658)	-21.04%
46850	Materials for W&S Services	700,000	729,429	700,000	(29,429)	-4.03%
47100	Uniforms	30,000	31,600	30,000	(1,600)	-5.06%
48000	Contracted Services	732,600	1,106,276	1,732,600	626,324	56.62%
48300	Consultants	-	230,000	-	(230,000)	-100.00%
48300-SRFLS	Consultants- SRFLS	-	1,000,000	-	(1,000,000)	-100.00%
51100	Travel and Training	57,000	61,945	51,000	(10,945)	-17.67%
Sub-Total for Operating Expenditures		**$ 2,266,400**	**$ 3,931,647**	**$ 3,230,100**	**$ (701,547)**	**-17.84%**

TOTAL DISTRIBUTION

	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
-	Personnel Expenditures	4,096,213	4,273,942	4,714,494	440,552	10.31%
-	Operating Expenditures	2,266,400	3,931,647	3,230,100	(701,547)	-17.84%
59500	Capital - Machinery and Equipment	-	-	-	-	-
Total for All Categories of Expenses		**$ 6,362,613**	**$ 8,205,589**	**$ 7,944,594**	**$ (260,995)**	**-3.18%**

Water and Sewer – Water Treatment Plant 36200

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.

Expense Summary	
Personnel Expenses	$2,323,734
Operating Expenses	$3,470,668
Capital Expenses	$0
Total Budget	$5,794,402

Personnel includes: (1) Crew Supervisor, (1) Director of Water Resources, (1) Water Quality Technician, (1) WTP Maintenance Worker I, (1) WTP Maintenance Worker, (1) WTP Manager, (1) WTP Supervisor, (5) WTP Operator I, (2) WTP Operator II and proposed (3) Lead Service Line Inventory Workers and (1) Lab Analyst (1) Operator 2- Night Shift Lead.

Increases:

- $173,347 – increase in personnel costs includes personnel costs. This accounts for a 5% merit, health and dental insurance increases, retirement and 401k increase for all staff. There are 19 staff members in this division.
- $2,000 – increase in repair and maintenance for vehicles based on trends.
- $28,100 – increase in repair and maintenance for lift stations. Can be used for Second Creek if we need to reactive it during the drought.
- $50,000 – increase in equipment rental based on trends and the need to rent a generator.
- $7,000 – increase in raw water purchases based on trends.
- $50,000 – increase in bulk water purchases based on trends.

Reductions:

- $34,791 – decrease in repair and maintenance for equipment based on trends.
- $21,000 – decrease in utilities based on trends.
- $346,800 – decrease in consultants related to the masterplan and CIP work, which is a one-time cost.
- $10,000 – decrease in contract grounds maintenance
- $2,000 – decrease in travel and training based on trends.
- $67,000 – decrease in chemicals based on trends.

Items of interest:

- Maintained FY 26 adopted budget levels in contracted services for a ground water review that will cost another $50,000 in engineering and up to $100,000 for drilling.
- Increase to Bulk Water Purchase is contractual.

WATER AND SEWER

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	1,279,072	1,307,000	1,403,600	96,600	7.39%
41100	Salaries - Part Time	21,000	21,000	22,050	1,050	5.00%
41115	On Call Pay	-	12,000	12,600	600	5.00%
41116	Call Back	-	4,000	4,200	200	5.00%
41200	Salaries - Overtime	84,000	84,000	80,000	(4,000)	-4.76%
41300	Longevity Pay	20,100	21,000	22,500	1,500	7.14%
41600	Vehicle Allowance	12,600	12,600	6,000	(6,600)	-52.38%
42000	FICA	99,646	111,000	115,799	4,799	4.32%
41200	Workers Compensation Insurance	27,000	27,000	32,400	5,400	20.00%
42200	State Retirement	185,673	208,000	229,023	21,023	10.11%
42210	401k	60,300	70,000	75,685	5,685	8.12%
42300	Medical Insurance	256,500	256,500	298,300	41,800	16.30%
42400	Life Insurance	3,063	3,063	3,063	-	-
42500	Dental Insurance	13,224	13,224	18,514	5,290	40.00%
Sub-Total For Personnel		**$ 2,062,178**	**$ 2,150,387**	**$ 2,323,734**	**$ 173,347**	**8.06%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
43200	Advertising	1,000	1,000	1,000	-	-
43300	Postage	1,000	1,000	1,000	-	-
44200	Repair & Maintenance: Vehicles	15,000	13,000	15,000	2,000	15.38%
44400	Repair & Maintenance: Equipment	180,000	214,791	180,000	(34,791)	-16.20%
44600	Repair & Maintenance: Lift Station	100,000	121,900	150,000	28,100	23.05%
44700	Repair & Maintenance: Water Tank	160,000	160,000	160,000	-	-
45220	Electricity	280,000	280,000	260,000	(20,000)	-7.14%
45240	Gas Utilities	1,000	1,000	-	(1,000)	-100.00%
45250	Telephone	19,000	19,000	19,000	-	-
45410	Equipment Rental	50,000	50,000	100,000	50,000	100.00%
45610	Motor Fuel	15,000	15,000	15,000	-	-
46100	Office Supplies	7,000	7,000	7,000	-	-
46200	Small Equipment and Tools	8,000	8,000	8,000	-	-
46300	Dues and Subscriptions	20,000	20,000	20,000	-	-
46820	Cleaning Supplies	1,000	1,000	1,000	-	-
46830	Chemicals	721,000	667,000	600,000	(67,000)	-10.04%
46840	Raw Water Purchases	50,000	50,000	57,000	7,000	14.00%
47100	Uniforms	16,000	20,000	14,000	(6,000)	-30.00%
48000	Contracted Services	450,000	569,168	519,168	(50,000)	-8.78%
48000-LCRR	Contracted Services - Lead/Copper Rule Revision	25,000	25,000	25,000	-	-
48300	Consultants	-	346,800	-	(346,800)	-100.00%
48220	Contract - Grounds Maintenance	60,000	60,000	50,000	(10,000)	-16.67%
48240	Bulk Water Purchases	1,200,000	1,200,000	1,250,000	50,000	4.17%
51100	Travel and Training	18,500	20,500	18,500	(2,000)	-9.76%
Sub-Total for Operating Expenditures		**$ 3,398,500**	**$ 3,871,159**	**$ 3,470,668**	**$ (400,491)**	**-10.35%**

TOTAL WATER TREATMENT PLANT						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	2,062,178	2,150,387	2,323,734	173,347	8.06%
	Operating Expenditures	3,398,500	3,871,159	3,470,668	(400,491)	-10.35%
59500	Capital Expenditures	-	-	-	-	-
Total for All Categories of Expenses		**$ 5,460,678**	**$ 3,871,159**	**$ 5,794,402**	**$ 1,923,243**	**49.68%**

Water and Sewer – Sewage Treatment 36400

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.

Expense Summary	
Personnel Expenses	$0
Operating Expenses	$7,089,343
Total Budget	$7,089,343

No Personnel included in this Division.

Items of Interest:

- Does not account for I/I that occurs throughout the year due to heavy rainfall that is then treated.
- Large treatment cost increases for the limited sewage capacity/expansion efforts. FY 25 resulted in $1.2 million and will increase to $1.8 million in FY 27. This increase is accounted for.
- $3,800,000 in sewage treatment variable costs – increase of $500,000 from FY 26 adopted budget.
- $2,879,434 in treatment fixed rate costs.
- $259,909 in interceptor fixed rate costs.
- $150,000 in Concord Northlite sewer costs.

OPERATING EXPENDITURES

Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
49020	Sewage Treatment Variable	3,300,000	3,579,798	3,800,000	220,202	6.15%
49030	Treatment Fixed Rate	2,800,000	3,018,487	2,879,434	(139,053)	-4.61%
49050	Interceptor Fixed Rate	260,000	288,987	259,909	(29,078)	-10.06%
49060	Capital Assessments	31,000	31,000	-	(31,000)	-100.00%
49070	Concord Northlite Sewer	129,775	129,775	150,000	20,225	15.58%
Sub-Total for Operating Expenditures		**$ 6,520,775**	**$ 7,048,047**	**$ 7,089,343**	**$ 41,296**	**0.59%**

TOTAL SEWAGE TREATMENT (WSACC)

	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Operating Expenditures	$ 6,520,775	$ 7,048,047	$ 7,089,343	$ 41,296	0.59%
Total for All Categories of Expenses		**$ 6,520,775**	**$ 7,048,047**	**$ 7,089,343**	**$ 41,296**	**0.59%**

Water and Sewer – Debt Service 38000

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
58100	Bond Principal	3,110,700	3,099,700	3,168,172	68,472	2.21%
58200	Bond Interest	1,538,081	1,538,081	1,650,888	112,807	7.33%
58300	Debt Issuance Cost	1,424,538	560,024	2,324,147	1,764,123	315.01%
58400	GAAP-Debt Service	-	-	-	-	-
Sub-Total for Operating Expenditures		**$ 6,073,319**	**$ 5,197,805**	**$ 7,143,207**	**$ 1,945,402**	**37.43%**

TOTAL WATER AND SEWER DEBT SERVICE						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Debt Service Expenditures	6,073,319	5,197,805	7,143,207	1,945,402	37.43%
Total for All Categories of Expenses		**$ 6,073,319**	**$ 5,197,805**	**$ 7,143,207**	**$ 1,945,402**	**37.43%**

	Project	Principal	Interest	Maturity Date
Rev Bond 2021B	Kann Crossing/Lane St/WTP Improvements	436,000	155,828	2/1/2042
Rev Bond 2025	Kannapolis Spillway 2025	-	543,211	8/1/2045
Rev Bond 2021C	Kann Crossing/Lane St/WTP Improvements	-	-	2/1/2042
Rev Bond 2023	Kann Crossing/Lane St/WTP Improvements	873,000	210,974	2/1/2042
Rev Bond 2018	Downtown Water and Sewer	809,000	456,836	4/1/2038
Rev Bond 2021	Downtown Water and Sewer	509,000	148,419	4/1/2038
Rev Bond 2017	Davidson Rd Water	326,000	133,362	4/1/2041
Revolving DEQ Loan	Lead Service Line	200,000	-	5/1/2031
2011 Notes Payable	Equipment	-	-	6/10/2026
2011A Notes Payable	Second Creek	15,172	2,258	5/1/2032
	Total	**3,168,172**	**1,650,888**	

These rate increases will be used to support the following rehabilitation projects via cash or debt service:

- Suburban Woods- Phase 1 watermain replacement (approximately 1,500 ft) Year of the pipe to be replaced: 1965
- Northwest High School Fire Protection Improvements
- Concord Lake Road (HWY 136) sewer pump station improvements. Year of the pump station to be replaced: 1993
- 18th Street sewer pump station electrical improvements. Year of the pump station to be replaced: 2003
- Afton Run and Lindler Drive watermain improvements (approximately 2,400 ft)
- Starlight Drive watermain phase 2 improvements (approximately 750 ft)
- Washington Lane sewer pump station electrical improvements. Year of the pump station to be replaced: 200

- Vermont Avenue watermain replacement (approximately 600 ft). Year of the pipe to be replaced: 1961
- Irene Ave watermain replacement phase 2 (approximately 500 ft). Year of the pipe to be replaced: 1965
- Hoke Street replacement (approximately 400 ft) Year of pipe to be replaced: 1965
- Wellington Chase watermain redundancy and fire main loop
- Central Drive and Jackson Street sewer rehabilitation project phase 1. Year of pipe to be replaced: 1965
- Forrestbrook sewer pump station improvements. Year of pump station to be replaced: 1988
- Elm Street watermain replacement project (approximately 480 ft) Year of pipe to be replaced: 1965

Water and Sewer – General Management Services Fee and Transfers 39000

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
56000	General Management Services	2,192,230	2,192,230	2,585,597	393,367	17.94%
57200	Transfer to Capital Projects	-	-	-	-	-
57400	Transfer to Env Fund	-	-	-	-	-
Sub-Total for Transfers		**$ 2,192,230**	**$ 2,192,230**	**$ 2,585,597**	**$ 393,367**	**17.94%**

TOTAL GENERAL MANAGEMENT SERVICES WATER AND SEWER						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Transfers	2,192,230	2,192,230	2,585,597	393,367	17.94%
Total for All Categories of Expenses		**$ 2,192,230**	**$ 2,192,230**	**$ 2,585,597**	**$ 393,367**	**17.94%**

Items of Interest:

- Water and Sewer General Management Services Fee: $2,585,597 (was $2,192,230 in FY 26)
  - Increase attributed to updated audited figures used in calculation.

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. 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 40000

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.

Expense Summary	
Personnel Expenses	$1,989,651
Operating Expenses	$857,499
Debt Service	$502,041
Capital Machinery	$0
Transfers	$578,358
Total Budget	$3,927,549

Personnel includes: (1) Director of Environmental/Transportation Services, (1) Stormwater Operations Manager, Crew Chief (2), Equipment Operator (2), (1) Planner/Scheduler, Construction Maintenance Worker II (6) and Construction Maintenance Technicians (4).

Increases:

- Increases in personnel costs related to the 5% performance merit increase.
- Standard health and dental insurance increases.
- $88,999 – increase in small tools and equipment for the purchase of 3 trailers.
- $1,050 – increase in overtime based on trends.
- $130,000 – increase in contracted services based on driveway replacement, curb and gutter work and contract ditching and shoulder cutting.

Decreases:

- $100 – reduction in postage due to not utilizing this account.
- $80,000 – reduction in repair and maintenance streets due to trends.
- $4,000 – reduction in dues and subscriptions based on trends.

Items of Interest:

- Assumes a $1 fee increase per resident per month (also includes commercial).
- No new debt service for FY 27.
- Contracted services include culvert replacement jobs, concrete replacement jobs and the ditching program.
- General Management Services fee decreased by $12,010 to $578,358 based on updated audit figures used in the employee allocation.

Stormwater Revenue Summary

Fiscal Year 2027

REVENUES					
Account #	Account Description	FY 2026 Adopted	FY 2027 Proposed	Actual Increase/ Decrease	% Change
36001	Residential Services	1,729,148	1,958,241	229,093	13.25%
36003	Commercial Fees	1,838,200	1,909,308	71,108	3.87%
37000	Miscellaneous Revenue	-	-	-	-
38000	Investment Income	70,000	60,000	(10,000)	-14.29%
39900	Fund Balance Appropriation	-	-	-	-
Total Stormwater Fund		**$ 3,637,348**	**$ 3,927,549**	**$ 290,201**	**7.98%**

Stormwater Expenditure Summary

Fiscal Year 2027

EXPENSES				
Account Description	FY 2026 Adopted	FY 2027 Proposed	Actual Increase/ Decrease	% Change
Personnel	1,791,414	1,989,651	198,237	11.07%
Operations	722,600	857,499	134,899	18.67%
Debt Service	532,966	502,041	(30,925)	-5.80%
Capital Outlay	-	-	-	-
Transfers	590,368	578,358	(12,010)	-2.03%
Total Stormwater Fund	**$ 3,637,348**	**$ 3,927,549**	**$ 290,201**	**7.98%**

Stormwater 40000

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	1,155,231	1,135,386	1,232,156	96,770	8.52%
41115	On Call Pay	-	14,250	14,963	713	5.00%
41116	Call Back	-	4,750	4,988	238	5.01%
41200	Salaries - Overtime	20,155	21,000	22,050	1,050	5.00%
41300	Longevity Pay	23,000	23,000	25,700	2,700	11.74%
41600	Vehicle Allowance	12,600	12,600	12,600	-	0.00%
42000	FICA	90,255	90,255	99,439	9,184	10.18%
42100	Workers Compensation Insurance	25,000	25,000	30,000	5,000	20.00%
42200	State Retirement	169,656	169,656	196,669	27,013	15.92%
42210	401k	51,557	51,557	64,993	13,436	26.06%
42300	Medical Insurance	229,500	229,500	266,900	37,400	16.30%
42400	Life Insurance	2,628	2,628	2,628	-	0.00%
42500	Dental Insurance	11,832	11,832	16,565	4,733	40.00%
Sub-Total For Personnel		**$ 1,791,414**	**$ 1,791,414**	**$ 1,989,651**	**$ 198,237**	**11.07%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
43300	Postage	100	100	-	(100)	-
44200	Repair & Maintenance: Vehicles	85,000	85,000	85,000	-	-
44400	Repair & Maintenance: Equipment	65,000	65,000	65,000	-	-
44900	Repair & Maintenance: Streets	137,000	217,000	137,000	(80,000)	-36.87%
45250	Telephone	9,000	9,000	9,000	-	-
45410	Equipment Rental	8,000	8,000	8,000	-	-
45610	Motor Fuel	56,000	56,000	56,000	-	-
46100	Office Supplies	3,000	3,000	3,000	-	-
46200	Small Equipment and Tools	10,000	10,000	98,999	88,999	889.99%
46300	Dues and Subscriptions	6,000	6,000	2,000	(4,000)	-66.67%
47100	Uniforms	14,000	14,000	14,000	-	-
48000	Contracted Services	200,000	120,000	250,000	130,000	108.33%
48300	Consultants	125,000	125,000	125,000	-	-
51100	Travel and Training	4,500	4,500	4,500	-	-
Sub-Total for Operating Expenditures		**$ 722,600**	**$ 722,600**	**$ 857,499**	**$ 134,899**	**18.67%**

TOTAL STORMWATER						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Personnel Expenditures	1,791,414	1,791,414	1,989,651	198,237	11.07%
	Operating Expenditures	722,600	722,600	857,499	134,899	18.67%
	Capital	-	-	-	-	-
	Transfers	590,368	590,368	578,358	(12,010)	-2.03%
59500	Debt Service	532,966	532,966	502,041	(30,925)	-5.80%
Total for All Categories of Expenses		**$ 3,637,348**	**$ 3,637,348**	**$ 3,927,549**	**$ 290,201**	**7.98%**

Stormwater Debt Service 48000

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
58100	Bond Principal	367,795	367,795	350,001	(17,794)	-4.84%
58200	Bond Interest	165,171	165,171	152,040	(13,131)	-7.95%
Sub-Total for Operating Expenditures		**$ 532,966**	**$ 532,966**	**$ 502,041**	**$ (30,925)**	**-5.80%**

TOTAL STORMWATER						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Operating Expenditures	532,966	532,966	502,041	(30,925)	-5.80%
Total for All Categories of Expenses		**$ 532,966**	**$ 532,966**	**$ 502,041**	**$ (30,925)**	**-5.80%**

Installment Obligations	Principal	Interest	Maturity Date
Stormwater various projects	350,001	152,040	04/01/2038
Total	**$350,001**	**$152,040**	

*No new debt service for FY 27.

Stormwater General Management Services Fee and Transfers 49000

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
56000	General Management Services Fee	590,368	590,368	578,358	(12,010)	-2.03%
57400	Transfer to Env Fund	-	-	-	-	-
Sub-Total for Transfers		**$ 590,368**	**$ 590,368**	**$ 578,358**	**$ (12,010)**	**-2.03%**

TOTAL STORMWATER GENERAL MANAGEMENT SERVICES FEE						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
	Transfers	590,368	590,368	578,358	(12,010)	-2.03%
Total for All Categories of Expenses		**$ 590,368**	**$ 590,368**	**$ 578,358**	**$ (12,010)**	**-2.03%**

Items of Interest:

- General Management Services fee decreased by $12,010 to $578,358 based on updated audit figures used in the employee allocation.

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. To ensure the success of the Recycling Program, staff will undertake an evaluation of the program and implement seminars directed at education and outreach on the recycling program. For FY2013, the Recycling Fund was renamed the Environmental Fund. Solid waste services such as residential refuse collection and yard waste collection were relocated from the General Fund and accounted for here. For FY 2022, a $2.50 fee increase was implemented. The $2.50 fee increase a month generates an additional $563,400 in revenue based on $18,780 customers. There is no fee increase slated in the Environmental Fund for FY 25. There will most likely need to be another fee increase or two to get this fund to be self-sustaining. A $5.00 fee increase is slated on the City's Five-Year Plan in FY 26 and an additional $8.00 in future fiscal years to make this fund fully self-sufficient.

Environmental Fund 50000

Expense Summary	
Personnel Expenses	$1,284,731
Operating Expenses	$6,780,015
Capital Machinery	$0
Total Budget	$8,064,746

Personnel includes: Yard Waste Crew Leader (1) and Yard Waste Technician (4) and (1) Operations Manager, (3) Waste Collection Operators for Rapid Response Unit and (1) Construction Maintenance Technician.

Increases:

- Increases in personnel costs related to the 5% performance merit increase.
- Standard health and dental insurance increases.
- $8,000 – increase in repair and maintenance streets based on trends.
- $10,000 – increase in equipment maintenance based on trends.
- $500 – increase in small tools and equipment based on trends.
- $6,000 – increase in contracted services based on trends.
- $70,964 – increase in solid waste contract based on the CPI increase.
- $28,576 – increase in landfill expenses based on trends and increases in tipping fees.
- $56,000 – increase in recycling costs based on increases at the MURF (Mecklenburg Recycling Facility).
- $6,975 – increase in yard waste tipping fees based on trends.

Reductions/Decreases:

- $24,125 – reduction in repair and maintenance vehicles with the plan of replacing capital this budget year.
- $1,000 – reduction in telephone based on trends.
- $5,000 – reduction in container purchases based on trends.
- $2,000 – reduction in uniforms based on trends.

Items of Interest:

- Solid Waste contract with hauler- Waste Connections.
- Yard Waste covers the land fill fees for yard waste collected by city staff.
- Contracted Services includes e-waste disposal, Cartology app and temporary workers used for loose leaf collection efforts.
- Continued funding of $516,000 – MURPH for recycling efforts.
- Cost $48/ton at the landfill and $124/ton to recycle.

Environmental Fund Revenue Summary

Fiscal Year 2027

REVENUE SUMMARY					
Account #	Account Description	FY 2026 Adopted	FY 2027 Proposed	Actual Increase/ Decrease	% Change
32200	Solid Waste Disposal Tax	44,000	44,000	-	-
36000	User Fees	5,604,193	5,400,000	(204,193)	-3.64%
36080	Extra Cart Fees	-	92,000	92,000	-
36670	Commercial Revenue	155,000	178,500	23,500	15.16%
37000	Miscellaneous Revenue	-	-	-	-
38000	Investment Income	46,000	60,000	14,000	30.43%
39200	Transfers from General Fund	1,832,669	2,290,246	457,577	24.97%
Total Environmental Fund		**$ 7,681,862**	**$ 8,064,746**	**$ 382,884**	**4.98%**

Environmental Fund Expenditure Summary

Fiscal Year 2027

EXPENSE SUMMARY				
Account Description	FY 2026 Adopted	FY 2027 Proposed	Actual Increase/ Decrease	% Change
Personnel	1,144,262	1,284,731	140,469	12.28%
Operations	6,537,600	6,780,015	242,415	3.71%
Capital Outlay	-	-	-	-
Total Environmental Fund	**$ 7,681,862**	**$ 8,064,746**	**$ 382,884**	**4.98%**

Environmental Fund 50000

PERSONNEL						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
41000	Salaries - Regular	756,483	738,249	793,477	55,228	7.48%
41100	Salaries- Part Time	-	-	-	-	-
41115	On Call Pay	-	8,250	8,663	413	5.01%
41116	Call Back	-	2,750	2,888	138	5.02%
41200	Salaries - Overtime	38,535	39,000	40,950	1,950	5.00%
41300	Longevity Pay	10,600	11,000	12,700	1,700	15.45%
42000	FICA	58,485	58,485	65,689	7,204	12.32%
42100	Workers Compensation Insurance	16,000	16,000	19,200	3,200	20.00%
42200	State Retirement	93,067	99,000	129,918	30,918	31.23%
42210	401k	27,564	28,000	42,934	14,934	53.34%
42300	Medical Insurance	135,000	135,000	157,000	22,000	16.30%
42400	Life Insurance	1,568	1,568	1,568	-	-
42500	Dental Insurance	6,960	6,960	9,744	2,784	40.00%
Sub-Total For Personnel		**$ 1,144,262**	**$ 1,144,262**	**$ 1,284,731**	**$ 140,469**	**12.28%**

OPERATING EXPENDITURES						
Account #	Account Description	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
44200	Repair & Maintenance: Vehicles	149,600	228,125	204,000	(24,125)	-10.58%
44400	Repair & Maintenance: Equipment	40,000	40,000	40,000	-	-
44900	Repair & Maintenance: Streets	10,000	16,000	24,000	8,000	50.00%
45250	Telephone	7,000	7,000	6,000	(1,000)	-14.29%
45410	Equipment Rental	-	-	-	-	-
45670	Motor Fuel	100,000	100,000	100,000	-	-
46100	Office Supplies	2,000	2,000	2,000	-	-
46200	Small Equipment and Tools	4,500	4,500	5,000	500	11.11%
46630	Program Supplies	7,500	7,500	7,500	-	-
46860	Container Purchases	187,000	155,000	150,000	(5,000)	-3.23%
47100	Uniforms	10,000	13,000	11,000	(2,000)	-15.38%
48000	Contracted Services	50,000	14,000	20,000	6,000	42.86%
48910	Solid Waste	4,150,000	4,150,000	4,220,964	70,964	1.71%
48920	Bulk Containers	200,000	200,000	278,000	78,000	39.00%
48930	Landfill	980,000	980,000	1,008,576	28,576	2.92%
48940	Recycling	460,000	460,000	516,000	56,000	12.17%
48950	Yard Waste - Tipping Fees	175,000	175,000	181,975	6,975	3.99%
51100	Travel and Training	5,000	5,000	5,000	-	-
Sub-Total for Operating Expenditures		**$ 6,537,600**	**$ 6,557,125**	**$ 6,780,015**	**$ 222,890**	**3.40%**

TOTAL ENVIRONMENTAL						
	Expense Category	FY 2026 Adopted	FY 2026 Revised	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
-	Personnel Expenditures	1,144,262	1,144,262	1,284,731	140,469	12.28%
-	Operating Expenditures	6,537,600	6,557,125	6,780,015	222,890	3.40%
59500	Capital	-	-	-	-	-
Total for All Categories of Expenses		**$ 7,681,862**	**$ 7,701,387**	**$ 8,064,746**	**$ 363,359**	**4.72%**

SEPARATION PAY FUND

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

Separation Pay Fund 60000

Expense Summary	
Personnel Expenses	$758,000
Operating Expenses	$0
Total Budget	$758,000

Budget:

- $705,000- Separation Pay
- $53,000 - FICA

Capital:

- None

Items of Interest:

- Three employees will receive final supplements for FY 27.
- A projected three new employees will roll on to start receiving this benefit for FY 27.
- Thirty-five former employees currently receive separation pay benefits for FY 26 (as of the 5/4 payroll with 2 rolling on for the next pay cycle).

Separation Pay Revenue Summary
Fiscal Year 2027

REVENUES				
Account Description	FY 2026 Adopted	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
Transfer from General Fund	721,500	758,000	36,500	5.06%
Total Separation Pay Revenues	**$ 721,500**	**$ 758,000**	**$ 36,500**	**5.06%**

Separation Pay Expenditure Summary
Fiscal Year 2027

EXPENSES				
Account Description	FY 2026 Adopted	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
Separation Pay	670,000	705,000	35,000	5.22%
FICA	51,500	53,000	1,500	2.91%
Total Separation Pay Expenses	**$ 721,500**	**$ 758,000**	**$ 36,500**	**5.06%**

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 FY 2025 Transit System Fund Budget is $1,621,823. This is the twenty second year this fund has existed. The past two years, the Transit Fund has received money from the CARES act related to public transit during Covid. This funding is no longer available to help offset operations. To offset the increase in transit operations, a transfer from the General Fund is needed to supplement in conjunction with the vehicle license fee. 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.

Transit Fund 77500

Expense Summary	
Personnel Expenses	$0
Operating Expenses	$733,000
Capital Expenses	$0
Total Budget	$733,000

Reductions/Decreases:

- A reduction of $669,698 is projected in Kannapolis' annual contribution to the CK Rider transit system because of the revised funding agreement with the City of Concord. Under the new cost-sharing structure, Kannapolis' share of operating expenses will decrease from 35% to approximately 21%. As a result, the City's annual transit-related costs are expected to decline from approximately $1.5 million to approximately $733,000. These costs are expected to remain generally consistent throughout the term of the proposed agreement with the new service provider.

- To substantially reduce operating costs while maintaining an appropriate level of service for residents, the Cities of Kannapolis and Concord have agreed to implement a reconfigured transit system beginning in July 2026. Planned service adjustments include the elimination of the Brown Route and potential minor modifications to the Blue Route, both of which serve Kannapolis residents. The Green and Yellow routes, which also provide service to Kannapolis, will remain substantially unchanged.

- In addition, over the next three years, the City of Kannapolis intends to formally evaluate the feasibility of transitioning some or all fixed-route transit services to an on-demand micro-transit model similar to ride-share services. This evaluation may be conducted independently or collaboratively with the City of Concord.

TRANSIT FUND

Items of Interest:

- Vehicle license tax is $30, $10 goes directly to the Transit fund to support the public transit system and $20 goes back to support the General Fund support towards enhanced paving/improvements.

- Kannapolis pays its portion of the following:
    - Contract related to the fixed route (bus) service.
    - Passenger enhancements per FTA 5307 funds - 1% must be spent on passenger enhancements.
    - Safety enhancements- per FTA 5307 funds - at least .75% spent on safety.
    - Security enhancements- per FTA 5307 funds - at least 1% spent on security.
    - Contract related to ADA Paratransit program ridership.

REVENUES

Account Description	FY 2026 Adopted	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
Vehicle License Tax	434,000	434,000	-	-
Transfer from General Fund	968,698	299,000	(669,698)	-69.13%
Appropriated Fund Balance	-	-	-	-
Total Transit Fund Revenues	**$ 1,402,698**	**$ 733,000**	**$ (669,698)**	**-47.74%**

EXPENSES

Account Description	FY 2026 Adopted	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
Contracted Services	1,402,698	733,000	(669,698)	-47.74%
Transfer to the General Fund	-	-	-	-
Capital- Machinery and Equipment	-	-	-	-
Total Transit Fund Expenses	**$ 1,402,698**	**$ 733,000**	**$ (669,698)**	**-47.74%**

EXPENSES

Account Description	FY 2026 Adopted	FY 2027 Proposed	Actual Increase/ Decrease ($)	% Change
Contracted Services	1,402,698	733,000	(669,698)	-47.74%
Transfer to the General Fund	-	-	-	-
Capital- Machinery and Equipment	-	-	-	-
Total Transit Fund Expenses	**$ 1,402,698**	**$ 733,000**	**$ (669,698)**	**-47.74%**

INSURANCE AND RISK FUND

The Insurance and Risk Fund was established by the City in FY 24 to better track revenues and expenses tied to the City's self-insured health insurance and workers compensation policies. In the past, this funding ran through a payable account, and the Enterprise Funds were not paying their adequate share of health and workers compensation costs. This fund accounts for all health-related costs associated with active and retired employees on the plan as well as active employees covered by the City's workers' compensation policy.

This covers the City's portion to offset projected claims and includes the $2,200 HSA contribution provided to each employee. Revenue estimates were based off 447 full-time positions budgeted at $15,700/position. The remainder make up dependent premiums based on current estimates provided by Pierce Group; the City's broker. Workers' compensation premiums are budgeted based on a 20% increase.

Insurance and Risk Fund 90000

Expense Summary	
Personnel Expenses	$0
Operating Expenses	$8,825,900
Capital Expenses	$0
Total Budget	$8,825,900

Expenses are based on the following:

- $787,000 in retiree insurance (claims)
- $355,000 in retiree insurance (post 65- claims)
- $12,000 in pre 65 administration fees
- $4,800 in pre 65 care management fees
- $1,100,000 - HSA and HRA benefit (estimated at 447 employees at $2,200 plus a buffer for over hire)
- $80,000 for retiree HSA/HRA benefits
- $25,000 - Contracted Services for OPEB reporting
- $500,000 – Health clinic costs with Atrium Health (2 full time practitioners)
- $160,000 -estimated administrative costs for BCBS to administer the plan
    - Estimated to pay $40/employee in higher admin costs to get pharmacy rebates
- $4,021,720 – estimated health claims based on trends forecasted from broker.
- $255,000 – workers compensation insurance
- $40,000 – admin fees for Gallagher to administer plan
- $713,000– estimated workers compensation claims based on trends forecasted.

Revenue highlights:

- $7,017,900 - Health insurance premiums come from the 447 full time positions budgeted at $15,700/position.
    - The remainder makes up dependent premiums based on current estimates from the City's broker; Pierce Group (estimated ~$600,000).
- $200,000 - Retiree health insurance premiums
- $1,008,000- Workers' compensation premiums- based on a 20% increase based on trends.

Insurance and Risk Revenue Summary
Fiscal Year 2027

REVENUE SUMMARY					
Account #	Account Description	FY 2026 Adopted	FY 2027 Proposed	Actual Increase/ Decrease	% Change
37250	Health Insurance Premiums	6,578,904	7,617,900	1,038,996	15.79%
37251	Workers Compensation Premiums	840,000	1,008,000	168,000	20.00%
37255	Retiree Premiums	200,000	200,000	-	-
Total Insurance and Risk Fund		**$ 7,618,904**	**$ 8,825,900**	**$ 1,206,996**	**15.84%**

Insurance and Risk Expenditure Summary
Fiscal Year 2027

EXPENDITURE SUMMARY					
Account #	Account Description	FY 2026 Adopted	FY 2027 Proposed	Actual Increase/ Decrease	% Change
42330	Retiree Insurance	900,000	787,000	(113,000)	-12.56%
42331	Pre 65 Admin Fees	-	12,000	12,000	100.00%
42332	Pre 65 Care Management	-	4,800	4,800	100.00%
42335	Retiree Insrance - Post 65	300,000	355,000	-	-
42340	HSA and HRA Benefit	940,000	1,100,000	160,000	17.02%
42341	HSA and HRA Retirees	80,000	80,000	-	-
42342	Stop Loss Retiree	-	77,380	77,380	100.00%
51448	Stop Loss	650,000	665,000	15,000	2.31%
48000	Contracted Services	116,000	25,000	(91,000)	-78.45%
51446	Health Clinic	400,000	500,000	100,000	25.00%
51447	Dispensing Service	-	-	-	-
51640	Insurance Claims	3,265,904	4,021,720	755,816	23.14%
51449	BCBS Care Mangament	30,000	30,000	-	-
51910	Administration Fees - Health	92,000	160,000	68,000	73.91%
51641	Workers Compensation Claims	550,000	713,000	163,000	29.64%
48560	Pre Hire Screening	5,000	-	(5,000)	-
51911	Workers Compensation Admin Fees	40,000	40,000	-	-
42100	Workers Compensation Insurance	250,000	255,000	5,000	2.00%
Total Insurance and Risk Fund		**$ 7,618,904**	**$ 8,825,900**	**$ 1,151,996**	**15.84%**