

BUDGET MESSAGE

May 19, 2003

Cabarrus County Board of Commissioners
65 Church Street, South
Concord, North Carolina 28025

Honorable Chairman and Board Members:

Presented herewith is the proposed 2004 budget for Cabarrus County. Totalling \$129,611,154, it seeks to achieve the goals and commits to the priorities that you- the county's elected leaders- established following my appointment as your chief executive.

At your work session in January you identified several goals; some short and others longer-term in nature. Since then, the county staff and I have presented you with a great deal of information that you then discussed and analyzed. As a board, you formulated strategies for some goals, and for others, more work remains.

Most of the goals you established have a direct effect on the budget in that they either cost money to achieve or have a bearing on how much money may be spent. A brief description of those goals follows, along with pertinent information regarding their budgetary implications.

Goal No. 1: Retain the current property tax rate of 56 cents per \$100 of value

You agreed the current property tax rate is fair and reasonable and that county expenditures and levels of service should be based on the amount of revenue such a rate produces.

The weak economy's affects on property tax and other revenues (e.g., sales tax receipts) make this a challenging goal, particularly when considering the cost of achieving the additional goals which follow.

However, the proposed general fund budget of \$126,055,500 for fiscal year 2004 meets that challenge by relying on four key elements:

- Reducing expenditures by \$1.8 million
- Appropriating \$5.3 million from the capital reserve fund
- Appropriating \$6.3 million from fund balance
- New revenue of \$4 million from the third half-cent sales tax

The third half-cent local option sales tax, which was approved in March, becomes effective in July 2003. The revenue this new tax will produce offsets a similar loss first suffered in fiscal year 2003. That is when the General Assembly eliminated reimbursements to local governments for lost revenues that resulted from changes in tax laws in the late 1980s. As you know, the loss of these revenues in 2003 was balanced only after cutting the budget significantly and appropriating additional fund balance.

Goal No. 2: Maintain the county's sound fiscal condition

Good management practices and the county's conservative financial and budgetary policies (see page 27) are the foundation of its long-standing sound fiscal condition. Chief among those policies is one that establishes a goal of retaining a fund balance equal to at least 15 percent of general fund expenditures. Such a fund balance assures adequate cash-flow, generates interest income, assists in maintaining an investment-grade bond rating and sustains operations during emergencies and disasters.

Achieving goals 1 and 2 year after year requires planning and discipline. Accordingly, this proposed 2004 budget introduces a **Five Year Financial Plan** created specifically for that purpose (page 49). This plan addresses your stated priorities and goals, including providing adequate resources for education, opening three new schools, constructing a new jail and maintaining a property tax rate of 56 cents.

It also anticipates continuing all existing county programs at current service levels. The Five Year Financial Plan includes projections for the General Fund as well as the **Solid Waste Enterprise Fund and Arena and Events Center Special Revenue Fund**. Capital spending, shown in the Five Year Financial Plan as a lump sum, is described in the Capital Improvements Plan (CIP) beginning on page 257.

Please note capital spending is meager through 2006. However, by 2007, nearly \$6 million is available for capital projects, including long-delayed park improvements (see the CIP, page 258). By 2008, \$7.5 million is projected to be available for capital projects.

Spending levels specified in the Five Year Financial Plan also maintain adequate general fund reserves. As shown in the table below, the fund balance dips below the county's target number of 15 percent only in 2005 and 2006.

Fiscal Year	2004	2005	2006	2007	2008
Revenues	114,394,673	131,230,553	136,878,353	142,499,433	148,424,621
Expenditures	126,055,500	133,980,081	138,083,605	139,457,689	145,793,392
Unreserved Fund Balance	19,000,000	19,250,472	20,045,220	23,086,964	25,718,193
As a % of Expenditures	15.07%	14.37%	14.52%	16.55%	17.64%

It should be noted that the Five Year Financial Plan does not assume any new debt beyond that to which you have already committed (i.e., certificates of participation for the three new schools already mentioned and a new jail). Additional projects requiring debt service will require an increase in the property tax rate or further postponement of already delayed capital projects scheduled for 2007 and 2008.

Goal 3: Fund construction of the next projects scheduled in the school systems' capital building plans – the replacement for Bethel Elementary, a new elementary school on Pitts School Road, a new middle school in Kannapolis, additions to two elementary schools in Kannapolis and school-park athletic facilities at each

As previously mentioned, the Five Year Financial Plan includes construction of these projects. Certificates of participation totaling about \$45 million will be sold in July 2003. The budgetary impact of the debt service will be delayed one year by capitalizing the interest. The new Bethel Elementary School will open in August 2004. The additional two schools will open one year later.

Goal 4: Review county employee compensation program

The county's employee compensation program consists of several elements. Among them are annual cost-of-living pay raises based on the consumer price index (rounded down to the nearest 1/2 %), annual merit and development pay raises based on performance and biannual adjustments to the salary schedule based on labor market studies.

The proposed budget for fiscal year 2004 includes a cost of living pay raise of 2 percent in accordance with the policy described above. Based on an ordinance you adopted in January, the proposed 2004 budget does not include funding for merit and development pay raises or for a labor market study and potential compensation adjustments that might result. Those compensation plan elements were suspended for fiscal year 2004 due to economic conditions.

The county staff will assist you in your anticipated review of the employee compensation plan in fiscal year 2004. Any changes could then be implemented in 2005.

Goal 5: Plan and construct a jail and justice center to meet the county's current and future needs

This goal resulted from a study completed in May 2002 that projected space requirements for the sheriff's office and jail for a 15-year period. The existing jail, designed to house 142 inmates, now often has at least 200 occupants.

Because of continuing steep growth trends, current site constraints and the sizable public investment to construct a new facility, you agreed it would be more prudent to consider jail space requirements for a 40 to 50 year period. You also agreed that court facility needs should be considered along with jail space.

You approved a phased planning and construction process, beginning with the immediate need of an expandable jail (and perhaps sheriff's office). The expanded court facilities would likely follow in 5 to 10 years.

Selection of an architectural firm for the project is expected by June and construction of the jail should begin in 2004. Certificates of participation will be sold that same year, but the budgetary impact of the debt service will be delayed until fiscal year 2006 by capitalizing the interest.

Goal 6: Generate sufficient revenue at the Cabarrus Arena and Events Center to pay its own expenses

According to *County Government in North Carolina* (1998, Institute of Government, UNC Chapel Hill, pp. 983), facilities like the Arena and Events Center are rarely "...fully self supporting from the revenues of the activities and events presented in them. A facility is usually considered financially successful if it produces enough revenue to cover operation and maintenance costs."

Not surprisingly, the Arena and Events Center budget for fiscal year 2004 is balanced using a contribution of \$892,714 from the general fund. This contribution marks a considerable improvement over fiscal year 2003, which required a general fund contribution of more than \$1.5 million. The proposed 2004 budget drops the contribution by 43 percent compared to 2003.

The Five Year Financial Plan (page 49) shows continued improvement in the Center's revenues with a diminishing general fund contribution each year through 2007. In 2008, the Arena and Events Center is expected to generate its first operating surplus, totaling about \$162,000.

It would be prudent to allow surplus revenue to accumulate in the Arena and Events Center special revenue fund, rather than to transfer it back to the general fund for payment of debt service or repayment of previous transfers. Those accumulated revenues could be used later for large future expenses such as replacement of mechanical systems, roofs and building improvements.

The projection of an operating surplus by 2008 is based on the Arena and Events Center staff working diligently to increase sales. A study intended to assist in that effort was recently completed by KPMG. The author of that study will present her findings to you and the staff soon.

Goal 7: Develop new economic development strategies

In February, you voted unanimously to develop a multiyear contract with the Cabarrus Economic Development Corporation (EDC). The contract will set forth agreements for creating new, targeted marketing strategies, for generating private sources of revenue, and for implementing performance measures. I expect to present a draft of the contract in a few weeks for discussion.

The proposed budget for 2004 includes a contribution to the EDC of \$438,835, matching the contributions from 2002 and 2003. The Five Year Financial Plan assumes the same contribution will be made each year.

Also, you have identified the development of tourism as a significant economic development strategy. Accordingly, the county staff, particularly that of the Arena and Events Center, has been working closely with the Cabarrus County Convention and Visitors Bureau (CVB) in an effort to bring more tourists and visitors into the county.

Clearly, you recognize that the Arena and Events Center is itself an investment in economic development and tourism. The CVB agreed and in April its Board of Directors voted to contribute \$750,000 to help the county fund improvements there.

The proposed budget for the CVB is on page 143. While the CVB is separate from the county organizational structure, the enabling legislation for its creation requires that you review and approve its budget. Funding for the CVB is generated by a 5 percent hotel occupancy tax that you levy.

The CVB Board has requested that you increase the occupancy tax from 5 percent to 6 percent to help pay for the construction of a convention center. As a step toward your goal of developing new economic development strategies, I recommend honoring that request. My recommendation is with the condition, however, that the CVB contribute at least \$100,000 a year to the Arena and Events Center. Given its impact on the local economy, sharing this tax revenue to help operate and improve the Arena is appropriate and is a valuable investment.

The seven goals described above are developed to a sufficient extent that budgetary implications may be projected with a reasonable degree of certainty. You have also identified several additional goals for which that is not the case. The impact of some will likely be minimal. Others, however, could be several million dollars, depending on the directions you choose. The county staff will continue to assist you by providing more information and options as you work through them over the next several months.

Following is a list of those additional goals:

- Explore opportunities for consolidation of services with other local governments.
- Identify and address transportation issues.
- Develop a countywide utility policy.
- Adopt the Eastern Area (land use) Plan.
- Assist the Town of Harrisburg and Harrisburg Volunteer Fire Department and Rescue as they pursue the creation of a municipal fire department.
- Identify and address solid waste issues.

Beyond the goals already mentioned and discussed, more issues emerged from your April 30th work session. They include growth management (particularly as related to school population increases), air quality and regional planning efforts.

The county's continued rapid population growth, even in the midst of a weak economy, requires action to address these many issues. The consequences of when and how thoroughly they are addressed will reach well into the future.

I hope you have found helpful my decision to align the preceding budget summary to your stated goals. More detailed descriptions and comparisons of spending and revenues for fiscal year 2004 are available in the Budget Summary section beginning on page 23. You will also find thorough explanations of county programs and services throughout the budget document.

As mentioned earlier, I have added a new and important feature to the budget this year – a Five Year Financial Plan. As the demand on the county's resources becomes greater and greater, it is critical that we plan how we will allocate those resources for several years into the future. The Five Year Financial Plan illustrates how each year's spending affects the next and is compounded over several years. I think the plan will become a valuable tool to guide you in making well-informed and reasoned decisions as you lead Cabarrus County to an exciting and prosperous future.

I know you join me in recognizing the high degree of dedication and expertise exhibited by county employees. My heartfelt thanks goes out to them; they have made an extraordinary effort to assist me during the last four and a half months since I began serving as your county manager. I tremendously appreciate their support.

I also appreciate the efforts of the many people who contributed to the preparation of this document. You should know that I asked the department directors to develop budgets that reduce spending while still achieving their missions. They did, and I thank them.

As usual, the budget staff has performed excellent work. I offer my gratitude to Cathie Straub, budget officer, and Becky Crabtree, budget analyst. Special thanks go to Pam Dubois, finance director, Susan Fearington, assistant finance director and Shelley Farris, accounting operations supervisor for their efforts in preparing the Five Year Financial Plan.

Finally, I wish to thank you for the opportunity and the guidance you have given me. I am proud to serve as your chief executive, and humbled by the confidence you have placed in me. I look forward to reviewing this very important planning document with you.

Respectfully submitted,

John D. Day
Interim County Manager

ADDENDUM TO THE BUDGET MESSAGE

Upon Motion of Commissioner Privette, seconded by Commissioner Carruth and unanimously carried, the Board approved the Cabarrus County Budget for Fiscal Year 2004, including the following revisions to the Preliminary Fiscal Year 2004 Budget; set the County tax rate at 56 cents; and adopted the Cabarrus County Budget Ordinance for Fiscal Year 2003-2004.

Upon Motion of Commissioner Privette, seconded by Vice Chairman Suggs with Commissioner Privette, Vice Chairman Suggs and Chairman Freeman voting for and Commissioners Carpenter and Carruth voting against, the Board adopted the Cabarrus County Special Fire and Service District Taxes Fund Budget Ordinance for Fiscal Year 2003-2004.

REVISIONS TO THE PRELIMINARY FY 2004 BUDGET:

GENERAL GOVERNMENT:

➤ **Contributions to Other Funds**

Contribution to the Cabarrus Arena and Events Center increase \$ 6,199 to compensate for salary and benefits changes.

➤ **Other Contributions:**

Project Challenge revenue and expense reduction of \$ 1,687.

Cabarrus Teen Court revenue increase of \$ 12,223 and expense increase of \$ 9,673.

➤ **Mental Health**

Court Psychological Services – (DJJDP) reduce revenue \$ 11,079 and reduce expense \$ 2,550.

➤ **Planning:**

Increase Service Fees revenue \$ 6,000 to encompass the following contracts: Mt. Pleasant \$3,000; and Midland \$ 3,000.

Consultant expense increased \$ 5,000.

➤ **Zoning:**

Increase Uniform expense totaling \$ 800.

➤ **Economic Development Incentives**

Concord Mills Incentive increase of \$100,000.

Corning Incentive increase of \$ 30,516.

Pillowtex Incentive reduction of \$ 100,060.

Southeastern Packaging Incentive increase of \$ 3,709.

Builders Supply Incentive reduction of \$ 1,391.

BOC Incentive increase of \$ 23,009.

S & D Incentive Grant reduction of \$ 35,695.

➤ **Cooperative Extension School Age Grant**

Increase School Age Grant revenue and Tools and Minor Equipment expense \$15,000. This grant creates a new summer School Age Care Program for 35 youths at Elite Child Development Center. The state authorized this grant on May 23, 2003.

➤ **Department of Social Services:**

Increase Child Welfare DSS Reimbursement revenue and Child Welfare Purchased Services expense \$55,000 to facilitate a contract with Community Link to perform Home Studies.

Home Based Services (DJJDP) increase revenue \$ 10,424 and Home Based Services/Guided Growth expense \$ 1,500.

Specialized Placement Program (DJJDP) decrease revenue and expense \$ 4,080.

On May 29, 2003, the Board authorized a contract with Millennium, Inc of Charlotte, N. C. for the outsourcing of reception, file room, and mail handling functions for the Department of Social Services effective August 15, 2003. Advantages of this outsourcing include the assurance of enhanced operational performance, as the contractor specializes in these office operations and uses up-to-date technologies. The department will acquire, as part of the contractual arrangement, use of (bar code) recording tracking software. Neutral effect applicable to revenues and expenditures.

➤ **Rowan Cabarrus Community College:**

Increase Current Expense \$12,000.00 – Cosmetology Facility Cloverleaf Plaza Shopping Center.

➤ **Emergency Medical Services:**

Emergency Medical Services Furniture and Equipment expense line item was increased \$15,000 in order to purchase new software applicable to the outsourcing of billing and collections of ambulance charges.

➤ **Department of Aging:**

Nutrition Title III Congregate Nutrition revenue and Food Expense reduced \$ 7,904.

Senior Services Information and Case Assistant Grant revenue and Purchased Services expense reduced \$ 6,664.

In-Home Services Grant revenue and Purchased Services (In-Home Respite Contract \$ 817) and Adult Day Services (\$11,529) expenses reduced \$12,346.

➤ **Personal Services Adjustments:**

Merit and Development pay raises for the payrolls of April 11, 2003, April 25, 2003, May 9, 2003, May 23, 2003 and June 6, 2003 (\$126,391), hospitalization increase (\$91,635) Local Governmental Employees Retirement rate effective July 01, 2003 increase from 4.89% to 4.92% (\$10,641) totaling \$228,667.

General Fund FY 2004 Preliminary Budget changes reflects a net increase of \$ 333,696. Revenues increased \$54,887 and additional fund balance appropriation of \$278,809.

Landfill Fund:

➤ **Personal Services Adjustments:**

➤ Merit and Development pay raises for the payrolls of April 11, 2003, April 25, 2003, May 9, 2003, May 23, 2003 and June 6, 2003 (\$752), hospitalization increase (\$1,192) Local Governmental Employees Retirement rate effective July 1, 2003 increase from 4.89% to 4.92% (\$37) totaling \$1,981.

Landfill Fund FY 2004 Preliminary Budget changes reflects a net increase of \$1,981.

THE CABARRUS ARENA AND EVENTS CENTER FUND:

➤ Personal Services Adjustments:

Merit and Development pay raises for the payrolls of April 11, 2003, April 25, 2003, May 9, 2003, May 23, 2003 and June 6, 2003 (\$5,446), hospital increase (\$1,043) Local Governmental Employees Retirement rate effective July 1, 2003 increase from 4.89% to 4.92% (\$327) totaling \$6,816.

Building and Grounds expense decrease of \$495 and Office Supplies expense decrease of \$122.

The General Services Department will provide cleaning for the Arena and Events Center effective July 01, 2003. A Facility Cleaning Services budget was implemented totaling \$182,500. The Cabarrus Arena and Events Center Janitorial Supplies budget was reduced \$7,500 and the Purchased Services/Cleaning Service was reduced \$75,000 totaling \$82,500.

A Cabarrus County Convention and Visitors Bureau contribution of \$100,000 will help offset operating expenses.

The Cabarrus Arena and Events Center Fund FY 2004 Preliminary budget reflects a net increase of \$106,199.

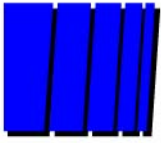
CABARRUS COUNTY CONVENTION AND VISITORS BUREAU:

The Cabarrus County Board of Commissioners tentatively agreed to increase the Occupancy Tax rate from five cents (\$.05) to six cents (\$.06). The Board scheduled a public hearing on July 21, 2003 to consider the adoption of a resolution approving the increase effective September 1, 2003. An estimated revenue and expenditures increase of \$162,984.

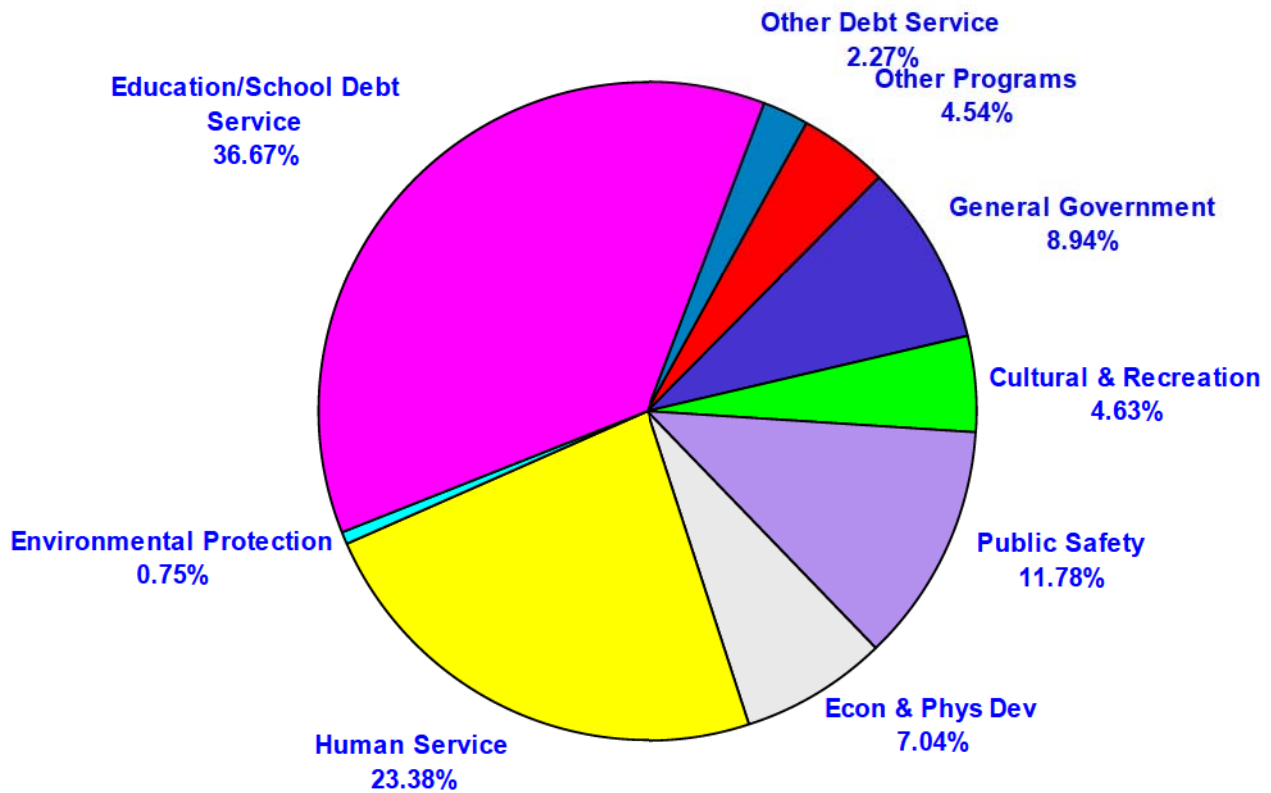
Motion was made on May 29, 2003, by Commissioner Privette, seconded by Commissioner Carpenter to affirm the action taken by the The Cabarrus County Convention and Visitors Bureau Board (Tourism Authority) as follows:

A motion was made by John Cox with a second by Eddie Littlefield to place all the funds that currently reside in the capital account, plus any additional funds collected by June 30, 2003, into a reserve account to be used specifically for a grants program for event acquisition and/or promotion in succeeding years. Motion carried.

A motion was made by John Cox with a second by Diane Honeycutt to designate any unallocated operating fund balance remaining on June 30, 2003 above and beyond the 8% as designated by this board as operating reserve, for operational contingencies. Motion carried.



FY 2004 Expenditures *By Service Area* *\$130,046,831*



BUDGET SUMMARY

■ **EXPENDITURE SUMMARY BY SERVICE AREA, ALL FUNDS**

Expenditures for FY 2004 total \$130,046,831 a 2.35% decrease from amended FY 2003. Pursuant to the Cabarrus County Personnel Management Policy, salaries were increased 2.0%.

The following summary beginning on page 40 provides expenditure comparisons for the fiscal years 2002-2004 for each department, grouped by service area. The PERCENT CHANGE column indicates the percentage change in expenditures from FY 03 to FY 04. The PERCENT OF TOTAL Column shows the percentage of total expenditures represented by each object. Below are brief description of each service area, along with highlights of expenditures.

General Government

This service area, which accounts for \$11,626,349, or 8.94% of total expenditures, provides the administrative support of county government, as well as physical plant operations. Its responsibilities relate to the general operation of the county, and funding is provided primarily by tax revenue. The funding level for this service area decreased 7.57%, over FY 2003. The Board of Commissioners' budget reflects a decrease of approximately 1.31%, from the amended FY 2003, with a decrease in Consultant and Advertising expenses. The County Manager's budget reflects a decrease of 21.99%, over amended FY 2003 budget, constituting reductions in the Consultant and Travel expense; however, the majority of this decrease is due to the severance package paid to the County Manager at the end of contract period (December 31, 2002). Tax Collection department constitutes an increase of 2.80%, over the amended FY 2003, mainly in office supplies. Vehicle payments are being accepted over the Internet via an application developed by the Cabarrus County Information Technology Department and payment of vehicle bills can be administered via credit or debit cards. Tax Administration Department FY 2004 budget request decreased by 8.76% over the amended FY 2003 budget. Purchased Services expenses constitutes the largest reduction because of the FY 2003 appropriation on April 30, 2003 of the WP Ferriss revaluation contract. A FY 2003 carry forward of \$185,244 will be completed in September 2004 in order to complete payment of the revaluation contract. A revaluation is currently underway with an effective date of January 01, 2004; therefore, the new valuations will be effective in the FY 2005 budget. Listing forms and instructions for downloading of information is available on the Internet. The Board appropriated an additional \$60,000 in FY 2003 to contract with an outside firm to conduct audits. Printing and Binding, Office Supplies and Training and Education expenses were reduced in FY 2004. The Board of Elections budget increased 6.21% over FY 2003. Postage expense was increased due to mailing of new identification cards to active registered voters. The Board of Elections will conduct three elections: the election of five municipals (reimbursement cost of approximately \$58,745), the Presidential primary, and a second primary.

The Register of Deeds budget decreased 3.45% over FY 2003. Request for an additional Deputy Register of Deeds position was denied. The department will begin imaging the vital records enabling the certification and/or copying of documents from the computer rather than using the original books. Old land record documents will be imaged and added to the Intranet and Internet site. Automation Enhancement funding will be used to offset Information Technology expenses for the FY 2004 budget only. The Finance Department budget decreased 32.32% from the amended FY 2003 because of a reorganization of the department in February 2003. Salaries and benefits decreased by \$81,675 with the elimination of the Deputy County Manager positions, adding a Finance Director and a part-time Accounting Technician. The Information Services – Administration budget decreased 0.41% constituting a decrease in the Travel and Training expense. Information Services – Systems increased 6.73% over FY 2003. Local telephone expense for county departments has been transferred to this department in FY 2004. Maintenance and repair requests totaling \$15,500 were approved in order to facilitate the repair of workstations, servers, network equipment, peripherals and the repair of uninterruptible power supplies. Geographic Information Services budget decreased 7.12% over amended FY 2003 budget. Office Supplies, Minor Office Equipment and Capital Outlay expenses were reduced in FY 2004.

Grounds Maintenance budget represents a decrease of 7.74% over FY 2003. The budget appropriates maintenance and repair expenses totaling \$35,000 by outside contractors. General Services – Administration budget reflects a 9.75% decrease over FY 2003. Maintenance and repairs totaling \$190,000 recommends the replacements of Jail HVAC units, carpet replacement for the Governmental Center and repainting of office areas, repainting areas of Department of Social Services and the Cabarrus Health Alliance due to the massive number of employees using the facilities, annual maintenance and upkeep of the many structures (picnic shelters, boat dock, dugouts) applicable to the county parks and repairs to building and grounds. The budget recommends a Maintenance Contingency of \$50,000. The Fleet Maintenance budget represents an increase of 3.87% over FY 2003. Service work orders have increased by approximately 15% in the last year due to additional miles driven by the

Sheriff's Department vehicles, additional vehicles added to the fleet, the age of the fleet, as well as increased mileage in other department which in turn causes more preventive maintenance, extensive repairs, and an increase in paperwork.

Cultural and Recreational

This service area, which consists of Recreation (Administration) and three parks, the county-operated library in Kannapolis, Concord, Mt. Pleasant, and Harrisburg, and The Cabarrus Arena and Events Center totaling \$6,023,592 or 4.63% of total expenditures. The Recreation Department has developed relationships with the State, local cities, and private donors for land and other funding. Recreation Department budget reflects a 7.97% decrease over FY 2003. This budget appropriates funding for the implementation of a criminal background screening for all volunteer coaches/youth officials in the youth athletic programs. The FY 2004 budget reflects the elimination of paid gym supervisors for the youth basketball program totaling \$30,659. The FY 2004 budget appropriates \$8,000 to assist in the transition of moving the responsibility to the local volunteer youth athletic associations and \$14,850 to conduct background screenings of all volunteer coaches. The county plans to contract with a private firm to conduct the screenings. The cost per screening will be approximately \$13.50. This budget reflects \$50,000 for Matching Incentive Grants to provide seed money for civic and community groups to construct, improve, or acquire recreational and park facilities in Cabarrus County. A request for two additional part-time park ranger positions at Camp Spencer Park was approved. Frank Liske Park FY 2004 increased 1.4% over FY 2003. Increase in Power/Water account to cover new facilities such as Lake Fountains, Soccer Complex Building and Soccer Irrigation/Well/Pumps. This budget reflects a decrease of approximately 404 hours for part-time park rangers. The County has appropriated \$155,250 to the Capital Projects Fund for Harrisburg School Park in FY 2004.

Concord Public Library represents a 3.58% decrease over FY 2003. Programs will be devised in order to digitize local history materials and viewing will be available via the Internet. Redesign of the library website will be completed in order to update and enhance information. Grant funding will be used at the Mt. Pleasant Library and the Harrisburg Library in order to upgrade public computers. Shelving will be added in order to accommodate the Young Adult collection of information

The Cabarrus Arena and Events Center is a multi-use facility unique to the region. This fund reflects a 3.50 decrease over FY 2003 budget. The FY 2004 budget includes one-time expenses totaling \$152,200. This budget provides a General Fund contribution of \$898,913. The Cabarrus Arena and Events Center encompasses the following budgets in order to facilitate cost centers applicable as follows: County Fair, Food Services, Building and Grounds Maintenance and Facility Cleaning Services administered by the General Services Department for the facility. The County Fair budget includes a \$40,500 one-time expense to facilitate livestock panels and additional exhibit display props. This will enhance the display of vegetables, antiques, quilts and artwork. The Food Services budget totaling \$433,354 provides for the management and operations of food and beverage services. This service is contracted and operated by Compass Group, a large multi-divisional firm headquartered in Charlotte, North Carolina with significant resources and multiple support options. The Building and Grounds Maintenance budget totaling \$449,680 is responsible for planning, directing and providing cost-effective maintenance and repairs to the Arena, Event Center and Gold Hall totaling 190,000 square feet. Capital Outlay requests totaling \$18,000 for two utility vehicles was approved. Maintenance and repairs requests totaling \$15,000 which includes funds for purchased services such as painting, roll up door installation and repair, major plumbing, electrical, HVAC and Structural repairs, concrete work, etc. was approved. The General Services Department will provide cleaning for the Arena and Events Center effective July 1, 2003. A Facility Cleaning Services budget was implemented totaling \$182,500. The Cabarrus Arena and Events Center Janitorial Supplies budget was reduced \$7,500 and the Purchased Services/Cleaning Service was reduced \$75,000 totaling \$82,500. A Cabarrus County Convention and Visitors Bureau contribution of \$100,000 will help offset operating expenses.

Public Safety

This area consists of departments that provide law enforcement and other services to protect the lives and property of the residents of Cabarrus County, as well as ensure safety in the construction of buildings. Also, animal control, courts, Public Safety Service Department which includes building inspections, emergency management, emergency medical services are found in this area, which accounts for 11.78% of total expenditures, or \$15,322,244. The Sheriff's budget provides capital outlay purchases of 8 patrol cars totaling \$168,000. The Jail budget represents a 5.85% increase over FY 2003. Aramark administers the food service contract reflects an increase of \$55,183 (CPI increase of 2.3%) and due to inmate daily population increasing. Southern Health Partners contract providing inmate medical health services was increased \$24,516 due to an increase in inmate average daily population. Purchased services expense provides \$30,000 to provide housing of overcrowded inmates once the general population of 220 inmates is reached. The Animal Control Budget includes an appropriation of \$25,00 for a 4 X 4 replacement truck. The Courts Building Maintenance budget provides for miscellaneous repainting, elevator jack replacement, and a maintenance contingency.

Public Safety Services Department encompasses building inspections, emergency management, and emergency medical services areas of the budget. Building Inspections budget increased 2.95% over FY 2003. The department will implement the installation of new software programs for the Mobile Highway Internet Service and explore possibilities to use laptop computers in the field to speed inspections and recording processes. Public Safety Services budget decreased 10.14% over FY 2003. Minor Office Equipment expenses and contributions to the volunteer fire districts were reduced. Emergency Medical Services budget increased 2.19% over FY 2003 budget. The FY 2004 budget appropriated \$50,000 for a F350 Type III ambulance remount and an additional \$15,000 was approved to purchase new software applicable to the outsourcing of billing and collections of ambulance charges.

Economic and Physical Development

The programs in this service area provide for the orderly planning of growth and development in Cabarrus County. Funding of this service area equals 7.04% of total expenditures, or \$9,148,907. Effective July 1, 2003, the Cabarrus County Convention and Visitors Bureau budget totaling \$1,052,107 is reflected. The Tourism budget (operations and reserve) reflects a 46.62% decrease over the amended FY 2003. The CVB is a separate entity; however, legislation is mandated for its creation and approval of the annual budget. The Tourism Authority (CVB) is Cabarrus County's marketing organization. The Authority plans to place a greater emphasis on sports marketing and work to attract more sporting events and tournaments. FY 2004 budget proposes a one-cent increase in Occupancy Tax rate from the current rate of \$.05 to \$.06. The CVB allocated \$750,000 in FY 2003 of reserve monies to provide improvements at the Cabarrus Arena and Events Center. The FY 2004 budget provides a \$100,000 contribution to the Cabarrus Arena and Events Center to offset the Facility Cleaning Services budget.

The Planning Services budget represents a 2.95% decrease over FY 2003. A fee structure applicable to the planning and zoning review fees was implemented and Consultant expense was increased \$5,000. Transportation budget includes funding for Medicaid transportation mandated by Title XIX of the Social Security Act, which directs the county to provide transportation for medical care for Medicaid eligible recipients who have no other means of transportation to access this care. This budget approves funding for eight replacement vans totaling \$287,500. Ninety percent (90%) of the transportation services provided from this budget are Medicaid reimbursable at the rate of approximately 64%. Cabarrus County match is approximately \$28,750. The revenue is handled as a negative adjustment to the county's monthly Medicaid site draft. The current part-time Community Development Office Assistant position was changed to a full time position in order to utilize funding from the NCDOT-PTD grant, which will provide an 85% funding for the position's total cost. The full time position will be expensed 50% Transportation and 50% Community Development. Transportation revenues will offset the full time position. The HOME program will require a match of approximately \$31,500. Erosion Control reflects a 5.49% increase over FY 2003. Zoning Administration budget reflects a 4.94% increase over FY 2003. Uniform expense was increased \$800. Another component of this area is the Economic Development Incentives program that gives grants back to businesses for industrial and commercial development in Cabarrus County. Financial incentives totaling \$5.4 million are budgeted to several firms that have constructed or expanded facilities in the county. Economic Development Incentives budget decreased 15.10 from the amended FY 2003. The largest FY 2004 incentive grants are Concord Mills totaling of \$2.8 million and Corning of \$2 million.

Human Services

Human Services includes the programs that contribute to the individual needs of citizens in the areas of veterans benefits, home economics and agriculture, mental health, welfare, aging department activities. Largely supported by state and federal funds, many of these programs are mandated by the state and federal governments. Expenditures in Human Services represent 23.38% of total expenditures. It is the second largest service area in terms of expenses. FY 2004 expenditures are \$30,400,933; a 7.18% increase over amended FY 2003. The Veterans Service area reflects a decrease in office supplies expenses. Cooperative Extension reflects a decrease of salaries and benefits expense constituting a reduction of 13.05% over the amended FY 2003 budget. Positions were reallocated because of state funding and retirements within the department. The School Age Grant revenue and Tools and Minor Equipment expense was increased \$15,000. This grant creates a new summer School Age Care Program for 35 youths at the Elite Child Development Center. The state authorized this grant on May 23, 2003. Mental Health funding provides a 2.44% increase over amended FY 03 due to the increase in population.

The Department of Social Services Administration budget increased 8.05% over amended FY 2003 budget. Reorganization of the Adult Services budget occurred in the FY 2004 budget. Adult Services budget is no longer necessary and maintaining this budget will impair the agency's ability to effectively monitor expenses and revenues. Fifteen positions within the Adult Services budget were transferred to Economic Services. This transfer will have a neutral impact. The Department will continue to focus on managing and maximizing revenues through effective use of organizational structure and procedures. Medicaid Assistance was recommended at \$5.9 million, a 8.3% increase over amended FY 2003. The FY 2004 budget reflects a decrease from the State's estimate of \$6,118,417 of providing these services to the residents of the county. The Economic Services budget request for two full time Income Maintenance Caseworker II positions was denied. A Spanish Interpreter in

the Economic Services Division was approved at a 50% (part-time) position. One In-Home Aide Coordinator in the CAP Program was approved. Fees generated from the Medicaid Program will support this expense. This position is needed to provide supervision of the additional 51 CAP (Community Alternatives Program) positions awarded to Cabarrus County in 2003. This budget provides a rate increase \$.25 an hour for certified and \$.20 an hour non-certified CAP workers. Child Welfare revenues and expenditures were increased \$55,000 to facilitate a contract with Community Link to perform Home Studies. Child Day Care budget increased 4.7% over FY 03 amended budget; however, 100% funding is provided by federal/state agencies. On May 29, 2003, the Board authorized a contract with Millennium, Inc. of Charlotte, N. C. for the outsourcing of reception, file room, and mail handling functions for the Department of Social Services effective September 1, 2003. Advantages of this outsourcing include the assurance of enhanced operational performance, as the contractor specialized in these office operation and uses up-to-date technologies. The department will acquire, as part of the contractual arrangement, use of (bar code) recording tracking software. Neutral effect applicable to revenue and expenditures. Department of Aging budget reflects an increase of 2.35% over FY 2003. . The Nutrition Title III budget reflects a 2.7% decrease over FY 2003. Food expenses decreased approximately 3.4% over FY 2003.

Environmental Protection

Environmental quality and safety are provided by the programs in this service area which consists of the soil and water conservation and the sanitary landfill/recycling division. Accounting for \$981,623, or .75% of total expenditures, all three annually budgeted accounting activities are represented in this service area, with the bulk of revenues provided through fees for service. The Watershed Improvements budget provides funding for restoration of stream channels. The Solid Waste Management (Landfill) budget totaling \$767,322 provides for the construction and demolition debris disposal and a convenience center to accept household waste. The recycling division provides recycling drop-off centers at three locations. A replacement service truck chassis totaling \$30,000 was approved. Maintenance and repair totaling \$2,000 was approved to refurbish tool body.

Education/School Debt

Education is the largest service area in terms of its portion of total expenditures; accounting for 36.67%, or \$47,692,861, this area includes funding for the two public school systems in Cabarrus County and Rowan-Cabarrus Community College. Exclusively tax revenues provide funding for public education current expense and capital outlay. Educational funding for schools: Current Expense funding is based on the FY 2003 ADM per pupil allocation of \$961.11 provides an increase in funding applicable to the growth in the number of students per the state's enrollment estimates. Current expense funding for the Cabarrus County Schools is \$20,909,643 (increased ADM of 831 students), a 4% increase over FY 2003. Kannapolis City Schools current expense funding is \$3,160,396 (decreased ADM of 115 students), a 3.4% decrease over FY 2003. In FY 2000, the Board of County Commissioners, Cabarrus County Board of Education and the Kannapolis City Board of Education to provide building maintenance, grounds maintenance, executed a formal agreement and fiber optic cabling based on ADM funding. Cabarrus County Schools will receive building maintenance funding of \$4,090,076 and grounds maintenance of \$ 819,538 based on 86.87% of ADM funding. The Kannapolis City Schools will receive building maintenance funding of \$618,196 and grounds maintenance of \$123,869 based on 13.13% of ADM funding. Capital Outlay funding of \$1,326,000 and start-up costs for the administrative complex of \$150,000 has been appropriated.

Rowan Cabarrus Community College provides funding totaling \$815,940 includes operational costs of \$642,703 for local facilities representing a 26.2% increase over amended FY 2003. Current expense funding provides \$12,648 security support for the Glenn Center, lease and renovations costs associated with expanding RCCC Cosmetology Program located at the Cloverleaf facility in the total amount of \$160,589.

School Debt Service principal and interest payments totaling \$ 15,540,515, or 11.95% of total expenditures. Financing for the replacement for Bethel Elementary, a new elementary school on Pitts School Road, a new middle school in Kannapolis, additions to two elementary schools in Kannapolis and school-park athletic facilities at each will be issued in July 2003 of approximately \$45 million. Debt Service will be delayed one year by capitalizing the interest; therefore, the budgetary impact will be in the FY 2005 budget. The new Bethel Elementary School will open in August 2004. The additional two schools will open in August 2005.

Other Programs

This area includes many programs that are not related to any particular department or service area. Total expenditures equal \$5,898,302 or 4.54% of total spending. Programs in this service include Non-Departmental, Capital Improvement Projects, Contributions to Other Funds, and Contributions to Other Agencies. Funding for this service area decreased approximately 29.15% over the amended FY 2003. Capital Improvement Projects of \$100,000 and greater was not funded in the FY 2004 budget.

Some of the expenditures in the Non-Departmental program are transferred to other programs throughout the year (e.g., merit salary adjustments and contingency). The Board suspended development increases and merit increases in the FY 2004 budget in January 2003. Other Benefits expense totaling \$367,099 provides for the appropriation of hospitalization and life insurance expense for approximately 73 retirees. Fifteen (15) Cabarrus County employees retired from January 1, 2003 through June 30, 2003. Unemployment Compensation appropriation of \$65,000 did not change over the FY 2003 budget. Commissioners' Contingency remained at \$250,000 the same as FY 2003.

Contribution to Other Funds amounts to approximately \$4.7 million. The largest contribution amounting to approximate \$3.4 million in order to provide funding for the Cabarrus Health Alliance. The Board appropriated additional funding of \$10,762 for the West Nile Virus. County financial support follows previous commitments to fund CHA through per capita adjustments based on population growth. CHA provides community health services to all county residents. Also, a contribution of \$155,250 to the Capital Projects Fund for Harrisburg School Park was appropriated. A contribution of \$898,913 to the Cabarrus Arena and Events Center for operations of the facility has been budgeted. Also included is the mandated funding of the Pension Trust Fund of \$195,574.

Other Debt Service

This area funds principal and interest charges on county debt other than schools incurred on bonds and installment purchases for construction projects and equipment and is contained in the General Fund. Construction projects include the Coddle Creek reservoir, equipment and Rowan Cabarrus Community College, and the FY 2002 Certificates of Participation issue for the Cabarrus Arena and Events Center facility. This service area accounts for 2.27%, or \$2,952,020, of total expenditures. School debt service is accounted for in the Education Section and amounts to \$15,540,515 in the FY 2004 budget. Other debt service plus school debt service accounts for 14.22% of total expenditures.

The County's current debt obligations at July 1, 2003 are approximately \$147 million. The County's debt per capita using an estimated population of 139,811 would be \$1051.

**SUMMARY OF EXPENDITURES BY SERVICE AREA
ALL FUNDS**

	Actual FY 02	Amended FY 03	Board Adopted FY 04	Percent Change	Percent of Total
<u>General Government</u>					
Board of Commissioners	316,649	444,375	438,540	-1.31%	0.34%
County Manager	355,030	476,001	371,329	-21.99%	0.29%
Human Resources	264,033	299,051	295,955	-1.04%	0.23%
Revenue Collections	708,157	720,274	740,451	2.80%	0.57%
Tax Administration	1,382,469	1,972,189	1,799,429	-8.76%	1.38%
Board of Elections	309,058	470,644	499,892	6.21%	0.38%
Register of Deeds	642,770	743,072	717,401	-3.45%	0.55%
Finance	912,410	1,168,981	791,167	-32.32%	0.61%
Information Services - Administration	682,063	777,435	774,270	-0.41%	0.60%
Information Services - Systems	959,688	1,032,584	1,102,127	6.73%	0.85%
Geographic Information Services	237,632	345,789	321,164	-7.12%	0.25%
Grounds Maintenance	713,607	844,563	779,230	-7.74%	0.60%
General Services Administration	2,748,724	3,048,867	2,751,730	-9.75%	2.12%
Fleet Maintenance	241,444	234,589	243,664	3.87%	0.19%
TOTAL	10,473,734	12,578,414	11,626,349	-7.57%	8.94%
<u>Cultural & Recreational</u>					
Cannon Memorial Library	2,319,156	2,304,292	2,221,707	-3.58%	1.71%
Recreation Administration/Parks	1,079,091	1,157,027	1,064,766	-7.97%	0.82%
Cabarrus Arena & Events Center	375,586	2,836,396	2,737,119	-3.50%	2.10%
TOTAL	3,773,833	6,297,715	6,023,592	-4.35%	4.63%
<u>Public Safety</u>					
County Sheriff	5,896,627	6,525,658	6,471,529	-0.83%	4.98%
Jail	2,727,438	2,735,371	2,895,510	5.85%	2.23%
Animal Control	537,550	585,664	587,515	0.32%	0.45%
Courts	240,110	336,212	240,923	-28.34%	0.19%
Building Inspections	1,360,473	1,055,699	1,086,804	2.95%	0.84%
Public Safety Services	238,253	522,449	469,465	-10.14%	0.36%
Emergency Medical Services	3,515,121	3,493,853	3,570,498	2.19%	2.75%
TOTAL	14,515,572	15,254,906	15,322,244	0.44%	11.78%
<u>Economic & Physical Development</u>					
Cabarrus County Convention and Visitors Bureau*	468,001	1,970,867	1,052,107	-46.62%	0.81%
Planning Services	465,093	431,174	418,436	-2.95%	0.32%
Transportation	1,111,861	1,642,025	1,679,522	2.28%	1.29%
Community Development	0	220,933	216,624	-1.95%	0.17%
Erosion Control	0	168,318	177,566	5.49%	0.14%
Zoning Administration	251,882	155,342	163,014	4.94%	0.13%
Economic Development Incentive	5,390,780	6,409,195	5,441,638	-15.10%	4.18%
TOTAL	7,687,616	10,997,854	9,148,907	-16.81%	7.04%

	Actual FY 02	Amended FY 03	Board Adopted FY 04	Percent Change	Percent of Total
Human Services					
Veterans Service	120,563	127,647	125,860	-1.40%	0.10%
Cooperative Extension Service	472,084	543,598	472,647	-13.05%	0.36%
Mental Health	849,265	880,949	902,446	2.44%	0.69%
Social Services	25,487,465	25,552,952	27,609,887	8.05%	21.23%
Aging	1,286,368	1,260,415	1,290,093	2.35%	0.99%
TOTAL	28,215,744	28,365,561	30,400,933	7.18%	23.38%
Environmental Protection					
SWCD-Watershed	166,077	225,285	214,301	-4.88%	0.16%
Solid Waste Management/Recycling Division	1,075,251	1,255,654	767,322	-39%	0.59%
TOTAL	1,241,328	1,480,939	981,623	-33.72%	0.75%
Education/School Debt					
Schools, Current Expense	28,050,872	29,519,149	30,537,658	3.45%	23.48%
Schools, Capital Outlay	3,496,235	895,900	1,614,688	80.23%	1.24%
School Debt/Principal and Interest	15,795,709	16,037,065	15,540,515	-3.10%	11.95%
TOTAL	47,342,816	46,452,114	47,692,861	2.67%	36.67%
Other Programs					
Non-Departmental	198,378	528,498	702,099	32.85%	0.54%
Capital Improvement Projects	1,058,376	2,392,525	0	-100.00%	0.00%
Contributions to Other Funds	16,146,829	5,667,187	4,785,703	-15.55%	3.68%
Contributions to Other Agencies	424,288	1,309,021	1,309,413	0.03%	1.01%
SUB TOTAL	17,827,871	9,897,231	6,797,215	-31.32%	5.23%
Less: Inter Fund Transfer**		(1,571,756)	(898,913)	-42.81%	
TOTAL	17,827,871	8,325,475	5,898,302	-29.15%	4.54%
Other Debt Service					
Principal and Interest	2,049,863	3,420,896	2,952,020	-13.71%	2.27%
TOTAL	2,049,863	3,420,896	2,952,020	-13.71%	2.27%
GRAND TOTAL	133,128,376	133,173,874	130,046,831	-2.35%	100.00%

* Separate Authority enabled by N. C. General Assembly HB 813:Chapter 658 of the 1989 Sessions Laws

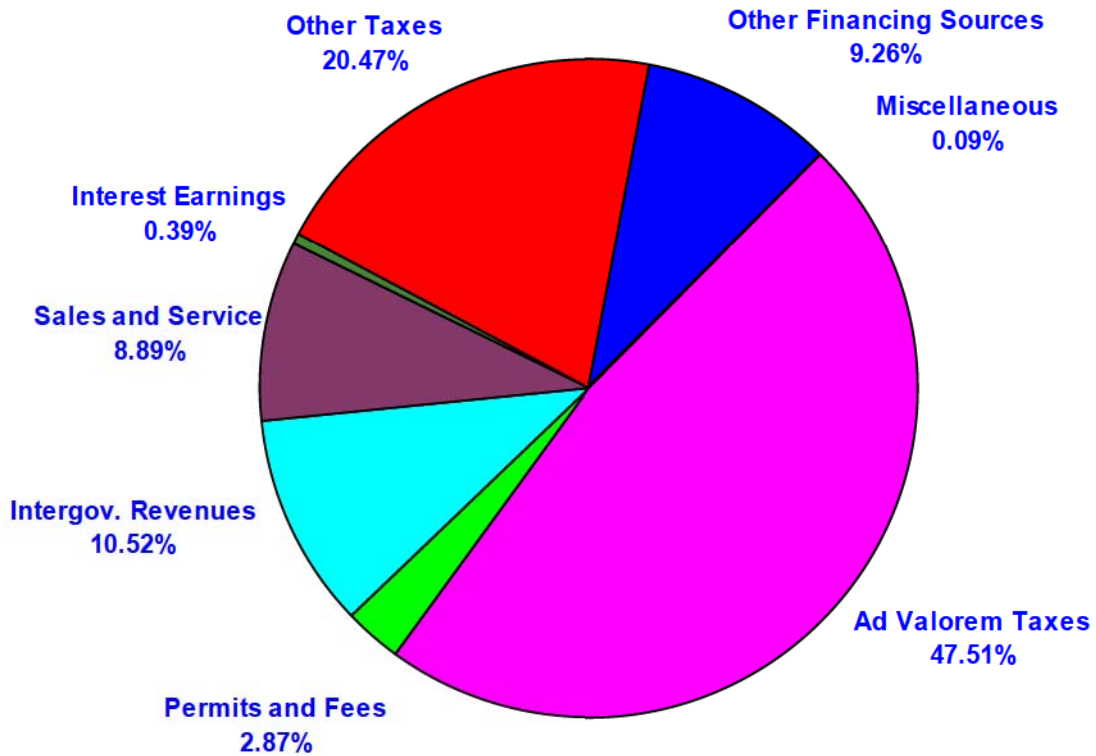
** Contribution to Cabarrus Arena & Events Center Special Revenue Fund from the General Fund



FY 2004 Revenues

By Category

\$130,046,831



BUDGET SUMMARY

■ REVENUE SUMMARY BY CATEGORY, ALL FUNDS

The County receives revenues from many different sources. These various sources have been grouped into eight categories. Below are descriptions and highlights of these categories, followed by a comparison of revenues from FY 2002 to FY 2004 on page 44. The percent change from FY 2003 to FY 2004 is presented in the PERCENT CHANGE column, and the PERCENT OF TOTAL column indicates the percentage of total revenues represented by each FY 2004 revenue category.

Ad Valorem (Property) Taxes

Ad valorem, or property tax, revenue is based on a tax rate of \$0.56 per \$100 of assessed valuation, the same as in FY 02. The county valuation used for budget purposes effective January 1, 2003 is \$11,317,598,000 which is an approximately one percent increase in tax valuation of the previous year, or \$117,671,000. This increase is attributed to the growth in the property tax base. Current Year Ad Valorem tax is the largest single revenue item, in the total amount of \$55,751,520 representing an increase of .9% from amended FY 2003 budget. The current year vehicle tax represents \$6,029,890 or approximately an increase of 3.8% from the amended FY 2003 budget. Total revenues in this category are \$61,781,410, an increase of 1.17% from the amended FY 2003 budget, accounting for 47.51% of total revenues.

Other Taxes

This category consists primarily of sales taxes. These taxes are collected by the State and then returned to the county, less a collection fee, which is deducted before allocations are made. There are three separate sales taxes. The proceeds of the 1% sales tax (Article 39) collected in Cabarrus County are all returned to the county (i.e., based on point-of-sale). The proceeds of the two ½% sales taxes (Article 40 and Article 42), on the other hand, are allocated among all the state's counties based on the portion of the state's total population that resides there. The Board enacted a "Third One-Half Cent (1/2 cent), Article 44 effective July 1, 2003. Article 44 does not apply to sales on food for home consumption. Legislation enacting Article 44 also provided for a hold harmless provision for those local governments whose expected Article 44 receipts do not replace their repealed state reimbursements. The county waived signage of the agreement. Article 44 should generate approximately \$4 million of revenue in the FY 2004 budget. Effective for sales tax distribution periods after July 1, 2003, local governments will receive their distributions of local sales and use taxes on a monthly basis, within 45 days from the end of the month, instead of the current quarterly basis. The distribution of sales tax revenues among local governments in Cabarrus County is based on ad valorem tax basis. Budgeted sales tax revenues totaling \$23,480,000 are estimated to increase by .15% over amended FY 2003. The local sales tax revenues have been trending downward because of the current national economic climate; therefore, we are proposing a decrease of \$820,000 in Articles 40 and 42 revenues. Overall, this category equals \$26,625,607, an increase of 15.76% over FY 2003, accounting for 20.47% of total revenues.

Intergovernmental Revenues

This category represents 10.52% of total revenues and consists primarily of state and federal grants for human services activities. The FY 2004 budget reflects a 0.02% increase over the current year's budget, for a total of \$13,685,188.

The 2002 General Assembly repealed state reimbursements retroactive to July 1, 2002, to be offset by the adoption of the Article 44 local option sales tax. These include prior reimbursements for intangible, inventories, sales tax on food stamp purchases, and the homestead exemption. Intergovernmental revenues consist of state and federal grants that the county receives for programs under the function of human services, consisting of Community Based Alternatives, Home Care Community Block Grant. Other grants such as Public Library Grant and the Natural Heritage Inventory Grants and other revenues collected from other governmental units that are not grant related. The largest single revenue source in this category is state and federal assistance for the Department of Social Services.

Permits and Fees

Accounting for 2.87%, or \$3,730,862, of total revenues, this category consists primarily of receipts for recording of legal instruments in the Register of Deeds Office and building inspection, planning, and zoning fees. Register of Deeds revenue reflects a 7.6% increase over the amended FY 2003 budget. This increase can be attributed to the increase of recorded land documents.

Sales and Service

This category includes revenues from user fees from a wide range of services -- from landfill tipping fees to insurance reimbursements for in home aide services. This category represents 8.89%, or \$11,561,714, of total revenues, an increase of 20.18% over previous year's budget. Sales and Services fees are collected by various general governmental departments for goods or services rendered by them to the public, other departments of the government, or other governments. Ambulance Fees increased because of a Medicaid reimbursement rate increase.

Investment Earnings

Budgeted interest earnings on investments decreased by 64.27% in FY 2004 due to a reduction of interest rates being paid on investment and lower than usual fund balance. This category accounts for .39%, or \$506,000 of total revenues.

Miscellaneous

Miscellaneous revenues are those which do not fit neatly into any of the other areas. This category represents .09% of total revenues, or \$116,414. Miscellaneous revenues reflect a 97.40% decrease over the amended FY 2003 because the two one time revenues consisting of the sale of the old fair grounds property and the Cabarrus County Schools Administrative Complex (Sale of Fixed Assets) were not budgeted.

Other Financing Sources

This category accounts for \$12,039,636 or 9.26% of total revenues, and typically includes both interfund transfers and fund balance appropriations. Contribution to the Cabarrus Arena and Events Center Special Revenue Fund from the General Fund reflects a reduction of \$892,714.

Fund balance appropriation for the General Fund is \$6,630,438. The second largest financing source is a contribution from the Capital Reserve Fund, totaling \$5,309,198 and a contribution of \$100,000 from the Convention and Visitors Bureau to the Cabarrus Arena and Events Center Special Revenue Fund. The Landfill Fund did not require an appropriation of fund balance. Landfill tipping fees reflects a 15.6% increase over amended FY 2003.

Fund Balance

Fund balance is generally defined as the difference between a fund's assets and liabilities. An adequate fund balance is necessary for numerous reasons, such as to have funds available in case of an emergency or unexpected event, to maintain or enhance the County's financial position and related bond rating, to provide cash for operations prior to receipt of property tax revenues, and to maximize investment earnings.

Not all fund balance is available for appropriation. State statutes defines the available amount as "cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts" in Chapter 159-8. Fund balance may also be reserved for specific purposes, such as in special revenue funds where fund balance is for a designated purpose. In the Fund Balance Reserve Policy, included in the Financial and Budgetary Policies, the county felt comfortable with fund balance at 15% of expenditures. At June 30, 2002, undesignated fund balance was 24% of general fund expenditures. Estimated fund balance at June 30, 2003 is expected to be 20% of general fund expenditures. For fiscal year 2004, the county is appropriating \$6,351,629 in fund balance.

Projected Change in Fund Balances:

Fund	Estimated Fund Balance 06/30/03	Projected Revenues	Transfers In	Transfers Out	Projected Expenditures	Projected Fund Balance 06/30/03	Projected Change in Fund Balance
General	26,027,657	116,378,703	5,309,198	4,590,129	123,728,210	19,397,219	(6,630,438)
Landfill	1,500,000	767,322	0	0	767,322	1,500,000	0

**SUMMARY OF REVENUES
ALL FUNDS**

Revenues	Actual FY 02	Amended FY 03	Board Adopted FY 04	Percent Change	Percent of Total
Ad Valorem Taxes	61,184,935	61,069,577	61,781,410	1.17%	47.51%
Other Taxes	23,801,108	23,001,594	26,625,607	15.76%	20.47%
Intergovernmental Revenue	15,066,525	13,682,398	13,685,188	0.02%	10.52%
Permits and Fees	3,789,791	3,492,911	3,730,862	6.81%	2.87%
Sales and Service	10,125,059	9,620,033	11,561,714	20.18%	8.89%
Interest Earnings	2,211,266	1,416,000	506,000	-64.27%	0.39%
Miscellaneous	440,706	4,476,426	116,414	-97.40%	0.09%
Other Financing Sources	3,300,492	16,414,933 ¹	12,039,636 ²	-26.65%	9.26%
Grand Total	119,919,882	133,173,872	130,046,831	-2.35%	100%

¹ Reflects a reduction of \$1,571,756 contribution to the Cabarrus Arena and Events Center Special Revenue Fund from the General Fund

² Reflects a reduction of \$898,913 contribution to the Cabarrus Arena and Events Center Special Revenue Fund from the General Fund

BUDGET SUMMARY

■ FIVE YEAR FINANCIAL PLAN

The Five Year Financial Plan is a forecast of revenues and expenditures for a five year period beginning with the proposed annual budget for fiscal year 2004. Forecasts are provided for the General Fund ,the Arena and Event Center Fund and the Solid Waste Fund.

The purpose of the Five Year Financial Plan is to ensure that the county's commitments, obligations and anticipated needs are met in a fiscally sound manner. It also serves as a plan to achieve two goals established by the Board of Commissioners, i.e., retaining the current property tax rate of 56 cents per \$100 of valuation and maintaining the county's sound fiscal condition (the Board of Commissioners' goals are discussed in the Budget Message).

The forecast for each fund uses the current fiscal year (2003) budget as a starting point for both revenues and expenditures in 2004. Similarly, forecasts for subsequent years rely on the previous year's revenues and expenditures for their starting points. Increases and decreases in revenues and expenditures are itemized for each year.

The General Fund

The revenue forecast for 2004 is fairly conservative. Sales tax revenue growth, for example, is expected to be less than 3 percent. A new 1/2 cent sales tax provides additional revenue of \$4 million, replacing revenue lost in 2003 when the General Assembly eliminated reimbursements to local governments for lost revenues that resulted from changes in tax laws in the late 1980s.

Total revenue is insufficient in 2004 to offset expenses, requiring a contribution of \$5.3 million from the Capital Reserve Fund and a \$6.3 million fund balance appropriation. The Capital Reserve Fund appropriation will be used for capital spending and to service debt. Despite the spending from cash reserves, unreserved fund balance remains a healthy 15 percent of expenditures.

Increases in 2004 spending relate primarily to education, health insurance and Medicaid. Most of the Capital Improvements Program (CIP) spending is for education (page 260 in the CIP).

Revenue projections are more optimistic beginning in 2005. Considerable improvement in the economy is expected and new retail development projects will be completed, resulting in annual increases in sales tax revenues of 10 percent. Also, property revaluation in 2005 is expected to increase the value of the tax base by 25 percent, resulting in additional revenue of nearly \$14 million using the current tax rate of 56 cents.

On the expenditure side, new debt service is added in 2005 and 2006; \$4.3million for 3 new schools with attached parks and several school additions and \$2.5 million for a new jail, respectively. Other annual increases are attributed to Medicaid, employee health insurance and salaries and education.

Capital spending is meager through 2006, however, by 2007, nearly \$6 million is available for capital projects, including long-delayed park improvements (see the CIP, page 259). By 2008, \$7.5 million is projected to be available for capital projects.

The Five Year Financial Plan does not assume any new debt beyond that to which the Board of Commissioners has already committed (i.e., certificates of participation for three new schools and a new jail). Additional projects requiring debt service will require an increase in the property tax rate or further postponement of already delayed capital projects scheduled for 2007 and 2008. Because of the county's relatively high ratio of debt service to total General Fund expenditures, no new debt should be issued until 2007 or later.

Spending levels specified in the Five Year Financial Plan are prudent and maintain adequate general fund reserves. The fund balance dips just slightly below the county's target number of 15 percent in 2005 and 2006. Fund balance is expected to begin growing each year beginning in 2007 and contributions to the Capital Reserve Fund resume in 2008.

The Arena and Events Center Fund

The operating revenue for 2004 reflects a 37% increase from the previous year. This is largely due to the increase in rental fees, box office receipts, and food services. Revenues projected for 2003 were based on the nine-month period the Arena was open that year. The Arena and Events Center has not operated at a full capacity because construction of the facility was not completed until the Spring of 2003. However, the Arena will be fully operational in fiscal year 2004 and revenue is expected to increase by approximately 37%.

Additional increases in revenue are expected in future years. Growth of approximately 10% is expected for 2005 and 15% for subsequent budget years. This revenue growth results from enhanced marketing efforts leading to increased booking at the facility.

In addition to the increase in operating revenue, it is expected that the contribution made to the Arena by the General Fund will decrease by 43% in 2004. The contribution will continue to decrease over the next four years. In 2008, a General Fund contribution will not be required to offset the expenditures of the Arena. The Arena should be self supporting by this time, exclusive of the debt service payment.

In 2004, personnel costs are considerably higher than in 2003. An additional full-time event coordinator will join the staff, and approximately 20 part-time positions will be added to the staff at the Arena.

The food services budget increases by \$154,904 or 56% from 2003. The budget was originally based on a nine-month period of operations. Due to the completion of the kitchen and several banquet rooms in 2003, the Arena is expected to double the number of events catered, therefore, more expenditures associated with the food services program are required.

A grounds maintenance budget of \$431,680 will be established in 2004 to separate grounds maintenance expenditures from normal Arena expenditures for a better accounting of this specific area. Included in the grounds maintenance budget in addition to materials, are all utilities for the facility, equipment rentals and various maintenance service contracts. A capital purchase of \$18,000 for two utility vehicles is also budgeted for 2004.

The general services department will provide cleaning for the Arena and Events Center effective July 1, 2003. A facility cleaning services budget was implemented totaling \$182,500. The Cabarrus Arena and Events Center janitorial supplies was reduced \$7,500 and the purchased services/cleaning service was reduced \$75,000, totaling \$82,500. The Cabarrus County Convention and Visitors Bureau contribution of \$100,000 will offset operating expenses.

There is a decrease in 2004 of \$511,000 in capital and \$461,439 in operating one-time purchases. Through reorganizing of this fund, and adding the grounds maintenance budget, operational expenditures decreased by \$115,539 in the Arena budget.

The Solid Waste Fund

There are two departments within the Solid Waste Fund; Landfill and Waste Reduction. Operating revenues for both areas are expected to increase 9% in 2004. An additional 4% for subsequent budget years is expected in 2005-2008.

Operating expenses decreased by \$174,834 for 2004. These expenditures were necessary in 2003 due to the ice storm and major fuel shortage experienced by the Landfill. Capital expenses decreased by \$341,650, which was used in 2003 to purchase a landfill compactor. A dozer will be purchased under the capital improvement plan for \$132,600 in 2005. Expenses for the Landfill and Waste Reduction programs decreased in total by 38%.

It is projected that a fund balance appropriation in the Solid Waste Fund will occur in 2005. However, a surplus will be achieved again in 2006 and increase each subsequent year.

Cabarrus County
Five Year Financial Plan, General Fund

<u>Budgeted Revenues for:</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Estimated operating revenues from previous fiscal year	\$ 109,981,445	\$ 114,449,560	\$ 131,285,440	\$ 136,933,240	\$ 142,554,320
Growth due to 25% Revaluation		13,937,880			
Annual Growth in Property Tax Revenues	1,024,941		2,500,000	2,500,000	2,500,000
Growth in Miscellaneous Revenues	354,742	150,000	165,000	180,000	200,000
Growth in Building Inspections Revenues	200,000	100,000	100,000	100,000	100,000
Increase in Ambulance Revenues	600,000	300,000	300,000		
Decrease in Interest Investments	(900,000)				
Growth in Sales Tax Revenues - 10% Annually	(811,568) ¹	1,948,000	2,142,800	2,357,080	2,592,788
New 1/2 cent sales tax in 2004 and 10% Annual Growth	4,000,000	400,000	440,000	484,000	532,400
Total Operating Revenues	114,449,560	131,285,440	136,933,240	142,554,320	148,479,508
<u>One Time Revenues</u>					
Contribution from Capital Reserve Fund	5,309,198				
Fund Balance Appropriation	6,630,438				
Sale of Real Property		3,000,000	2,000,000		
Total Revenues	126,389,196	134,285,440	138,933,240	142,554,320	148,479,508
<u>Budgeted Expenditures for:</u>					
Estimated operating expenditures from previous fiscal year	125,114,640	124,619,258	131,063,777	136,317,301	133,829,085
Increase in school current expense spending based on student growth of 1,000 per year	988,509	1,186,780	1,210,516	1,234,726	1,259,420
CPI increase of 2% on school current expense	-	618,170	654,744	692,533	731,572
Additional Cabarrus Health Alliance contribution due to population growth	134,689	135,000	135,000	135,000	135,000
Additional Piedmont Behavioral Healthcare contribution due to population growth	26,147	26,140	26,140	26,140	26,140
Misc. increases (decreases) in service costs	(1,722,900)	150,000	165,000	180,000	200,000
Debt Service for school construction	-	4,300,000			
Jail Expansion Debt Service	-		2,500,000		
Retirement of Debt Service	(290,020)	(440,110)	(1,044,365)	(2,320,603)	(544,656)
Reduction in Contribution to Arena	(672,843)	(239,521)	(229,201)	(269,631)	(154,361)
Restore Capital Outlay Spending (items valued more than \$5,000 but less than \$100,000)				500,000	1,000,000
COLA of 2% (Salary and Benefits)	602,949	615,008	627,308	639,854	652,651
Increase in Health Insurance cost (44% in 2004) (20% in 2005-2008)	954,224	626,200	751,440	901,729	1,082,075
Fulfilled Incentive Grants	(967,557)	(533,148)	(43,058)	(4,707,964)	(89,838)
Fulfilled YMCA contribution	-	(500,000)	-	-	-
Increase in Medicaid cost	451,420	500,000	500,000	500,000	500,000
Total Operating Expenditures	124,619,258	131,063,777	136,317,301	133,829,085	138,627,088
<u>Funding for Capital Projects</u>					
Capital Improvement Plan	1,769,938	3,250,000	2,100,000	5,962,300	6,000,000
Contribution to Capital Reserve Fund	-	-	-	-	1,500,000
Total Expenditures	\$ 126,389,196	\$ 134,313,777	\$ 138,417,301	\$ 139,791,385	\$ 146,127,088
Surplus	-	28,337	(515,939)	(2,762,935)	(2,352,420)
Estimated Unreserved Fund Balance as a % of Current Budget	\$ 19,000,000 15.03%	\$ 18,971,663 14.12%	\$ 19,487,602 14.08%	\$ 22,250,537 15.92%	\$ 24,602,957 16.84%
Property Tax Rate	.56/100	.56/100	.56/100	.56/100	.56/100
Total Debt Service Payments	\$ 18,492,535	\$ 22,029,150	\$ 20,935,409	\$ 18,516,055	\$ 17,971,399
Total Debt Service Payments as a % of Budget	14.63%	16.40%	15.12%	13.25%	12.30%

¹ FY2003 sales tax revenues are anticipated to be less than the amount originally budgeted. Even though there is a decrease in budgeted sales tax revenues from FY2003 to FY2004, budgeted 2004 sales tax revenue has a 2.5% increase over anticipated 2003 collections.

Cabarrus County
Five Year Financial Plan, Solid Waste

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>Budgeted Revenues for:</u>					
Estimated operating revenues from previous fiscal year	\$ 706,450	\$ 767,322	\$ 798,015	\$ 829,935	\$ 863,133
Increase in revenues - 9.0% - FY 2004	60,872				
Increase in revenues - 4.0% - FY 2005-2008		30,693	31,921	33,197	34,525
Total operating revenues	<u>767,322</u>	<u>798,015</u>	<u>829,935</u>	<u>863,133</u>	<u>897,658</u>
Retained earnings appropriated		86,890			
Total Revenues	<u>767,322</u>	<u>884,905</u>	<u>829,935</u>	<u>863,133</u>	<u>897,658</u>
<u>Budgeted Expenses for:</u>					
Estimated operating expenses from previous fiscal year	895,423	737,322	752,281	768,979	787,737
COLA of 2% (salary & benefits)	4,096	6,329	6,455	6,585	6,716
Increase in health insurance cost (44% in 2004) (20% in 2005-2008)	12,637	7,880	9,456	11,347	13,616
Increase in Tire Disposal Expense	15,000	750	788	827	868
Decrease in Building & Grounds Maint.	(116,000)				
Decrease in Engineering costs	(20,400)				
Decrease in Purchased services	(29,500)				
Misc increases (decreases) in service costs	(23,934)				
Total Operating Expenses	<u>737,322</u>	<u>752,281</u>	<u>768,979</u>	<u>787,737</u>	<u>808,938</u>
<u>Funding for Capital Purchases</u>					
Capital Improvement Plan		132,600			
Capital Outlay	30,000				
Total Expenses	<u>\$ 767,322</u>	<u>\$ 884,881</u>	<u>\$ 768,979</u>	<u>\$ 787,737</u>	<u>\$ 808,938</u>
Surplus	-	24	60,956	75,395	88,720
Estimated Net Assets	\$ 1,755,876	\$ 1,755,900	\$ 1,816,856	\$ 1,892,252	\$ 1,980,972

Cabarrus County
Five Year Financial Plan, Cabarrus Arena & Events Center

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>Budgeted Revenues for:</u>					
Estimated operating revenues from previous fiscal year (less contribution)	\$ 1,364,640	\$ 1,838,206	\$ 2,022,027	\$ 2,325,331	\$ 2,674,130
37% Increase-FY 2004	473,566				
10% Increase-FY 2005		183,821			
15% Increase-FY 2006, 2007, 2008			303,304	348,800	401,120
Total Operating Revenues	<u>1,838,206</u>	<u>2,022,027</u>	<u>2,325,331</u>	<u>2,674,130</u>	<u>3,075,250</u>
General Fund Contribution	898,913	653,193	423,992	154,361	-
Total Revenues	<u><u>2,737,119</u></u>	<u><u>2,675,220</u></u>	<u><u>2,749,323</u></u>	<u><u>2,828,491</u></u>	<u><u>3,075,250</u></u>
<u>Budgeted Expenditures for:</u>					
Estimated operating expenditures from previous fiscal year	2,242,896	2,616,119	2,671,419	2,729,022	2,789,215
COLA of 2% (salary & benefits)	11,177	11,405	11,633	11,866	12,103
Increase due to new positions	153,207				
Increase in health insurance cost (44% in 2004) (20% in 2005-2008)	16,733	6,653	7,983	9,580	11,496
Addition of Food Services Budget	154,904				
Addition of Cleaning Services Budget	182,500				
Addition of Grounds Maintenance Budget	431,680				
Decrease in one-time purchases	(461,439)				
Increase(decrease) in operational expenditures	(115,539)	37,242	37,987	38,747	39,522
Total Operating Expenditures	<u>2,616,119</u>	<u>2,671,419</u>	<u>2,729,022</u>	<u>2,789,215</u>	<u>2,852,336</u>
<u>Funding for Capital Purchases</u>					
Capital Outlay	121,000				
Total Expenditures	<u><u>\$ 2,737,119</u></u>	<u><u>\$ 2,671,419</u></u>	<u><u>\$ 2,729,022</u></u>	<u><u>\$ 2,789,215</u></u>	<u><u>\$ 2,852,336</u></u>
Estimated Unreserved Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 222,914</u></u>

PROGRAM SUMMARY FY 2004

DEPARTMENT: Education

PROGRAM: Current Expense

MANDATED SERVICE: Public Schools: General Statutes 115C-426(e) - current expense funding required, level not mandated. General Statutes 115C-430 – equal apportionment required between school administrative units. Community College: General Statutes 115D-32(d) – maintenance and utility cost funding required for satellite campuses.

PROGRAM SUMMARY: Current expense funding is to assist the Cabarrus County and Kannapolis City school systems and the Rowan - Cabarrus Community College (South Campus) in paying salaries, benefits, utilities and other operating expenses. State average daily membership (ADM) projections for FY 2004 in the two public school systems increased by 716 students, to 25,044

SCHOOL	FY 2002 Actual	FY 2003 Budget	FY 2004 Board Adopted
<u>ADM Funding:</u>			
Cabarrus County Schools	19,033,146	20,110,758	20,909,643
Kannapolis City Schools	3,207,034	3,271,618	3,160,396
<u>Building Maintenance Funding:</u>			
Cabarrus County Schools	3,723,004	3,933,808	4,090,076
Kannapolis City Schools	627,316	640,066	618,196
<u>Grounds Maintenance Funding:</u>			
Cabarrus County Schools	746,155	788,226	819,538
Kannapolis City Schools	125,725	128,251	123,869
Total Public School Funding	27,462,380	28,872,727	29,721,718
Rowan Cabarrus Community College	588,492	646,422	815,940
GRAND TOTAL	28,050,872	29,519,149	30,537,658

HIGHLIGHTS:

- The appropriation for the public schools is based on the FY 2003 average daily membership (ADM) per student spending of \$961.11 and provides an increase in funding applicable to the growth in the number of students per the state's average daily membership (ADM) for the two school systems.
- Current expense for the Cabarrus County Schools is \$20,909,643, a 4% increase over FY 2003 and the Kannapolis City Schools is \$3,160,396 a 3.4% decrease over FY 2003. The ADM (average daily membership) controls total allocation of funding for the schools.
- In FY 2000, a formal agreement was executed by the Board of County Commissioners, Cabarrus County Board of Education and the Kannapolis City Board of Education to provide additional current expense funding based on ADM percentages for building maintenance, grounds maintenance, and fiber optic cabling. This formal agreement provides unification of a comprehensive building maintenance and grounds maintenance program encompassing all facilities for both school systems and administration by the Cabarrus County School System. The appropriation for the consolidated building maintenance program is \$4,708,272 includes the \$32,500 appropriation for fiber optic cabling between the school campus locations. The appropriation for the consolidated grounds maintenance program of \$943,407 will increase Cabarrus County Schools funding by 4% over the amended FY 2003 budget and Kannapolis City Schools decrease of 3.4%. Cabarrus County Schools building maintenance appropriation of the \$4,090,076 increased by 4% from FY 2003 budget. Kannapolis City Schools building maintenance appropriation of \$618,196 decreased by 3.4% from the amended FY 2003 budget. Appropriations for the building maintenance and grounds maintenance are based on the FY 2003 student per capita of \$188 and \$ 37.67, respectively allowing for student growth.
- The Cabarrus County School System increased ADM by 831 students, for a total enrollment of 21,755. Kannapolis City Schools decreased by 115 students for a total enrollment of 3,289 students. FY 2004 total enrollment of 25,044 students.

- Funding for Rowan Cabarrus Community College includes operational costs for local facilities of \$642,703,\$12,648 security support for the Glenn Center, lease and renovations costs associated with expanding RCCC Cosmetology Program located at the Cloverleaf facilities totaling \$160,589.
- Per capita Educational Debt Service (Principal and Interest) for the two school systems:

	Principal	Interest
GO Buildings – Schools	3,435,896	2,560,406
Lease Principal – Schools – Bank Fees	2,232,615	259,730
IPRB Principal	1,500,000	1,211,625
COPS Principal	2,329,525	2,010,718
Total:	9,498,036	6,042,479

- Educational Debt Service (Principal, Interest, and Bank Service Charges) for FY 2004 totals \$15,540,515. Based on a total enrollment of 25,044, per pupil ADM of \$620.53.
- Expense Allocation Per Student based on an ADM enrollment of 25,044 students:

FY 2004 Current and Capital Allocations	
Current Expense ADM	961.11
Building Maintenance	188.00
Grounds Maintenance	37.67
Total Current Expense Funding	1,186.78
Capital Outlay	*52.95
Start Up Cost – CCS	5.99
Educational Debt Service	620.53
Grand Total Per Pupil Spending	1,866.25

*Capital Outlay allocations were based on the schools requests rather than the ADM allocations.

PROGRAM SUMMARY FY 2004

DEPARTMENT: Education

PROGRAM: Capital Outlay

MANDATED SERVICE: Required by General Statutes 115C-426(f). Level of funding not specified.

PROGRAM SUMMARY: Capital outlay funding is for building improvements, acquisition or replacement of furnishings and equipment and the purchase of buses and other vehicles for the Cabarrus County and Kannapolis City School systems.

SCHOOL	FY 2002 Actual	FY 2003 Budget	FY 2004 Board Adopted
Cabarrus County Schools	3,211,714	881,006	1,050,000
Kannapolis City Schools	214,665	0	426,000
Rowan Cabarrus Community College	69,856	14,894	138,688
TOTAL	3,496,235	895,900	1,614,688

HIGHLIGHTS:

- Final allocation of Three Year "Capital Needs" grant approved in FY 2000 of \$81,500 and State Bond Funds required Matching Contribution for new building(s) of \$57,188.
- Cabarrus County Schools will receive \$900,000 to purchase buses in order to accommodate the growth of enrollment. Additional capital outlay funding applicable to the Cabarrus County Schools is \$150,000 start-up costs for the new Administrative Building.
- Kannapolis City Schools will receive \$426,000 for capital outlay expenditures to provide furniture, technology and buses.
- FY 2004 Capital Outlay requests by Cabarrus County Schools and Kannapolis City Schools were not based on ADM allocations. Due to budget constraints the last two fiscal years, capital outlay appropriations were based on the individual school's requests.

FUND SUMMARIES

■ GENERAL FUND HIGHLIGHTS

Expenditures by Service Area

General Fund	Actual <u>FY 02</u>	Amended <u>FY 03</u>	Board Adopted <u>FY 04</u>	Percent <u>Change</u>	Percent of <u>Total</u>
General Government	10,473,734	12,578,412	11,626,349	-7.57%	9.20%
Cultural & Recreational	3,773,833	3,461,319	3,286,473	-5.05%	2.60%
Public Safety	14,515,572	15,254,906	15,322,244	0.44%	12.12%
Economic & Physical Development	7,219,615	9,026,987	8,096,800	-10.30%	6.41%
Human Services	28,215,744	28,365,561	30,400,933	7.18%	24.05%
Environmental Protection	166,077	225,285	214,301	-4.88%	0.17%
Education/School Debt	47,342,816	46,452,114	47,692,861	2.67%	37.73%
Other Programs	17,827,871	9,897,231	6,797,215	-31.32%	5.38%
Debt Service	2,049,863	3,420,896	2,952,020	-13.71%	2.34%
Total	131,585,124	128,682,711	126,389,196	-1.78%	100.00%

General Fund expenditures for FY 2004 total \$126,389,196 a 1.78%, decrease over FY 2003. Additional spending for new items includes the following:

- FY2004 economic development incentives decreased 15.10%; Pillowtex incentive decreased \$329,052 over the amended FY 2003 budget approximately 57%. S & D Coffee, Inc final incentive payment is anticipated to be completed in FY 2003.
- A net of 4.72 Full Time Equivalent Positions were added in various departments contained in the budget.
- Includes a 2% COLA for county employees.
- This budget provides a contribution of \$ 898,913 to the Cabarrus Arena and Events Center Special Revenue Fund
- Educational funding for schools: The appropriation for the public schools is based on the FY 2003 average daily membership (ADM) per student spending of \$961.11 and provides an increase in funding applicable to the growth in the number of students for the two school systems of 716 students and a total enrollment of 25,044 students. Current expense funding, building maintenance funding and grounds maintenance funding totaling \$29,721,718 is reflected for the two school systems based on a per capita percentage of average daily membership (ADM). Cabarrus County Schools equates to 86.87% and Kannapolis City Schools is 13.13%. This appropriation is allocated as follows: Current Expense ADM Funding for Cabarrus County Schools of \$20,909,643 and Kannapolis City Schools of \$3,160,396; Building Maintenance Funding totaling \$4,708,272; allocating Cabarrus County Schools \$4,090,076 and Kannapolis City Schools \$618,196. Grounds Maintenance Funding of \$943,407 allocating Cabarrus County Schools \$819,538 and Kannapolis City Schools \$123,869, respectively. Due to budget constraints the last two fiscal years, Capital Outlay appropriations were based on requests. Capital Outlay funding totaling \$1,476,000 was appropriated in the FY 2004 budget. School Debt Service principal and interest payments totaling \$15,540,515.
- County allocation of \$155,250 for the park at Harrisburg School
- Continued support of the Cabarrus Health Alliance for community health services amounting to \$3,503,966. This contribution includes an allocation of \$10,762 to the West Nile Virus.
- YMCA capital cost funding of \$500,000 to construct a swimming complex
- Contribution of \$438,835 to Economic Development Corporation

■ **GENERAL FUND HIGHLIGHTS**

Revenues by Category

General Fund	Actual FY 02	Amended FY 03	Board Adopted FY 04	Percent Change	Percent of Total
Ad Valorem Taxes	61,184,935	61,069,577	61,781,410	1.17%	48.88%
Other Taxes	22,904,076	22,208,577	25,565,000	15.11%	20.23%
Intergovernmental Revenues	15,066,525	13,682,398	13,685,188	0.02%	10.83%
Permits and Fees	3,702,883	3,415,911	3,713,362	8.71%	2.94%
Sales and Service	9,276,498	7,621,961	9,088,186	19.24%	7.19%
Interest Earnings	2,010,839	1,400,000	500,000	-64.29%	0.40%
Miscellaneous	439,734	4,476,426	116,414	-97.40%	0.09%
Other Financing Sources	3,300,492	14,807,861	11,939,636	-19.37%	9.45%
Total	117,885,983	128,682,711	126,389,196	-1.78%	100.00%

Following are major areas of revenue increases in FY 2004:

- Ad valorem, or property tax, revenue is based on a tax rate of \$0.56 per \$100 of assessed valuation, the same tax rate as FY 2003. This tax rate, along with tax base growth, will produce an increase of current property tax revenues of .9% over the current year's budget, for a total of \$55,751,520. Current vehicle revenue reflects a increase of 3.8% over FY 2003 budget, for a total of \$6,029,890. The tax rate is based upon an estimated valuation of real and personal property for purposes of taxation of \$10,212,996,000 and vehicle estimated valuation of \$1,104,602,000 for a total valuation of \$11,317,598,000.
- Sales tax revenues are estimated to increase by .157131% over amended FY 2003 totaling \$23,480,000. Adoption of Article 44 local option sales tax (the third one-half cent) was approved in March 2003, with an implementation date July 01, 2003. New revenue from the third half-cent sales tax generated \$4 million for the FY 2004 budget.
- A fund balance appropriation of \$6,630,438. (Other Financing Sources) was needed to balance the budget.
- Contribution from the Capital Reserve Fund of \$5,309,198

■ **LANDFILL FUND HIGHLIGHTS**

Expenditures	Actual FY 02	Amended FY 03	Board Adopted FY 04	Percent Change	Percent of Total
Personal Services	311,865	349,835	351,919	0.60%	45.86%
Operations	763,385	564,169	385,403	-31.69%	50.23%
Capital Outlay	0	341,650	30,000	-91.22%	3.91%
Total	1,075,250	1,255,654	767,322	-38.89%	100.00%

- Landfill operations ceased 12/31/97 except for Demolition and Recycling.
- Recycling Division in order to track cost more effectively.
- Begin construction of the expanded C & D area

Revenues by Category

Revenues	Actual FY 02	Amended FY 03	Board Adopted FY 04	Percent Change	Percent of Total
Other Taxes	51,231	36,000	55,000	52.78%	7.17%
Permits and Fees	86,908	77,000	17,500	-77.27%	2.28%
Sales & Service	823,336	705,432	694,822	-1.50%	90.55%
Miscellaneous	(3)	0	0	0	0
Investment Earnings	159,794				.00%
Other Financing Sources	0	437,222		-100.00%	.00%
TOTAL	1,121,265	1,255,654	767,322	-38.89%	100.00%

■ **CABARRUS ARENA AND EVENTS CENTER**

Expenditures by Service Area:

Expenditures	Actual <u>FY 02</u>	Amended <u>FY 03</u>	Board Adopted <u>FY 04</u>	Percent <u>Change</u>	Percent of <u>Total</u>
Personal Services	0	514,155	873,852	69.96%	31.93%
Operations	0	1,796,241	1,727,267	-3.84%	63.11%
Capital Outlay	0	526,000	136,000	-74.14	4.97%
TOTAL	0	2,836,396	2,737,119	-3.50%	100.00%

- The Cabarrus Arena and Events Center is the newest and most innovative exhibition center in the area. From Boardrooms to ballrooms, the Center has more meeting, banquet and exhibit square footage than any facility in Cabarrus County.
- FY 2004 One time start-up expenditures totaling \$152,200.

Revenues by Category

Revenues	Actual <u>FY 02</u>	Amended <u>FY 03</u>	Board Adopted <u>FY 04</u>	Percent <u>Change</u>	Percent of <u>Total</u>
Sales and Service	0	1,264,640	1,738,206	37.45%	63.50%
Other Financing Sources	0	1,571,756	*998,913	-36.45%	36.50%
TOTAL	0	2,836,396	2,737,119	-3.50%	100.00%

- Contribution to Cabarrus Arena & Events Center Special Revenue Fund from General Fund totaling \$898,913.

■ **CABARRUS COUNTY CONVENTION & VISITORS BUREAU**

Expenditures by Service Area:

Expenditures	Actual <u>FY 02</u>	Amended <u>FY 03</u>	Board Adopted <u>FY 04</u>	Percent <u>Change</u>	Percent of <u>Total</u>
Personal Services	223,988	240,758	238,112	-1.10%	22.63%
Operations	244,013	1,730,109	813,995	-52.95%	77.37%
Capital Outlay	0	0	0	0	0
TOTAL	468,001	1,970,867	1,052,107	-46.62%	100.00%

- Contribution to Convention Center of \$200,321.
- Contribution to Cabarrus Arena and Events Center Special Revenue Fund of \$100,000.

Revenues by Category

Revenues	Actual <u>FY 02</u>	Amended <u>FY 03</u>	Board Adopted <u>FY 04</u>	Percent <u>Change</u>	Percent of <u>Total</u>
Other Taxes	845,801	757,017	1,005,607	32.84%	95.58%
Sales and Service	25,225	28,000	40,500	44.64%	3.85%
Interest Earnings	40,633	16,000	6,000	-62.50%	0.57%
Miscellaneous	975	0	0	0	0.00%
Other Financing Sources	0	1,169,850	0	-100.00%	0.00%
TOTAL	912,634	1,970,867	1,052,107	-46.62%	100.00%

- FY 2004 budget reflects a proposed Occupancy Tax rate increase of one cent (.01 cent). Current tax rate five cents (\$.05 cents), new rate, six cents (\$.06 cents). An estimated revenue and expenditures increase of \$162,984.

- The Cabarrus County Board of Commissioners tentatively agreed to increase the Occupancy Tax rate from five cents (\$.05) to six cents (\$.06). The Board scheduled a public hearing on July 21, 2003 to consider the adoption of a resolution approving the increase effective September 1, 2003.
- Cabarrus County Convention and Visitors Bureau (CVB) recommended defined procedures concerning the appropriation of fund balance. The Cabarrus County Board of Commissioners approved the procedures for fund balance as follows:

Motion was made on May 29, 2003, by Commissioner Privette, seconded by Commissioner Carpenter and unanimously carried to affirm the action taken by the Cabarrus County Convention and Visitors Bureau Board (Tourism Authority) as follows:

A motion was made by John Cox with a second by Eddie Littlefield to place all the funds that currently reside in the capital account, plus any additional funds collected by June 30, 2003, into a reserve account to be used specifically for a grants program for event acquisition and/or promotion in succeeding years. Motion carried.

A motion was made by John Cox with a second by Diane Honeycutt to designate any unallocated operating fund balance remaining on June 30, 2003 above and beyond the 8% as designated by this board as operating reserve, for operational contingencies. Motion carried.

PROGRAM SUMMARY FY 2004

DEPARTMENT: Capital Improvement Program

PROGRAM: Capital Improvement Program

MANDATED SERVICE: No.

PROGRAM SUMMARY: Cabarrus County's annual budget process includes development of a five-year Capital Improvements Program (CIP). The CIP is a plan that matches the county's major capital needs with a financial plan to meet them. The purpose of the Capital Improvement Program is to plan all capital projects with a cost greater than \$100,000 for a period to 5 years. Capital budgets often require significant one-time outlays that represent irreversible decisions. In addition, the development of the CIP offers a number of benefits in the following areas:

1. Needs Assessment and Fulfillment – The CIP is a projection of capital needs that provides a systematic program for meeting these needs. It allows early planning and design for multi-year projects, so that needs can be met in a timely manner.
2. Financial Planning – The CIP process provides a projection of funding needs and a plan to meet these needs. Planning allows time to prepare grant applications and to search out other revenue sources.
3. Policy Review – The CIP is a statement of the County's policy on future capital acquisitions. Its easily reviewable format facilitates citizen review and prioritization of projects by the Board of Commissioners.
4. Project Coordination – The scheduling of capital projects in the CIP can help to demonstrate interrelationships between projects that might otherwise be overlooked.

The planning process is performed annually between the months of December and January. Each department presents its proposed projects to the Budget Officer for review. The CIP Projects are then reviewed by the County Manager during February departmental budget meetings for his recommendations to be presented to the Board of Commissioners. All projects included in the first year (FY 04) of the program are funded in the approved FY 04 annual budget. Projects for years two through five (FY 2005 to 2008) are approved in concept only and must compete for funding in subsequent annual budget processes. However, all capital expenditures found in each year of the CIP have corresponding appropriations in the Five Year Financial Plan.

Annually the Board of Commissioners decides the amount of money that will be allocated for capital outlay purposes to each of the county's two school systems. The Board of Education usually determines how these funds will be spent. However, the Board of Commissioners has the authority to assign school capital spending to specific projects, if it desires to do so.

A Capital Reserve fund has been established to be used as directed by the Board of Commissioners to advance projects, account for project cost overruns or to offset future budgetary allocations. Because of the Board's goal of maintaining a property tax rate of 56 cents, the proposed budget for 2004 appropriates \$5.3 million of the Capital Reserve Fund to balance the General Fund Budget. That appropriation leaves the Capital Reserve Fund with \$1 million for early expenses in the jail construction process and \$750,000 to provide the required match for federal and state park construction grants.

The Five Year Financial Plan shows a resumption in contributions to the Capital Reserve Fund in 2008.

Capital projects are funded by several sources in addition to the capital reserve fund, including annual appropriations, debt and grants.

CABARRUS COUNTY CAPITAL IMPROVEMENT (CIP)

	ACTUAL	BUDGET					BEYOND
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
CABARRUS COUNTY SCHOOLS							
School Site Development/Land Acquisition	1,458,125						
Architect & Engineers / Legal Fees	329,593	54,609					
Capital Outlay Expense Funding	1,273,995	0	900,000	1,100,000	700,000	1,200,000	1,300,000
Capital School Startup Funding	150,000	0	150,000 ^{1.}	150,000 ^{2.}	150,000 ^{3.}		
School Administrative Offices/Bus Garage School Maintenance/Warehouse Bldg.		4,097,500 ^{4.}					
Five Gymnasiums		2,500,000 ^{4.}					
3 New Schools and 2 Renovations			42,600,000 ^{5.}				
TOTAL	3,211,713	6,652,109	43,650,000	1,250,000	850,000	1,200,000	1,300,000
KANNAPOLIS CITY SCHOOLS							
Capital Outlay Expense Funding	214,665	0	426,000	200,000	200,000	200,000	300,000
					150,000		
TOTAL	214,665	0	426,000	200,000	350,000	200,000	300,000
ROWAN CAB. COMMUNITY COLLEGE							
Capital Outlay Expense Funding	69,856	14,894	81,500 ^{6.}				
Additional Campus Building			57,188 ^{7.}				
TOTAL	69,856	14,894	138,688				
TOTAL SCHOOLS	3,496,234	6,667,003	44,214,688	1,450,000	1,200,000	1,400,000	1,600,000
CABARRUS COUNTY GRAND TOTAL	9,206,011	9,159,777	49,269,938	28,382,600	2,100,000	5,962,300	25,002,409
Additional (Other than General Fund)							
Funding Provided From:							
Capital Reserve Fund			(1,000,000)				
Grants			(500,000)				
			(1,000,000)				
Landfill Enterprise Fund				(132,600)			
COPS Funding			(45,000,000)	(25,000,000)			
TOTAL CAPITAL OUTLAY FROM GENERAL FUND			1,769,938	3,250,000	2,100,000	5,962,300	25,002,409

^{1.} Startup cost for School Administration Building.

^{2.} Startup cost for Bethel Elementary

^{3.} Startup cost for Pitts School Road Elementary and new Kannapolis Middle

^{4.} Certificate of Participation (COPS) Financing

^{5.} COPS- 3 New Schools (Bethel and Pitt School Elementary, Kannapolis Middle) 2 Renovations (Shadybrook and Fred L. Wilson Elementary Schools)

^{6.} Final Allocation of 3 year Capital Needs approved in FY 2002

^{7.} County participation required for State Bond Funds

CABARRUS COUNTY GOVERNMENT

Phase II Public Parking Lot

Expansion of the Corban Avenue Parking lot adjacent Clara Harris School Property.

New EMS Station 8 for Midland

Construction of an EMS station to cover southern part of Cabarrus County that is experiencing significant growth. Land may be available at a new elementary school and proposed park thus reducing the cost.

Historic Cabarrus

Renovations to the old courthouse.

First Union Building / Courthouse Office Space Expansion

Establish new office space for State Offices located in the basement of the courthouse and also major renovations

First Union Building/ HVAC

Replace the current heating and air conditioning system

Recreation Administration Operations Facility

This proposal is to potentially relocate the Cabarrus County Parks and Recreation Administration/operational offices to another site (TBD).

Equipment Shelter

Shelter to house all heavy Grounds Maintenance Division equipment.

General Services Administration Warehouse Addition

Additional 2,500 square foot to existing General Services warehouse based on need.

Document Imaging

Purchase of a document imaging system to service the following departments: Board of Commissioners, County Manager, Personnel, Tax Administration, Development Services, Veterans and Department of Social Services. Scanning stations would be set up in each department to image vital documents to storage on NT servers. Public records, such as, property cards and land records card files would be made available on the County web site.

Jail Space Renovations

Additional jail space to address increased local jail populations.

800 MHX Tower – Flowe Store Area

Locate and acquire suitable land in the Flowe Store Road/Hwy. 24/27 area for the construction of a 800 MHZ radio transmission tower and equipment building.

Kannapolis Library Community Room

This project will be an addition of a multi-purpose community room to the Kannapolis Library. The room will be approximately 3,000 to 4,000 square feet and will be attached to the Library at its northwest corner. This space will contain restrooms, a small kitchen and furniture and equipment storage. The room will be used for library programs and non-library educational programs.

Northwest Cabarrus Library

Establishment of a new branch library in western Cabarrus County. The library would be located in leased space. Funds for the establishment of this branch would be derived primary from the Concord Library Trust Fund.

Aerial Photography

This project includes aerial digital orthographic photography of Cabarrus County, as well as topographical maps. The Cities of Concord and Kannapolis and the town of Harrisburg are to be topographically mapped at 2-foot intervals, with the remainder of the county at 5-foot intervals. This project also includes structural coordinates. Due to growth in the county, the useful life of these aerials is projected to be five years. Therefore, this proposal will repeat in that timeframe.

Tax Hardware/Software

Replacement of current tax billing, collection and assessment software.

New Voting System

Voting equipment will be used on Election Day to enable eligible voters to vote for the candidate of their choice and calculate the totals for accurate results.

DSS Satellite Office

A 5,000 square foot office facility to be leased, renovated, and furnished as a satellite location.

Road Construction – Christenbery Road

Joint project with the City of Concord, the County and Highland Creek Development to extend Concord Mills Blvd., to Christenbery Road.

Road Construction Projects

Improvements to local road system.

Landfill TD15 Dozer

Replacement of the 1982 model dozer.

Water / Sewer Utility Expansion

Expansion / Sewer Capacity

EXPOSITION PARK

Cabarrus Arena and Events Center

The Center is the regions newest and most innovation exhibition center offering a flexible floor plan with the state-of-the-art features. Conveniently located just 10 miles north of Charlotte on Hwy. 49, the Center is strategically positioned. The 2002 Cabarrus County Fair will be held here.

CABARRUS COUNTY PARKS

Contribution to the Parks and Recreation Fund is \$500,000 for FY 2003.

W.W. Flowe Park

On August 21, 1995, Mary and Harry Brown donated 65 acres (two tracts - 40 and 25 acres) for a public park. In FY 1997-98, Cabarrus County employees/equipment have completed the tree removal erosion control, rough grading of ballfields and parking lots. In 1999, Cabarrus County received \$250,000 in North Carolina Parks and Recreation State Grant for new facilities. In Phase I, the proposed facilities are four baseball/softball fields, restroom/concession building, trails, volleyball courts, horseshoe pits, picnic group sites, playground, picnic shelters, and basketball courts. In phase II, passive opportunities (on 25 acres) such as nature trail, bird habitat, butterfly gardens, restroom/picnic shelter and parking.

Rocky River School Park

Improvements to Rocky River School Park – This school/park site has five athletic fields (three baseball/softball and two soccer), basketball courts, playgrounds and gymnasium. The proposed project facilities are athletic lights for two soccer fields, walking/jogging perimeter trail fencing.

North Cabarrus Park

In 1998-99, the City of Kannapolis, Church of God Children's Home and Cabarrus County entered into two formal 20 year agreements for 89 acres to jointly construct a public park on Orphanage Road. In 1999-2000, City, County and Church of God Children's Home representative met to review and evaluate design and development proposals. All three boards approved the recommended park concept and recommended phasing proposals. During the park planning, public input was sought and hearing held to gather public recommendations for park facilities. The proposed park facilities are: picnic shelters (3) trails, basketball/volleyball/horseshoe courts, informal athletic fields, playground, disc golf course, mountain bike trails, tennis courts, parking areas and restroom/vending building. The park concept consists of six phases. The first two phases were approved by BOC in 1999-2001.

W.M. Irvin School Park

The proposed project facilities are one baseball/softball field, one multipurpose baseball/softball field, one soccer field and a gymnasium, which includes gymnasium scoreboard and bleachers, athletic lighting and Perimeter Trail.

Concord Middle School Park

The proposed project facility elements are athletic field lights, bleachers, turf improvements and irrigation systems for three athletic fields.

Harrisburg School Park

The proposed project facilities are five baseball/softball fields and one soccer field, which includes lights, fencing, bleachers, restrooms/concession building, gym scoreboard/bleachers, trail system and turfing improvements.

Forest Park School Park

The proposed project facilities are two baseball/softball fields, which includes turfing, grading, infield preparation, lights, fencing, a restroom/concession building, dugouts, bleachers, gymnasium scoreboard, park signage, and trail system.

Frank Liske Park

The proposed project includes the following elements: asphalt surfacing of perimeter walking/jogging trail, construction of an informational kiosk with parking area, replacement toddler playground equipment, an 18 hole disc golf course, expanding the current 200' field to 300' (softball size) with grading, turfing, fencing, irrigation and lights. The project also includes replacement of two wooden light projects (fields#1 & #2) with new lights/poles.

Frank Liske Park Soccer Complex (New Facility)

Eleven field soccer complex on leased land (39 acres) on the Stonewall Jackson School properties and Frank Liske Park. Cabarrus County has the opportunity to enter into a joint partnership with the City of Concord and the Cabarrus Soccer Association for the completion of this project. Project consists of grading, turfing, irrigation, utilities, fencing, gravel parking lots, restroom/concession building and athletic lights.

Cox Mill School Park (New School Location)

Improvements to new Cox Mill Road School/Park site. The standard elementary school/park site has the following facilities: two athletic ballfields, gymnasium, playgrounds and basketball courts. The proposed facilities are: two lighted youth athletic ballfields, gymnasium bleachers/score clock, restroom/concession building, and asphalt walking/joggings track.

Harris Road Middle School Park (New School Location)

The proposed project facilities are three athletic fields, one baseball, one softball and a combination soccer/football/track area. The proposed project facility elements are irrigation system, Bermuda sprigs/turf improvements, athletic lights, bleachers and restroom/concession building.

Camp Spencer

In 2002, the Cabarrus County Boys and Girls Club and Cabarrus County entered into a formal, long-term agreement for approximately 50 acres, commonly called Camp Spencer, to jointly construct a public park. Attached is the recommended park concept and recommended phase proposals. In 2002-2003, the construction consists of loop trail system, a picnic shelter, a playground, picnic sites, tent camping sites, building improvements, volleyball courts and signage. The other phases consist of new bath house, covered activities building, new docks, new dining hall, camping facilities and cabins.

Atando Road Park

On September 17, 2001, the Cabarrus County Board of Commissioners approved a resolution of acceptance of gift of real and personal property from the Elma C. Lomax Living Trust (approximately 33 acres of unimproved real estate located at 3332 Atando Road). According to the trust agreement, the following type of activities are permitted: fencing, driveways, parking areas, fellowship facilities, hiking trails, pond construction and other similar uses. The grantor's intent is that the parkland be shared with wildlife; therefore, only passive activities may be constructed on the site. A comprehensive master site plan or a preliminary budget has not been completed for the site.

Pharr Mill Road Park

By the Adequate Public Facilities Ordinance and Cabarrus County Subdivision/Development Requirements Cabarrus County received 35 acres from developers of the Canterfield Estates on Pharr Mill Road. These developers may donate an additional 10 –20 acres for future greenway and open space areas. Cabarrus County may have an opportunity to enter into a joint partnership with the Town of Harrisburg for the completion of this project. A comprehensive master site plan or a budget has not been completed for this site.

Park Land Acquisition

Future park locations

PARKS – COPS FUNDING

Bethel Elementary

Development of the Bethel Elementary School park is to replace the existing School Park. Included are: lights, fence, dugouts, bleachers, benches, irrigation/turf and scoreboard for two 200' ballfields, one 300' ballfield and one regulation soccer field. ADA accessibility will be provided. Scoreboard and bleachers for gymnasium are also included.

Kannapolis Intermediate School

Development of a school park at the new Kannapolis Intermediate School. The project will include: concession/restroom building, lights for one 300' and one 200' ballfield and one soccer field, irrigation/turfing, holding tank/wells/bleachers, dugouts, ADA accessible restrooms/parking/walkway, paved perimeter trail, and signage. The school system will develop the grading and fencing and provide utilities to site.

Pitts School Elementary

Development of a school/park at the new Pitts School Road Elementary School will include: concession/restroom building, lights for two 200' fields and one soccer field, fencing, irrigation/turfing/holding tank/wells, bleachers/player benches/dugouts, and gymnasium bleachers and scoreboard, ADA accessibility to facility, paved perimeter trail, and signage.

CABARRUS COUNTY SCHOOLS

Cabarrus County funds budgeted in the General Fund for Cabarrus County Schools.

School Site Development / Land Acquisition

To meet school enrollment needs the County will need to continue to buy property for additional schools. The Board of Education has not determined all of their needs, but it is assumed that additional property will be needed for all grade levels. Specific locations and types of schools applicable will be defined prior to each purchase.

Architect and Engineers

Engineering and Architect fees related to building two middle schools and one elementary school.

Capital Outlay Expense Funding

Funds are to be used by the schools at their discretion for capital outlay needs (ex. building improvements, furniture buses, technology).

School Startup Funding

Each new school or replacement school typically has been allocated \$150,000 for school startup costs.

School Bus Service Garage/

Construct a new school (15,000-sq. ft.) service garage to allow for the relocation of the existing garage on Union Cemetery Road. The facility will be used to service the Board of Education's fleet of school buses and other vehicles used in the maintenance of the schools.

School Administrative Offices

Construct new Administrative Offices (40,000-sq. ft.) on property adjacent to County Expo property. Proceeds from the sale of the property located on Highway 29 and Highway 601 will subsidize this project.

Schools Maintenance / Warehouse Building

Construct a new building (25,000 sq. ft.) to allow for the sale of the school's property on Highway 29 and to relocate the school's building maintenance shop, supply warehouse and their respective administrative offices for each.

KANNAPOLIS CITY SCHOOLS

Cabarrus County funds budgeted in the General Fund for Kannapolis City Schools.

Capital Outlay Expense Funding

Funds are to be used by the schools at their discretion for capital outlay needs (ex. building improvements, furniture buses, technology)

ROWAN CABARRUS COMMUNITY COLLEGE

Site Improvements (Capital Outlay) Additional Campus Building

**CABARRUS COUNTY
BUDGET ORDINANCE
FISCAL YEAR 2003-2004**

BE IT ORDAINED by the Board of Commissioners of Cabarrus County, North Carolina:

Section I. General Fund

- A. It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2003, and ending June 30, 2004:

Current Ad Valorem Tax Levy	61,781,410
Other Taxes and Penalties	25,565,000
Intergovernmental Revenue	13,685,188
Permits and Fees	3,713,362
Sales and Services	9,088,186
Investment Earnings	500,000
Other Revenue	5,425,612
Fund Balance Appropriated	6,630,438
TOTAL REVENUES	126,389,196

- B. The following appropriations are made in the General Fund for the operation of the county government and its activities for the fiscal year beginning July 1, 2003, and ending June 30, 2004:

Board of Commissioners	438,540
County Manager	371,329
Human Resources	295,955
Tax Administration	2,539,880
Board of Elections	499,892
Register of Deeds	717,401
Finance	791,167
Information Services	2,197,561
General Services Administration	3,774,624
Recreation/Parks	1,064,766
Cannon Memorial Libraries	2,221,707
Law Enforcement	9,954,554
Courts	240,923
Public Safety Services	5,126,767
Planning Services	2,655,162
Economic Incentive Grants	5,441,638
Veterans Service	125,860
Cooperative Extension Service	472,647
Mental Health	902,446
Department of Social Services	27,609,887
Department of Aging	1,290,093
SWCD – Watershed	214,301
Cabarrus County Schools - Current Expense	25,819,257
Kannapolis City Schools - Current Expense	3,902,461
Rowan-Cabarrus Community College - Current Expense	815,940
Schools - Capital Outlay	1,476,000
Rowan-Cabarrus Community College - Capital Outlay	138,688
Non-Departmental	702,099
Contributions to Other Funds	4,785,703
Contributions to Other Agencies	1,309,413
Debt Service	18,492,535
Capital Improvement Projects	0
TOTAL EXPENDITURES	126,389,196

Section II. Cabarrus Arena and Events Center

- A. It is estimated the following revenues will be available in the Cabarrus Arena and Events Center for the Fiscal Year beginning July 1, 2003 and ending June 30, 2004:

Sales and Service	1,738,206
Other Financing Sources	998,913
TOTAL REVENUES	2,737,119

- B. The following appropriations are made in the Cabarrus Arena and Events Center for the Fiscal Year beginning July 1, 2003 and ending June 30, 2004:

Administration and Operations	2,737,119
TOTAL EXPENDITURES	2,737,119

Section III. Landfill Fund

- A. It is estimated the following revenues will be available in the Landfill Fund for the Fiscal Year beginning July 1, 2003 and ending June 30, 2004:

Other Taxes	55,000
Permits & Fees	17,500
Sales and Service	694,822
Fund Balance Appropriated	0
TOTAL REVENUES	767,322

- B. The following appropriations are made in the Landfill Fund for the Fiscal Year beginning July 1, 2003 and ending June 30, 2004:

Administration and Operations	767,322
TOTAL EXPENDITURES	767,322

Section IV. Cabarrus County Convention and Visitors Bureau

- A. It is estimated the following revenues will be available in the Cabarrus County Convention and Visitors Bureau Fund for the Fiscal Year beginning July 01, 2003 and ending June 30, 2004:

Other Taxes	1,005,607
Sales and Service	40,500
Interest Earnings	6,000
TOTAL REVENUES	1,052,107

- B. The following appropriations are made in the Cabarrus County Convention and Visitors Bureau Fund for the Fiscal Year beginning July 01, 2003 and ending June 30, 2004:

Operations and Reserve	1,052,107
TOTAL EXPENDITURES	1,052,107

Section V.

There is hereby levied a tax at the rate of .56 cents per one hundred dollars valuation of property listed for taxes as of January 1, 2003, for the purpose of raising the revenue listed as "CURRENT AD VALOREM TAX LEVY" in the General Fund.

This rate of tax is based on an estimated total valuation of property for the purposes of taxation of \$ 11,317,598,000 at an estimated collection rate of 97.48 percent. The estimated rate of collections is based on the fiscal year ending 2002. An estimated total valuation of Real, Personal and Public Service property is \$10,212,996,000 and vehicle of \$1,104,602,000.

Section VI.

- A. Special appropriations to non-profit organizations shall be distributed after the execution of an agreement which insures that all County funds are used statutorily permissible public purposes.
- B. The County Manager is hereby authorized to transfer appropriations within a fund as contained herein under the following conditions:
 - 1. He may transfer amounts between objects of expenditures and revenues within a department without limitation.
 - 2. He may transfer amounts up to \$25,000 between departments of the same fund.
 - 3. He may not transfer any amounts between funds nor from any contingency appropriation within any fund without action of the Board of Commissioners.
 - 4. Additional authority is granted to the manager to transfer amounts within and between funds for the sole purpose of funding salary and benefits adjustments consistent with the Cabarrus County Personnel Management Policy and the Cabarrus County Personnel Ordinance.
 - 5. He may enter into and execute change orders or amendments to construction contracts in amounts up to \$25,000 when the appropriate annual budget or capital project ordinance contains sufficient appropriated but unencumbered funds.
 - 6. He may award and execute contracts which are not required to be bid or which G.S. 143-131 allows to be let on informal bids so long as the annual budget or appropriate capital project ordinance contains sufficient appropriated but unencumbered funds for such purposes.
 - 7. He may execute contracts with outside agencies to properly document budgeted appropriations to such agencies where G.S. 15 A-248(b), 259, 449 and any similar statutes require such contracts.
 - 8. He may reject formal bids when deemed appropriate and in the best interest of Cabarrus County pursuant to G.S. 143-129(a).

Section VIII.

- A. This ordinance and the budget documents shall be the basis for the financial plan for the County of Cabarrus for the 2003-04 Fiscal Year. The County Manager and the Budget Officer shall administer the Budget. The Finance Director shall establish and maintain all records, which are in concurrence with this Budget and Budget Ordinance and the appropriate Statutes of the State of North Carolina.

Adopted this the 16th day of June, 2003.

Robert M. Freeman, Chairman

Frankie F. Bonds, Clerk to the Board

**CABARRUS COUNTY BUDGET ORDINANCE
SPECIAL FIRE AND SERVICE DISTRICT TAXES FUND
FISCAL YEAR 2003-2004**

BE IT ORDAINED by the Board of Commissioners of Cabarrus County, North Carolina:

Section I.

It is the intent of the Special Fire and Service District Taxes Fund to provide necessary funds to local nonprofit volunteer fire departments in unincorporated areas of Cabarrus County for the purpose of providing fire protection. Upon recommendation from the local nonprofit volunteer fire department and its appointed Fire commission, the Board of County Commissioners does hereby levy the tax on Real, Personal and Public Service property located in each specific designated fire or service district. Such funds collected by the County Tax Collector are then remitted to each fire department for the purpose of providing fire protections to the specific taxed area.

Section II.

The following amounts are hereby appropriated in the Special Fire and Service District Tax Fund to provide for the operation of rural volunteer fire services for the fiscal year beginning July 1, 2003 and ending June 30, 2004:

<u>Fire Department</u>	<u>Appropriation</u>
Allen	\$ 116,539
Cold Water	104,727
Enochville	38,815
Flowe's Store	99,983
Georgeville	77,592
Gold Hill	12,447
Harrisburg	595,768
Jackson Park	62,098
Midland	207,459
Mt. Mitchell	31,789
Odell	114,682
Rimer	61,608
Winecoff - Contracted to City of Kannapolis	3,033
Northeast	43,078
Mt. Pleasant Rural	107,096
Richfield-Misenheimer	4,591
Total Estimated Expenditures From Tax Levy	\$1,681,305

Section III.

It is estimated that the following revenues will be available for the various fire and service districts for the fiscal year beginning July 1, 2003 and ending June 30, 2004:

<u>Fire Department</u>	<u>Revenues from Tax Levy</u>
Allen	\$ 116,539
Cold Water	104,727
Enochville	38,815
Flowe's Store	99,983
Georgeville	77,592
Gold Hill	12,447
Harrisburg	595,768
Jackson Park	62,098
Midland	207,459
Mt. Mitchell	31,789
Odell	114,682
Rimer	61,608
Winecoff - Contracted to City of Kannapolis	3,033
Northeast	43,078

Mt. Pleasant Rural	107,096
Richfield-Misenheimer	4,591

Total Revenues From Tax Levy **\$1,681,305**

Section IV.

The following tax rates are hereby established for the fiscal year beginning July 1, 2003 and ending June 30, 2004 for the purpose of providing fire services within the various fire and service districts in Cabarrus County. The tax rates are based on estimated total valuation of properties as of January 1, 2003. The estimated rate of collections is 97.48 percent and is based on the fiscal year ending 2002. In accordance with previous action by the Board of County Commissioners, the County collection fee is set at 1.5%. The taxes will be collected by the Cabarrus County Tax Collector, as provided in G.S. 69-25.4:

Fire Districts	Total Valuation	Rate	Amount Produced (97.48% collection rate)
Allen	298,880,000	.04	116,539
Cold Water	214,869,000	.05	104,727
Enochville	99,547,000	.04	38,815
Flowe's Store	256,419,000	.04	99,983
Georgeville	132,663,000	.06	77,592
Gold Hill	25,537,000	.05	12,447
Harrisburg	1,111,217,000	.0550	595,768
Jackson Park	141,562,000	.045	62,098
Midland	386,950,000	.055	207,459
Mt. Mitchell	65,221,000	.05	31,789
Odell	392,154,000	.03	114,682
Rimer	105,335,000	.06	61,608
Winecoff - Contracted to City of Kannapolis	8,890,000	.035	3,033
Northeast	63,131,000	.07	43,078
Mt. Pleasant Rural	244,143,000	.0450	107,096
Richfield-Misenheimer	6,728,000	.07	4,591

Section V.

The County Manager is hereby authorized to transfer appropriations within a fund as contained herein under the following conditions:

1. He may transfer amounts between objects of expenditures and revenues within a department without limitation.
2. He may transfer amounts up to \$25,000 between departments of the same fund.
3. He may not transfer any amounts between funds nor from any contingency appropriation within any fund without action of the Board of Commissioners.
4. He may enter into and execute change orders or amendments to construction contracts in amounts up to \$25,000 when the appropriate annual budget or capital project ordinance contains sufficient appropriated but unencumbered funds.
5. He may award and execute contracts which are not required to be bid or which G.S. 143-131 allows to be let on informal bids so long as the annual budget or appropriate capital project ordinance contains sufficient appropriated but unencumbered funds for such purposes.
6. He may execute contracts with outside agencies to properly document budgeted appropriations to such agencies where G.S. 15 A-248(b), 259, 449 and any similar statutes require such contracts.
7. He may reject formal bids when deemed appropriate and in the best interest of Cabarrus County pursuant to G.S. 143-129(a).

Section VI.

Copies of this Budget Ordinance shall be furnished to the Tax Administrator and to each fire department for direction in the carry out of their duties and are available for public inspection.

Adopted this the 16th day of June, 2003.

Robert M. Freeman, Chairman

Frankie F. Bonds, Clerk to the Board