

**AN ORDINANCE ADOPTING A BUDGET FOR THE
CITY OF KANNAPOLIS, NORTH CAROLINA FOR THE
FISCAL YEAR BEGINNING JULY 1, 2026 AND ENDING JUNE 30, 2027**

BE IT ORDAINED by City Council of the City of Kannapolis, North Carolina, meeting in open session this 22nd day of June 2026, that the following fund revenues and expenditures, together with certain restrictions and authorizations are hereby adopted.

SECTION I – GENERAL FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2026 and ending June 30, 2027:

| | |
|-------------------|-----------------------------|
| Ad Valorem taxes | \$ 53,263,188 |
| Sales taxes | 18,740,000 |
| Intergovernmental | 8,839,267 |
| Other Revenues | <u>9,229,830</u> |
| TOTAL | <u>\$ 90,022,285</u> |

SECTION II - WATER AND SEWER FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2026 and ending June 30, 2027:

| | |
|----------------------|-----------------------------|
| Charges for Services | \$ 28,432,041 |
| Other Revenues | <u>4,071,963</u> |
| TOTAL | <u>\$ 32,504,004</u> |

SECTION III – STORM WATER FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2026 and ending June 30, 2027:

| | |
|----------------------|----------------------------|
| Charges for Services | \$ 3,867,549 |
| Other Revenues | <u>60,000</u> |
| TOTAL | <u>\$ 3,927,549</u> |

SECTION IV – ENVIRONMENTAL FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2026 and ending June 30, 2027:

| | |
|----------------------------|----------------------------|
| Solid Waste Disposal Tax | \$ 44,000 |
| Charges for Services | 5,400,000 |
| Other Revenues | 330,500 |
| Transfer In / General Fund | <u>2,290,246</u> |
| TOTAL | <u>\$ 8,064,746</u> |

SECTION V – SEPARATION PAY FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2026 and ending June 30, 2027:

| | |
|----------------------------|--------------------------|
| Transfer In / General Fund | <u>\$ 758,000</u> |
| TOTAL | <u>\$ 758,000</u> |

SECTION VI –TRANSIT FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2026 and ending June 30, 2027:

| | |
|-----------------------------|----------------------------|
| Motor Vehicle Privilege Tax | \$ 434,000 |
| Transfer In / General Fund | 499,000 |
| Fund Balance Appropriation | <u>277,205</u> |
| TOTAL | <u>\$ 1,210,205</u> |

SECTION VII – INSURANCE AND RISK FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2026 and ending June 30, 2027:

| | |
|-------------------------------|----------------------------|
| Health Insurance Premiums | \$ 7,817,900 |
| Workers Compensation Premiums | <u>1,008,000</u> |
| TOTAL | <u>\$ 8,825,900</u> |

SECTION VIII - GENERAL FUND: A total of \$90,022,285 is hereby authorized to be expended from the General Fund as follows:

| | |
|-----------------------------|-----------------------------|
| General Government Services | \$ 14,577,619 |
| Planning | 1,587,491 |
| Public Safety | 34,800,415 |
| Parks and Recreation | 9,304,730 |
| Public Works | 7,010,611 |
| Other | 9,379,224 |
| General Debt Service | <u>13,362,195</u> |
| TOTAL | <u>\$ 90,022,285</u> |

SECTION IX - WATER AND SEWER FUND: A total of \$32,504,004 is hereby authorized to be expended from the Water and Sewer Fund as follows:

| | |
|---|----------------------------|
| General Management Services Fee | \$ 2,585,597 |
| Billing and Collections – Water and Sewer | 1,946,861 |
| Distribution - Water and Sewer | 7,944,594 |
| WSACC – Sewage Treatment | 7,089,343 |
| Water Treatment Plant | 5,794,402 |
| Debt Service | <u>7,143,207</u> |
| TOTAL | <u>\$32,504,004</u> |

SECTION X – STORM WATER FUND: A total of \$3,927,549 is hereby authorized to be expended from the Storm Water Fund as follows:

| | |
|---------------------------------|----------------------------|
| Personnel | \$ 1,989,651 |
| Operations | 857,499 |
| Debt Service | 502,041 |
| General Management Services Fee | <u>578,358</u> |
| TOTAL | <u>\$ 3,927,549</u> |

SECTION XI – ENVIRONMENTAL FUND: A total of \$8,064,746 is hereby authorized to be expended from the Environmental Fund as follows:

| | |
|--------------|----------------------------|
| Personnel | \$ 1,284,731 |
| Operations | <u>6,780,015</u> |
| TOTAL | <u>\$ 8,064,746</u> |

SECTION XII - SEPARATION PAY FUND: A total of \$758,000 is hereby authorized to be expended from the Separation Pay Fund as follows:

| | |
|--------------|--------------------------|
| Personnel | \$ <u>758,000</u> |
| TOTAL | <u>\$ 758,000</u> |

SECTION XIII – PUBLIC TRANSIT SYSTEM FUND: A total of \$1,210,205 is hereby authorized to be expended from the Public Transit System Fund as follows:

| | |
|---------------------|----------------------------|
| Contracted Services | \$ <u>1,210,205</u> |
| TOTAL | <u>\$ 1,210,205</u> |

SECTION XIV – INSURANCE AND RISK FUND: A total of \$8,825,900 is hereby authorized to be expended from the Insurance and Risk Fund as follows:

| | |
|----------------------|----------------------------|
| Health Insurance | \$ 7,817,900 |
| Workers Compensation | <u>1,008,000</u> |
| TOTAL | <u>\$ 8,825,900</u> |

SECTION XV - TAX RATE ESTABLISHED: An Ad Valorem Tax Rate of \$.5595 per \$100 assessed valuation is hereby established as the official tax rate for the City of Kannapolis for the fiscal year 2026-2027 This rate is based on an estimated valuation of \$9,514,838,712 and an estimated 99 percent collection rate, the audited FY 25 collection rate. Allocation of the 2026-2027 tax rate will be as follows:

| | |
|-----------------------|----------------|
| GENERAL FUND | \$.5595 |
| TOTAL TAX RATE | \$.5595 |

SECTION XVI - SPECIAL AUTHORIZATION - CITY MANAGER OR DESIGNEE:

- a. The City Manager or designee is hereby authorized to transfer funds within or between funds, or modify revenue and expenditure projections, as contained under the following conditions:
 1. The City Manager or designee may transfer amounts between expenditures and revenues within a fund without limitation.
 2. The City Manager may not transfer from any contingency within a fund. Utilization of any contingency appropriation shall be accomplished with City Council approval only.
 3. Additional authority is granted to the City Manager or designee to transfer amounts within and between funds for the sole purpose of funding salary and benefit adjustments consistent with the City of Kannapolis Personnel Policy and City of Kannapolis Personnel Ordinance.
 4. Upon notification of funding increases or decreases to existing grants or revenues, or the award of grants or revenues, the City Manager or designee may adjust budgets to match, including grants that require a City match for which funds are available. If a local match is included, this requires City Council approval.
 5. The City Manager or designee can create debt financing amendments from estimated projections upon approval by City Council of the debt financing and adjust as needed upon closing.
 6. The City Manager may execute contracts which are not required to be bid or which NCGS §143-131 allows as informal bids so long as the annual budget or appropriate capital project ordinance contains sufficient appropriated but unencumbered funds.
 7. The City Manager may reject formal bids for the purchase of apparatus, supplies, materials and equipment when deemed appropriate and in the best interest of the City of Kannapolis pursuant to NCGS §143-129 (a). Formal bids for construction or repair

contacts must be awarded by City Council

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

SECTION XVI - SPECIAL AUTHORIZATION – STAFFING AUTHORIZATION:

Funds allocated in this budget ordinance are meant to fund the employment of 454 Full Time positions for fiscal year 2027.

This Ordinance is approved and adopted on this 22nd day of June 2026.

George D. Wilson, Mayor
City of Kannapolis

ATTEST:

Pam Scaggs, CMC, NCCMC
City Clerk