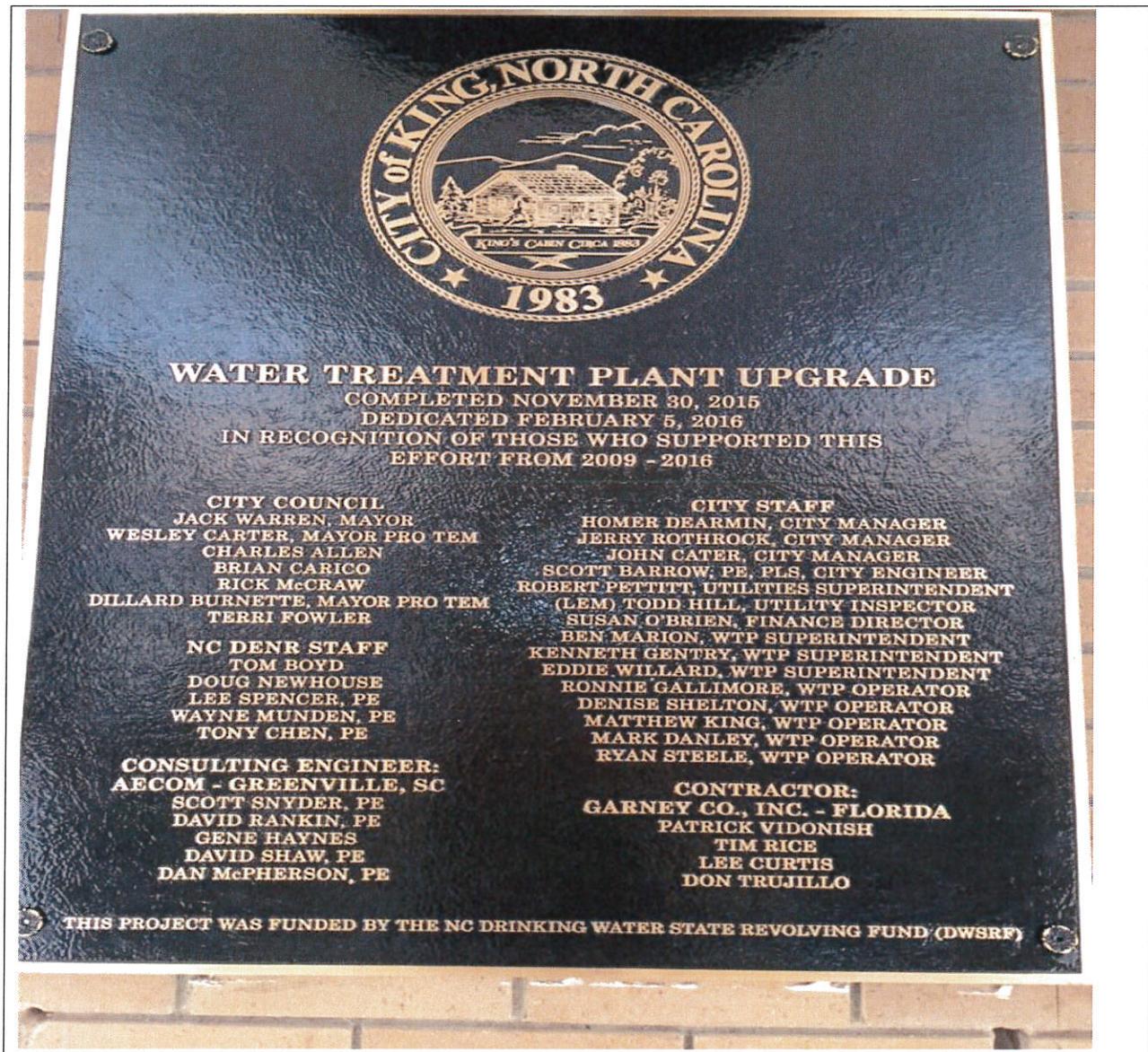


City of King, North Carolina



2016-2017 Budget

City of King History

King is a new town when compared to the others in Stokes County, North Carolina. At one time, there were four tiny villages in all directions from where King is today. On September 11, 1812, John Fulk sold to Frederick Fiscus and Adam Fulk two acres on which they built the Bethlehem Lutheran Church. A school was operated there from 1840 to 1864. The township's first voting precinct was in this vicinity.

Trinity Methodist Church was organized in 1873. Also, near this site, H. C. Coe operated a general store and shoe shop.

M. T. Choplin, a dealer in general merchandise, saddles, bridles, etc., operated a large store where Kirby Road comes into East King Street today. This was near the cabin where Charles King and his bride Francers Kiser built in 1826. The land was given to Frances by her father, Harmonius Kiser. This general area was known locally as "King's Cabin".

The village of Five Forks, so named because of the five roads that converged there, was a lively place beginning about 1871 when a post office was established there. Five Forks was on the stage coach road from Bethania to the Hollow Road at Trinity Church and northward.

The Hollow Road came through King, but there was no business activity there until 1880 when John Wesley Spainhour bought 100 acres from W. M. Watts. Mr. Spainhour sold much of this land to Lewis Grabs and sons Lazarus and Virgil who built a large store and manufacturing plant. The King's Cabin Post Office opened in March 1888 and the first train came through in June of 1888. S. R. Slate, first postmaster, named the post office "King's Cabin" because the area had been known by that name for 60 years.



King's Cabin

King would only have been a whistle stop on the railroad had it not been for the far sighted planning of the Spainhour, Grabs, Slate and a few other families. They built a depot and sold it to the railroad for \$1.00. The railroad changed the name to King and the post office did the same in 1894.

Public spirited citizens and community cooperation have always been an important part of King. The depot was built by local men and so too was the Tabernacle for public meetings. The first school in town was established in 1896. When the County Board of Education granted the request of several citizens for a high school, local men gathered at the two room elementary school and jacked it up and built two rooms beneath it for King's first high school.

These grand old men of a century ago set the example for a town noted for its community spirit and citizen involvement. The citizens of this day have followed in their footsteps.

Demographic and Economic Statistics

CITY OF KING, NORTH CAROLINA

Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Stokes County Personal Income (in thousands) ⁽²⁾	Stokes County Per Capita Income ⁽³⁾	Median Age ⁽⁴⁾	Stokes County Unemployment Rate ⁽⁵⁾
2006	6,206	1,249,155	27,251	40	4.3%
2007	6,206	1,323,717	28,326	40	4.4%
2008	6,514	1,374,445	29,155	40	5.9%
2009	6,631	1,373,011	29,751	41	10.5%
2010	6,904	1,369,710	28,919	43	10.8%
2011	6,909	1,420,194	30,062	43	9.7%
2012	6,857	1,546,820	⁽⁶⁾	44	8.9%
2013	6,850	⁽⁶⁾	⁽⁶⁾	⁽⁶⁾	7.9%
2014	⁽⁶⁾	⁽⁶⁾	⁽⁶⁾	⁽⁶⁾	5.5%
2015	⁽⁶⁾	⁽⁶⁾	⁽⁶⁾	⁽⁶⁾	5.9%

⁽¹⁾ NC Office of State Budget and Management

⁽²⁾ Information is not available for the City of King. County data is from the US Department of Commerce, Bureau of Economic Analysis

⁽³⁾ Information is not available for the City of King. County data is from the US Department of Commerce, Bureau of Economic Analysis

⁽⁴⁾ Information is not available for the City of King. County data is from the North Carolina Office of State Budget and Management

⁽⁵⁾ Information is not available for the City of King. County data is from the NC Employment Security Commission

⁽⁶⁾ Information not yet available

Demographic and Economic Statistics

CITY OF KING, NORTH CAROLINA

2014 Data

	Stokes County Population
	47,284
Ages 0-19	10,624
Ages 20-29	5,100
Ages 30-39	5,078
Ages 40-49	6,940
Ages 50-59	7,760
Age 60+	11,782

	Stokes County
Educational Attainment	
High School Diploma	26,959
Bachelor's Degree	4,540
K – 12 Enrollment	6,434
High School Graduates	493
Average SAT Score	1,424
Percent taking SAT	46.8%

Manufacturing	30
Private	
Industry	635
Self-Employed	1,326
Total Retail	
Sales	\$276.6 million
Total Retail	
Businesses	279
Average	
Sales/Business	\$991,454

Total Housing	22,322
Median Value of Owner	
Occupied Housing	\$116,700
Median Gross Rent	\$614
Owner Occupied	
Housing	14,989
Renter Occupied	
Housing	3,866
Owner Occupied	
Housing Vacancy	1.6%
Renter Occupied	
Housing Vacancy	9.1%

Information is not available for the City of King. Stokes County data is from NC Commerce and the NC Office of State Budget and Management.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of King
North Carolina**

For the Fiscal Year Beginning

July 1, 2015

Executive Director

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Introduction

Welcome to the City of King! This budget document represents the plans of the City Council and staff to improve the City while preserving its rate and unique personality in support of our vision and mission statements. We hope this document will prove to be a valuable tool for City citizens, Council, visitors and staff.



Snowstorm, Winter 2015

Municipal budgets can be very complex and confusing. Should there be any further questions regarding information provided in this document, please contact the Administration Department at 336-983-8265.

The layout of the document is intended to take the reader from the broadest budget presentation (consolidated totals, etc.) to the more specific budget presentations (individual department budgets, specific projects, etc.). Realizing that information needs differ for every reader, the document is divided into sections to make the information easy to locate.

Budget Message and Overview: The Budget Overview provides an executive summary of the contents of the budget. It helps the reader quickly understand the key elements of the budget. In the Budget Message, the City Manager discusses the proposed budget and any outside factors that were used in determining the budgeted expenditures and the revenues needed to cover these expenditures.

Council Priorities and Initiatives: This section outlines the major priorities and initiatives for the City as set by the City Council. These priorities and initiatives guide the City departments in planning and requesting their individual budgets.

About City Services: The description of the duties and responsibilities of the different City departments and divisions are outlined in this section of the budget document.

Budget Guide: This section details the steps in preparing and adopting the annual budget. A summary of key financial policies affecting the budget process is given. This section also

Introduction

includes the budget calendar, the budget planning phases, and a description of how the process works. Finally, it has a brief description of fund accounting and an outline of all City funds.

Annual Budget Ordinance: The legally binding ordinance that establishes the new annual budget.

Consolidated Budget Summary for Major Governmental Funds: This section of the budget document breaks down the budget on a broader, function level.

General Fund and Non-Major Governmental Funds: Every City department or division appears with individual presentations of performance measures, objectives and budgets. The major revenue sources for each fund are also presented. These are the most specific presentations within the budget document.

Enterprise Fund and Capital Project Funds: Every City department or division appears with individual presentations of performance measures, objectives and budgets. The major revenue sources for each fund are also presented. These are the most specific presentations within the budget document.

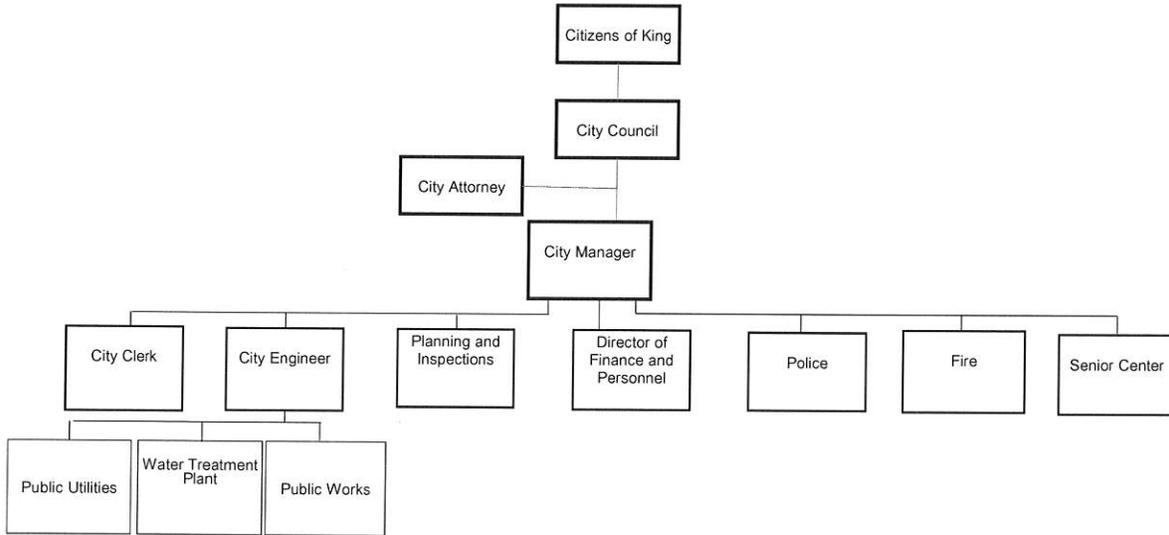
Capital Expenditures: This section summarizes information regarding capital expenditures for the City. Information is provided on capital items contained in the current year budget.

Budget Glossary: This section includes a list of common budget terms, acronyms and abbreviations. A detailed definition of these terms is provided to aid the reader in understanding the budget process.

Supplementary Information: This section includes miscellaneous information about the City of King, such as the history of the City.

To find specific information addressed in individual sections, please refer to the *Table of Contents* in the front of the budget document.

CITY OF KING
ORGANIZATIONAL CHART



Budget Overview

The FY 2016-2017 Budget for the City of King was developed based on directives from the City Council and other sound budgetary principles. These key directives included maintaining basic City services, investing in our infrastructure, and maintaining the current tax rate. The budget also stays within the boundaries set by our Fund Balance Policy; twenty-five percent (25%) for the General Fund and fifty percent (50%) for the Enterprise Fund.

The FY 2016-2017 approved budget for the General Fund is \$6,122,343 and for the Enterprise Fund is \$5,467,100. This is an increase from the prior year's budget of 9% and a decrease of 2%, respectively. In the General Fund, the ad valorem tax rate of \$0.422 per \$100 valuation remains flat.

Growth for most revenue sources is conservatively estimated based on current economic conditions. Sales tax reallocation results in a higher amount of anticipated revenue for the General Fund and the Enterprise Fund is budgeted for a 9% sewer rate increase. For FY 2016-2017 we have appropriated \$89,700 of the City's fund balance in the General Fund and \$0 in the Enterprise Fund.

Capital Outlays of \$647,608 are included in the approved General Fund budget and \$462,200 in the Enterprise Fund budget. This represents an increase of \$250,260 or 63% over the previous year's approved budget in the General Fund and a decrease of \$194,469 or 66% in the Enterprise Fund. The increase in the General Fund is primarily due to increased streets resurfacing and downtown improvements. The decrease in the Enterprise Fund is primarily due to replacement of a pump station at Goff Road budgeted in FY 15-16.

The major initiatives of the recommended General Fund budget include resurfacing a portion of six (6) streets, downtown improvements including a parking lot, lighting and sidewalks, and the purchase of two (2) new vehicles for the Police Department.

The major initiatives of the recommended Enterprise Fund budget include purchase of a truck for the water plant and a mower for utilities. Other Enterprise Fund initiatives include the continuation of a water line replacement program and continuation of a sewer line replacement program.

For FY 2016-2017, the budgeted number of employees will increase by four from the previous year. New positions are two firefighters, a patrol First Sergeant, and a belt press operator at the water plant. Current fringe benefits are maintained.

Although the budget does not fund all the requests made by the departments, it is set to maintain the provision of quality services for our citizens during these challenging economic times.

The annual budget as presented serves as a policy document, operations guide, financial plan and a communications device. We trust that the budget document provides you with a clear vision of the City's operations for the upcoming year.

BUDGET MESSAGE

FY 2016-17 ANNUAL OPERATING BUDGET

April 14, 2016

The Honorable Jack Warren, Mayor
The Honorable Wesley Carter, Mayor Pro Tempore
The Honorable Charles Allen, City Councilman
The Honorable Brian Carico, City Councilman
The Honorable Rick McCraw, City Councilman

Dear Honorable Mayor and King City Council,

In accordance with North Carolina's Local Government Budget and Fiscal Control Act, I am pleased to present herewith the City Manager's budget proposal for the City of King's operations in fiscal year (FY) 2016-17. A notice of submission of this budget to the City Council will be published in accordance with G.S. §159-12, and a copy of this budget has been placed on file today with the City Clerk and the King Public Library for public inspection during normal business hours.

The attached budget ordinance with supporting documentation is presented as an estimate of the City of King's operating revenues and expenditures for the fiscal year ending June 30, 2017. This proposal represents the culmination of many hours of analysis, deliberation, and preparation by City Department Heads and staff members. This budget message highlights some of the major items essential to the provision of services to the citizens of the City of King.

The decisions you make in the coming weeks with respect to your budgetary priorities will have short-term and long-term impacts. Your City of King staff has put together a proposal that addresses short-term and long-term priorities, including street improvements, equipment purchases, continued progress toward establishing our own wastewater treatment facility, and funds for beginning the process of formulating a strategic plan for the City of King. Also included in this proposal are funds to begin implementing some aspects of the recently adopted Stokes2035 Comprehensive Plan, which will aesthetically improve our downtown area, and should generate positive excitement regarding forward progress in our City. This budget has been one of the more difficult budgets with which I have wrought, however, I am proud of the finished product; it lays out a plan for each of our departments for the coming year, provides for improvements throughout the city, addresses commercial and residential growth, provides for our City employees, and reflects the forward progress that I believe you as our elected officials promote and expect. I am excited about the possibilities that lie ahead for the City of King with the plan for the coming fiscal year that is presented in the proposed budget.

FY 16-17 BUDGET HIGHLIGHTS

GENERAL FUND

A. REVENUE PROJECTIONS

The revenues and expenditures outlined in the following pages will require a tax rate of \$0.422 per \$100.00 valuation, which remains unchanged since 2013. As in past years, this remains our largest single source of revenue for the General Fund. \$0.01 of our tax rate represents around \$50,000 of revenue for the City; I am pleased to note that this budget as presented does not require an adjustment in our tax rate. With new businesses coming to King, combined with residential development continuing to pick up, I remain hopeful that we can continue to keep our tax rate at or near the same level in the coming years.

The projection of tax revenue is based on information received from Forsyth and Stokes Counties' respective Tax Administration Offices. This projection is calculated using an estimated tax base of \$573,177,273 and an estimated collection rate of nearly ninety-seven percent (97.45%) for Stokes County, and nearly ninety-nine percent (98.86%) for Forsyth County.

State collected local revenues are projected to increase from last year's revenues, with slight increases projected state-wide, and additional increases expected due to the sales tax reallocation established by GS 105-524, enacted last year. The City of King is expected to receive an additional \$200,000 due to sales tax reallocation, or an increase of approximately 24%. We will not see the full impact of a new Wal-Mart and other businesses until FY 2017-18; however, we will begin to see some additional sales tax revenue for the winter and spring of 2017. Those additional revenues are not included in this budget proposal—only the projected increases resulting from sales tax reallocation. Taking into account local economic trends, and considering the differences between Stokes County and other areas in the state, I have budgeted these revenues conservatively compared with state-wide projections. I would prefer to be pleasantly surprised by additional revenue than scrambling mid-year to adjust for budget shortfalls.

I have noted in the past that it is never wise to allocate fund balance initially unless designated for specific, one-time financial commitments. A fund balance allocation of \$89,700 is included to provide funding for the construction of the parking lot across from City Hall. It was originally conceptualized to pay for this project out of fund balance, and given the size of the project, it is better to reflect fund balance as a revenue source for this one-time capital project, rather than using annual revenues to pay for it at the expense of other City needs.

B. EXPENDITURES - MAJOR PROJECTS

The following major projects are proposed expenditures for FY 16-17 in the City of King's General Fund:

1. Resurfacing of a portion of the following four (4) streets to be financed over 5 years:

Kingsway Dr	\$56,544
Logan Ct (3 rd portion of 3)	\$30,480
Dixieland Court	\$19,440
Shalimar Court	\$14,760
Stamford Club Court	\$12,924
Ingram Drive	\$119,280

Total	\$	253,428
2. Completion of a new downtown parking lot across from City Hall	\$	89,700
3. Completion of improvements to the City's downtown area (1/2 of this project is supported by funding from the Appalachian Regional Commission)	\$	80,000
4. Completion of design work for a downtown "gateway", as Presented in the recently adopted Stokes2035 Comprehensive Plan; estimated at about 10% of total project cost.	\$	10,000
5. Upfit to kitchen and restrooms and improvements to sidewalk	\$	11,260
6. Field improvements at Recreation Acres	\$	5,700
7. Improvements to Central Park Restrooms	\$	11,020
8. Painting and chair rails in Senior Center	\$	3,000
9. New City of King Website	\$	10,000

C. EXPENDITURES - MAJOR EQUIPMENT & OTHER CAPITAL

The following major items are proposed for purchase in FY 15-16 in the General Fund:

1. Two patrol cars for Police Department -	\$	73,000
2. New generator for Fire Department	\$	61,000
3. Seven (7) bulletproof vests for Police Department	\$	5,600
4. Replacement narrowband radio for Fire Department	\$	5,000
5. Truck for Streets Department	\$	28,900

D. SALARY ADJUSTMENTS

A cost of living adjustment, or COLA, of 2.3% has been included in the proposed budget to help our employees continue to meet the costs of living in the current economy.

E. PERSONNEL EXPENSES

Four new full-time positions have been included in the General Fund for FY 16-17. The Fire Department is requesting the addition of two new firefighter positions in the FY 16-17 budget, and I concur with and support this request. The 4 personnel per shift that we currently have on duty are our only guaranteed response to calls, and this has been difficult to maintain at times due to vacations, injuries, or other necessary absences, combined with dwindling volunteer support. Call volume is increasing such that 2-4 calls at times come in simultaneously, and the addition of one firefighter per shift will continue to ensure timely and adequate response to calls within our City, our fire district, and calls for assistance with other departments with whom we have mutual aid agreements.

The Police Department requested the addition of three new patrol positions and one investigative position in the FY 16-17 budget, and while I concur with and support this request, due to budgetary constraints, I am only able to recommend one new patrol position at this time, along with the reclassification of an existing Lieutenant position.

With continued commercial and residential growth, we must ensure that our Police Department has adequate personnel to respond to calls, investigate crimes and cover daily duty requirements. Commercial growth in our city especially will result in increased daily call volume, and shift coverage is continually evaluated and adjusted to respond accordingly. I am proposing to add a First Sergeant position, which would answer to the Lieutenant, and supervise the four patrol sergeants. This person would also patrol the city and be available to answer calls, but would be responsible for reviewing reports and ensuring that each patrol shift is adequately covered and ensuring that all patrol responsibilities are being met to the best of the Department's ability. This position would also be responsible for managing the K-9 program, DARE program, and other crime prevention and public information functions.

I am proposing to reclassify the vacant Lieutenant position as well. This position was previously primarily responsible for supervising the investigation division anyway, and as our City continues to grow, and as our Council will undoubtedly have to consider future growth of our police department, reclassifying this position to a Detective III or Sergeant position will save the city money in the long term. This position would answer to the Lieutenant, and would supervise the Department's Investigations Division, as well as evidence and property control. This person would also be actively involved in investigations, but would have supervisory authority over these divisions, ensuring case load management, investigation and narcotics operations logistics, property and evidence handling, and personnel management.

By adding one position and reclassifying another, our Police Department will be better enabled to meet the increasing demands of call response, crime prevention, public education, public relations, state and federal reporting requirements, and the overall expectations of our citizens, Council, and management. I ask you, Council, to support this recommendation, which in my professional opinion will ensure a better organizational structure in our Police Department moving forward.

Finally, the janitorial position in the Public Works Department is proposed to be reclassified from part-time to full-time. This position was formerly a full-time position, and for many years after the position was eliminated in 2009, the duties of the position were left to temporary workers, and with few exceptions, their work did not meet the standards expected for the cleanliness and upkeep of

City buildings. In FY 2015-16, a part-time position was established to perform janitorial duties. Staff and management have observed marked improvement in the cleanliness and upkeep of city facilities since that time; however, at only 29 hours per week, there is only so much of one person to go around, resulting in a somewhat sporadic cleaning schedule. By reclassifying that position to full-time, I strongly believe that we will see continued improvement in the cleanliness and upkeep of all city-owned buildings and facilities. I recommend that Council change this position from part-time back to full-time as it originally was established.

Group health insurance expenses are projected to increase 4.2% in all departments. Quotes were obtained from our current provider and their competitors, and surprisingly, a better plan with a lower deductible was more affordable than renewing our existing plan with gap coverage. I am therefore proposing that we go back to a traditional insurance plan, which is very similar to the plan to which our employees were accustomed prior to changing plan structures in 2014. With a smaller cost increase than we would see with renewing our existing plan, as well as a less complicated plan structure, I believe this will be the best option for our employees. Representatives from Allegacy Business Solutions will be on hand at the April 28 budget workshop to answer any questions Council may have.

F. DEPARTMENT BUDGETS

Governing Body – Decrease of \$4,630. Decreased legal expenses and no election expenses projected for the coming year result in a lower department budget. Funds are allocated to begin a strategic planning process in the Fall of 2016. Additional funds are allocated for an employee/family event to be planned for the Fall of 2016 or Spring of 2017.

Administration – Decrease of \$6,476 attributable to previous year's high data processing cost, as a result of changing IT vendors. Funds are allocated for the redesign of our City website to a site that better showcases our City, informs our residents, and is more compatible with current technology.

Finance – Decrease of \$15,297; this decrease is attributable to reduced data processing costs. Council and staff have made prudent changes to IT and software vendors, thereby saving the City a considerable amount of money. A large portion of these savings are reflected in the Finance Department budget.

Public Buildings – Increase of \$86,626 due primarily to construction and paving expenses budgeted for new City parking lot.

Planning – Decrease of \$1,149 due primarily to reduced data processing costs.

Police – Increase of \$44,313 due primarily to the inclusion of a new patrol position to be filled in July of 2016. Funds are budgeted for 2 police vehicles, as well as for necessary equipment and supplies. The Police Department budget also includes half of the funding for a new emergency sign, which can be used for traffic emergencies, events, or other important messages.

Fire and Rescue – Increase of \$187,792 due to expense of a new generator and replacement radios. This department budget also includes two new positions to be filled in July of 2016, allowing for better shift coverage; supply and equipment line items are also increased, all to be offset by a requested Fire Tax increase from Stokes and Forsyth Counties. The Fire Department budget also

includes half of the funding for a new emergency sign, which can be used for traffic emergencies, events, or other important messages.

Community Development – Increase of \$6,475. Funds are allocated for the design/architectural work for a new downtown gateway to be located near the intersections of South Main and East King Streets, as optioned in the recently adopted Stokes2035 Comprehensive Plan.

Streets – Increase of \$27,980. There is an \$80,000 allocation to cover the cost of a decorative lighting project and new sidewalks in our downtown area on East Dalton Road, as well as on Pilot View Drive and Maple Street. These funds were not expended in the previous year, and are thus allocated in the proposed budget. Funds are budgeted for the purchase of a new truck. This department also includes the allocation for street paving, which was outlined earlier in this budget message.

Public Works – Increase of \$16,272. The increase in this department is attributable to reclassifying one position from part time to full time.

Solid Waste – Decrease of \$162,564 due primarily to the purchase of a new brush truck in the previous fiscal year, combined with a new solid waste contract resulting from a bid process held in the Spring of 2016, which resulted in significant savings to the City.

Recreation Acres – Increase of \$10,701, due primarily to funds being allocated for improvements to buildings, as well as improvements to facilities requested by King Little League.

Central Park – Increase of \$9,105, due primarily to expenditures allocated for improvements to public bathroom facilities.

Library – Increase of \$150.00 due to increasing allocation to Northwest Regional Library by \$1,000, and adjusting other expenditures to reflect actual expenses.

Senior Center – Increase of \$15,217, due primarily to increased personnel expenses, as well as painting and installing chair rails in main meeting room.

Non-Departmental – Flat with the previous year; this is the 1% payment due to the North Carolina Department of Commerce Employment Security Division.

Debt Service – Increase of \$51,665 due primarily to increased debt service for police vehicles, streets vehicle, and paving.

ENTERPRISE FUND

A. REVENUE PROJECTIONS

Revenue projections for the Enterprise Fund budget are increased over the previous fiscal year's budget, with adjustments made for actual collections and projected fiscal activity for the remainder of the current budget year. An anticipated 9% increase for sewer charges from the Winston-

Salem/Forsyth County City/County Utility Commission (CCUC) is incorporated with revenue projections.

I am also proposing a very small water rate increase for the coming fiscal year, which will result in City residents paying an additional \$0.84 for 0-4000 gallons of bi-monthly usage, and an additional \$0.09 per 1000 gallons used over that amount. This 3% increase will help to offset the increasing costs of supplies, materials, and services, at the same time ensuring that we are continually able to meet our debt service and capital needs moving forward.

In 2004, the City of King commissioned a water rate study by a professional engineering firm, and the recommendation resulting from that study was to adjust our water rates over the ensuing 10 year period. Over that period, the City has not adjusted its rates accordingly. The original recommendations compared with actual rate adjustments and actual increases in the consumer price index are presented in the following table:

2004 Water Rate Study vs. Actual Adjustments from 2004-2015

Year	Recommended Increase	Actual Increase	Proposed Rate	Actual Rate	Increase in CPI
2005	20%	0%	\$24.00	\$20.00	3.4%
2006	8%	5%	\$25.92	\$21.00	3.2%
2007	7%	5%	\$27.73	\$22.05	2.8%
2008	7%	5%	\$29.68	\$23.15	3.8%
2009	4%	5%	\$30.86	\$24.31	-0.4%
2010	0%	5%	\$30.86	\$25.53	1.6%
2011	0%	5%	30.86	\$26.81	3.2%
2012	0%	5%	30.86	\$28.15	2.1%
2013	10%	0%	33.95	\$28.15	1.5%
2014		0%		\$28.15	1.6%
2015		0%		\$28.15	0.1%
2016	3%	?%	\$28.99		?
TOTALS	59%	35%	\$28.99		21.4%

Adjusted for inflation, and had the City implemented recommended increases, our water rates should presently be \$5.61 higher than they presently are. I recognize the practical and political barriers to increasing rates, and as a King resident myself, I would honestly prefer not to pay higher rates. However, I and all of our utility customers must understand that periodic rate adjustments are necessary if we are to be able to maintain our system, pay for debt service, and plan and prepare for the future, all the while producing the highest quality of water that we have ever produced, and continually meeting or exceeding state requirements and our customers' expectations for quality water service. I hope that you will seriously consider this small recommended adjustment. Periodic small adjustments will ensure that we are able to keep up with increasing costs, and will not unduly burden your successors and future generations that would otherwise be faced with the need for larger increases.

No fund balance appropriation is needed to balance the Enterprise Fund budget.

B. GENERAL EXPENDITURES

The Enterprise Fund budget for FY 16-17 is proposed at approximately \$173,200 lower than the current FY 15-16 budget. The primary reasons for this decrease include large expenditures in the previous fiscal year for the PER for the proposed wastewater treatment facility, and the majority of the funding for the Goff Road Pump Station project. Furthermore, a debt for water treatment plant improvements incurred in 2005 was retired in 2015.

C. MAJOR PROJECTS

The projects included in the proposed FY 16-17 Enterprise Fund budget include the following:

1. Continuation of water system improvement program. This program, initiated six years ago, involves the replacement of old water lines and other appurtenances in the City's utility system, and is funded in the proposed budget for next year at \$75,000. If the requested amount is approved, lines and other apparatuses will be chosen for replacement according to repair history and age. It is important to continue to fund improvements for our utility system in order to avoid larger expenses related to replacement cost in the future due to failure.
2. Continuation of sewer system improvement program. \$75,000 is also budgeted to replace sewer lines and appurtenances as necessary throughout the City's wastewater collection system.
3. The Goff Road Pump Station replacement project was begun in FY 2015-16, and funds are included in the proposed budget to cover equipment upgrades deemed prudent since the initial specifications were approved. This station has served the City for over 25 years, and is need of replacement due to typical wear and increasing safety hazards. An additional \$66,000 is proposed to be allocated to this project, which will be completed by the early Fall of 2016.

The other major ongoing project is the planning and eventual construction of a wastewater treatment facility for the City of King. An engineer's report is forthcoming on the initial stages of this project. Once that has been completed, it will be necessary for Council to enact a capital project ordinance to fund forward progress on this endeavor. Hence, no funds related to this effort are included in the operating budget that I have proposed.

D. MAJOR EQUIPMENT

Included in the proposed FY 16-17 Enterprise Fund budget is \$44,653 to cover any necessary equipment failures at the recently renovated water treatment plant. With an operation of that scope, equipment failures are a fact of life, and while I anticipate limited exposure for this line item, I have allocated funds to ensure that we are prepared should any repairs be necessary. Proposed expenditures for chemicals at the plant are reduced over the previous year, due to the efficiency of a new facility, and the implementation of new testing procedures. \$9,000 is allocated in the Water Distribution department for a new zero-turn mower to be used for the maintenance of pump station, booster station, and water tank properties. \$24,600 is allocated for the purchase of a new truck for the water treatment plant. No other major equipment purchases are planned at this time.

E. SALARY ADJUSTMENTS

A cost of living adjustment, or COLA, of 2.3% has been included in the proposed budget to help our employees meet the costs of living in the current economy.

F. PERSONNEL EXPENSES

One new position is proposed to be funded in the Enterprise Fund, specifically for the water treatment plant. This new employee will serve primarily as our Physical/Chemical Grade 1 operator. This person will be cross trained in all other water treatment functions, but will be primarily certified to operate the belt filter press, and be responsible for our NPDES permit, which enables us to discharge processed water. At such time as the City begins wastewater treatment operations, this person will already have some of the necessary training, certifications, and qualifications to run that facility; in the meantime, that position will help to run our water treatment facility more efficiently, and as it was intended to operate following the recent improvements.

G. DEPARTMENT BUDGETS

Governing Body – Decrease of \$6,632. Decreased legal expenses and no election expenses projected for the coming year result in a lower department budget. Funds are allocated to begin a strategic planning process in the Fall of 2016. Additional funds are allocated for an employee/family event to be planned for the Fall of 2016 or Spring of 2017.

Administration – Decrease of \$19,890, attributable to previous year's high data processing cost, as a result of changing IT vendors. As in the General Fund, funds are allocated for the redesign of our City website to a site that better showcases our City, informs our residents, and is more compatible with current technology.

Finance – Decrease of \$7,846, this decrease is attributable to reduced data processing costs. Council and staff have made prudent changes to IT and software vendors, thereby saving the City a considerable amount of money. A large portion of these savings are reflected in the Finance Department budget.

Engineering – Increase of \$1,006, due primarily to personnel expenses.

Water Plant – Decrease of \$1,336. Chemical and capital equipment costs are reduced from the previous year. The retirement of a higher salaried employee, paired with the addition of a new position in the proposed budget explains the differences in personnel expenses.

Water Distribution – Increase of \$52,034. Funds are included in this department for a new zero turn mower. Funds are also included for continued system maintenance.

Wastewater Operations – Increase of \$143,151 due to anticipated sewage treatment expense increases from the Winston-Salem/Forsyth County Utilities Commission.

Wastewater Maintenance – Decrease of \$257,451 due to increases in capital expenditures and professional services during the previous year. Funds include the remainder of funds needed for replacing the Goff Road Pump Station, and continued wastewater system improvements.

Non-Departmental – Flat with the previous year; this is the 1% payment due to the North Carolina Department of Commerce Employment Security Division.

Debt Service – Decrease of \$19,198 due to debt retirement for water plant improvements, for which the city has been paying debt service over a 10 year period, until the final payment was made in 2015.

MANAGER’S COMMENTS

The challenge of meeting the many needs of our general public is great, and does not come without expense. It is now up to the King City Council to review the proposed budget, and consider it with the needs of the citizens of King, both now and in the future, as your central focus. This budget lays out the City’s plan for the coming fiscal year, and if implemented, I am confident that we will provide our citizens with prudent governance and quality services, and will find ourselves well-positioned at the beginning of the next year’s budget cycle to continue to meet the needs of our citizens.

I ask that each of you take some time to look over the proposed budget carefully, and I welcome the opportunity to meet with you individually or collectively over the next several weeks as we move toward the public hearing and adoption of the budget.

I would like to give my sincere thanks to all city departments for their continued commitment to excellence, and for their assistance in preparing the budget that I have put together for your consideration. Budget workshops scheduled in the coming weeks will give our City Council the opportunity to ask questions, gather information, make your own adjustments to the budget I have proposed, and formulate a plan for the next year of our operations. I am fully committed to working with you and managing our staff in order to serve our citizens in the most efficient and effective manner possible, and to implement the goals and strategies you set forth to make King the best possible place to live, work, and visit.

As government officials, each of us have taken oaths of office, and are charged with what is akin to a sacred responsibility to oversee the collection of revenues from our citizens and in exchange, provide them with services that satisfy the basic needs and quality of life that our citizens expect. This responsibility is not taken lightly, and as always, has been my central focus in preparing this proposal for your consideration. I am grateful for the opportunity to work alongside each of you as we serve the citizens of King, and I trust that the budget process moving forward will result in the best possible plan for our coming fiscal year.

Sincerely,

Homer T. Dearmin
City Manager

Council Priorities and Capital Planning

The City of King is dedicated to ensuring the health, safety and well-being of our citizens. This is accomplished by efficient and effective resource management and provision of services.

The City Council’s municipal goals are listed below with progress, including capital improvement planning, toward these goals.

Economic Development			
Goal	Estimated Cost	Year Implemented or Anticipated Implementation	Description/Status
Support the Chamber of Commerce		Ongoing	City Manager, Department Heads, City Council encouraged to attend monthly Business Before Hours breakfast; City is a co-sponsor of Chamber events, primarily the annual KingFest at Central Park and the annual Meet Me On Main in downtown King. Other support includes attending ribbon-cuttings and the annual Chamber of Commerce dinner for installation of officers.
Coordinate business & industry recruitment/retention efforts with the Chamber of Commerce and County governments		2016	City of King and Stokes County work together frequently towards economic development. The most recent news on this front is construction of a Wal-Mart Supercenter within the King city limits. Estimated completion date is 2016.
Downtown Revitalization Program	\$3,675 in FY 16-17 budget \$80,000		The annual budget for the Community Development Department always contains an amount available for a loan/grant. This would be granted to a qualifying downtown business desiring façade improvement. Downtown improvements including decorative lighting, trash receptacles, benches, and sidewalks. One-half of the project will be funded by a grant from the Appalachian Regional Commission.
Encourage high quality development and work with development community to provide needed public amenities	\$70,000 \$89,700	FY 15-16 FY 16-17	In late 2015, the City purchased a vacant lot across the street from City Hall. Construction will begin in 2016 to turn the lot into parking for the downtown area.
Design work for a downtown “gateway”	\$10,000	FY 16-17	Stokes 2035 comprehensive plan suggests aesthetically improving downtown area; the “gateway” is the first step.
Support and encourage regional programs to assist existing and expanding businesses in training, financing, and related matters			

Council Priorities and Capital Planning

Inter-governmental Relations			
Goal	Estimated Cost	Year Implemented or Anticipated Implementation	Description/Status
Hold bi-annual meetings with Stokes County Commissioners		Ongoing	This has evolved into a quarterly meeting of the Stokes County Commissioners and the three municipal boards in the county.

Public Communications			
Goal	Estimated Cost	Year Implemented or Anticipated Implementation	Description/Status
To enhance the City's image both in physical appearance and in perception by the public		FY 2014-2015	City of King Police Officers make more frequent walking patrols during day and night shift. City of King Fire Department Personnel provide many public education appearances in schools and daycares. Playground equipment was replaced at Central Park in FY 2014-2015. The City resurfaced the parking lots at City Hall and Recreation Acres Park in FY 2014-2015. The Finance Department published and distributed the first-ever Popular Annual Financial Report in FY 2014-2015. The City Manager is very active in and with the public through various clubs and activities.
To enhance the City's image both in physical appearance and in perception by the public		Ongoing	The above efforts from Police, Fire, Finance, and Management will be continued. Further means of community outreach will be explored. Future physical improvement projects likely to be considered are replacing outdated exercise equipment at Recreation Acres Park, updates to ball fields and related facilities also at Recreation Acres Park, and City Hall improvements.
Emphasize citizen education and participation		Ongoing	The City Manager created a Facebook page in 2014.

Public Works & Utilities			
Goal	Estimated Cost	Year Implemented or Anticipated Implementation	Description/Status
Develop street extension policy			
Develop right-of-way protection plan			
Sign program			
Street maintenance	Average of \$125,000 annually	Began in FY 09-10	City streets are ranked according to need and the highest-ranked four or five streets are selected for repaving each year.

Council Priorities and Capital Planning

Public Works & Utilities (cont.)			
Water main replacement program	\$75,000 budgeted	Began in FY 09-10	This project will continue each year as budgeted funds permit.
Sewer line replacement program	\$75,000 budgeted	Began in FY 10-11	This project will continue each year as budgeted funds permit.
Wastewater Treatment Plant	\$75,000 budgeted in FY 15-16	FY 15-16	The budgeted funds are for a PER (Preliminary Engineering Report) to aid the State in determining the feasibility of constructing a wastewater treatment facility.
Water Treatment Plant Improvements	\$12,964,312	FY 13-14	Completed in late 2015. A ribbon-cutting and open house was held in February 2016.
Continue valve exercising and hydrant testing program with assistance from the Fire Department	\$20,000 annually	Ongoing	The Fire Department performs semi-annual tests on fire hydrants. This process alerts Public Utilities of needed repairs and allows the Fire Department to be certain of hydrant locations and capacity.

Public Safety			
Goal	Estimated Cost	Year Implemented or Anticipated Implementation	Description/Status
Continue support of the D.A.R.E. program		Ongoing	A City of King police officer provides DARE education at King Elementary School.
Continue to improve emergency preparedness projects		Created in FY 10-11	The City of King completed an internal Emergency Operations Plan in 2010. The plan has recently been reviewed.
Fire Personal Protective Equipment Replacement	Average of \$12,500 annually	Ongoing	The City purchases five sets of PPE annually.
Fire Rescue Truck		FY 14-15	The fire rescue truck was delivered and placed into operation in spring 2015.
Renovation of Fire Station including kitchen and day room	\$114,500		Renovations would include kitchen cabinets, appliances, lighting, carpeting, and painting. This project remains unfunded.
Land purchase for Fire Station 2	\$47,000		A second fire station would assist in coverage of the district's expansion towards the Highway 52 area. This project remains unfunded.
Fire station generator	\$61,000	FY 16-17	This is replacement of an aging unit.
Police Automated Fingerprint Identification System (AFIS)	\$19,999	FY 14-15	This equipment was purchased in FY 14-15.

Council Priorities and Capital Planning

Police Car Replacement Program	Average \$33,000 - \$35,000 per unit (including equipment)		This is an ongoing program not always funded in the budget. Three patrol vehicles were purchased in FY 13-14, two in FY 14-15 and two in FY 15-16.
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Planning and Growth			
Goal	Estimated Cost	Year Implemented or Anticipated Implementation	Description/Status
Downtown improvements		Ongoing	The Community Appearance Commission will enter the discussion/planning phase of incorporating some of the ideas from the Stokes 2035 comprehensive plan for downtown King.
Downtown improvements	\$80,000 budgeted in FY 15-16	2016	The budget contains funding for decorative street lights, trash cans and benches to enhance the downtown area. In addition, the budgeted funds will allow the City to add 1,600 linear feet of ADA compliant sidewalks to provide additional connectivity between downtown and the nearby Stokes Family YMCA. Grant funding of \$40,000 has been approved by the NC Appalachian Regional Commission.

Administration/Finance			
Goal	Estimated Cost	Year Implemented or Anticipated Implementation	Description/Status
Expand automation to additional service areas (inspection, permits, GIS/Utility mapping, internet access for the public, etc.)		FY 13-14	Planning/Inspections was updated with a new software package. Great strides have been made with mapping utility lines/locations into a GIS system.
Improve the Fund Balance in both major funds (General Fund and Enterprise Fund) to levels comparable with peers while maintaining compliance with regulations		FY 12-13	City Council approved a fund balance policy in which the General Fund has a goal of 25% and the Enterprise has a goal of 50% for unrestricted fund balance as a percentage of expenditures.
Roof at King Library	\$39,160	FY 17-18	The library roof is approaching the end of a 20-year life.
Expansion of King Library	\$733,650		A proposed expansion would add 1,723 square feet to add space to the children's area and add 1,800 to be used for an additional meeting room. The project remains unfunded.

Note: This table is subject to change during the FY 2016-2017 fiscal year as funds are budgeted to begin the process of formulating a strategic plan.

About the City of King

The City of King is one of those unique cities that is located in two counties, both Stokes and Forsyth. The majority of the population resides in the southwest portion of Stokes County. However, we have a growing population in the northwest corner of Forsyth County. King is located off US Highway 52 (future Interstate 74) north of Winston-Salem. King has been able, even with the rapid growth that we are experiencing, to maintain our small town atmosphere. We are noted for our strong sense of community and civic pride and have been named an "All Northwest Community".



King Fire Department

This section was created to aid the reader in learning the duties and responsibilities of each department. We have also provided a phone list at the end of this section for common requests and services.

GENERAL GOVERNMENT

Governing Body

The Governing Body of the City consists of a five-member council that includes a directly elected mayor. The Council provides overall policy guidance for all municipal operations. To achieve this end, Council considers and adopts local ordinances and resolutions to provide for the health, safety and overall quality of life for the citizens of King. The Council determines the level of service the City will provide to its citizens and makes appointments to various volunteer boards and commissions that act in an advisory role for the City. Also, the Council selects the City Manager and City Attorney.

Administration

The Administration Department staff includes the City Manager and City Clerk. The manager is a professional public administrator hired by the King City Council to serve as the City's Chief Executive Officer. The manager's responsibility is to plan, organize and direct all city employees and operations. The City Clerk is responsible for maintaining all city records, organizing meetings of elected officials, and handling requests for information.

Finance

The Finance/Personnel Services Department of the City of King provides assistance to city administrators in maintaining the city's overall financial stability through sound financial planning

About the City of King

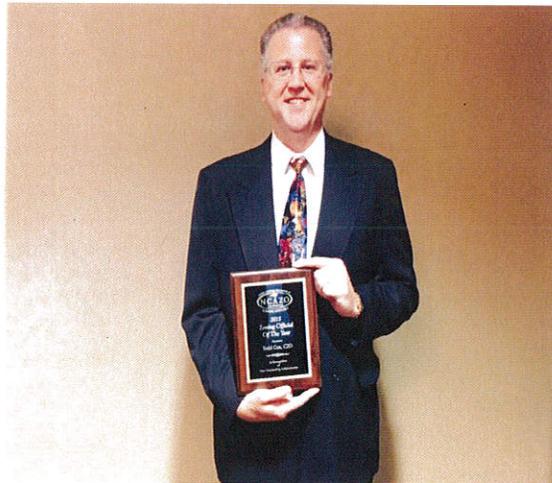
and management. The Finance Department is responsible for the management of public funds and records in accordance with the Local Government Budget and Fiscal Control Act and other state and federal requirements. The Department also processes all Benefit, Insurance and Personnel information, Accounts Payable, Accounts Receivable, Payroll, and all Financial Reporting

Engineering

The City Engineer is responsible for performing professional and administrative work under the general supervision of the City Manager. Supervision is exercised over Public Works, Public Utilities and Water Treatment Plant personnel.

Planning

The City Council, in December of 1984, adopted a five member planning board and a one-mile extraterritorial planning jurisdiction (ETJ) to aid in the development decisions of the city. In September 1984, the city's first zoning and land use ordinance was adopted. In July 1985, the planning department was formed. The Planning & Inspections Department functions in three distinct ways: 1. As the city's short and long-range growth management branch 2. As the administrator of the city's code of ordinances and policies regarding growth management & zoning. 3. As the enforcement branch of the NC State Building Code regulations. The planning department assists the citizens of King and its ETJ in assuring that the quality of life is protected through good growth management practices. By working together we have built a strong community with peaceful residential areas, attractive business corridors, a revitalized downtown and a strong tax base.



NC Association of Zoning Officials - Zoning Official of the Year, Todd Cox, City of King Director of Planning and Inspections

PUBLIC SAFETY

Fire

The City of King Fire Department is a municipal combination department consisting of a career chief, career Assistant Chief/Fire Marshal, career Battalion Chief, thirteen career firefighters, approximately twenty-five part-time firefighters, and one part-time administrative assistant. We also have several groups that offer support services to our organization. Our members are highly

About the City of King

trained and possess numerous state and national certifications. Our services include fire suppression, emergency medical response, hazardous material response, heavy rescue, and fire prevention through public education, fire inspections, hydrant maintenance, pre-fire surveys, and fire investigations.

Police

The Police Department is responsible for the protection of life and property of the citizens and visitors of the City. Officers respond to calls for service at the request of citizens or other persons, initiate service calls when necessary, and conduct investigations on reported and non-reported crimes.

PUBLIC WORKS AND RECREATION

Public Works

The Public Works Superintendent serves as the front line supervisor responsible for carrying out the daily activities of this department. Daily activities include: street and drainage issues, solid waste, public buildings and parks and recreation.

Recreation Acres Park

The City of King operates an active recreation park known as Recreation Acres. It is located at the intersection of West Dalton Road and White Road, and contains a two story community building which may be rented for civic and social activities. Six lighted ball fields are host to a number of baseball and softball leagues for youth and adults. While the city owns and operates these fields, the leagues are organized and run independently by dedicated community volunteers. Youth football league and youth soccer are hosted at Recreation Acres as well.



Fourth of July Fireworks, Recreation Acres Park

Central Park

Opened in the fall of 2001, Central Park is an ambitious 25-acre passive park in the heart of the City of King. This beautiful, natural, wooded area contains a pond and is adjacent to King Elementary School. The park includes a beautiful outdoor amphitheater, a historic log cabin ca.

About the City of King

1756, numerous walking trails that wind their way around the amphitheater, and pond complete with decks and park benches along the way. Fishing is allowed at the pond on a “catch and release” basis. The park has 2 picnic shelters that can be rented along with the amphitheater.

Veteran’s Memorial

One of our proudest attractions is the Veteran’s Memorial that opened in 2004. The memorial is dedicated to all veterans who have served in any of the 5 branches of the armed services from World War I to the present. The memorial was constructed in the shape of a pentagon honoring the five branches – Army, Air Force, Navy, Marines, and the Coast Guard. Area citizens participated in the process by donating memorial pavers that would be placed at the memorial in remembrance of the veteran. The memorial was constructed to house approximately 1800 veteran’s pavers. The interior of the memorial was constructed with an American Star that came to symbolize American troops covered by a pool of water. At the middle of the pool area a black-granite 5 sided wall stands that has inscribed on it the names of local veterans who were killed in action. The black-granite is washed by an upper pool that symbolizes the many tears shed for the veterans who gave their all. On top of the fountain walls fly 10 flags commemorating the 5 branches of the military, the NC State flag, POW Flag, City of King flag, American Legion flag, and, in the center of them, the American flag.

Senior Center

The King Senior Center is an extra-governmental facility affiliated with the City of King dedicated to providing services and opportunities to citizens 55 years and older and their families. It is publicly and privately funded and operates for all senior adults in the community, regardless of race, color, religion, sex, national origin or disability. The King Senior Center exists to enrich the lives of seniors through programs and services that will improve their health and wellness, decrease their loneliness and isolation, and provide social, economic, and educational opportunities that will enhance their quality of life.

ENTERPRISE FUND

Collections

As a branch of the Finance Department, the Collections area provides billing and collections for the City’s utility services.

Public Utilities

The Public Utilities Department is the front line responsible for daily activities to include water and sewer line extensions and tap installations, repair work and inspection of lines, water meter reading, water and sewer tap fee estimates and plan review.

Water Plant

The City of King Water Treatment Plant was built between 1966 and 1967 with a design rated capacity of 1.5 million gallons per day. With upgrades throughout the 70’s and 80’s, the plant’s capacity and been elevated to 3.0 million gallons per day. The source of the City of King’s water supply is the Yadkin River. Water Treatment Plant personnel respond to complaints about water quality and oversee the collection and analysis of distribution system samples to monitor overall system water quality.

About the City of King

BOARDS

Community Appearance

The object and purpose of the commission shall be to make a careful study of the visual aspects of the city and its extraterritorial planning jurisdiction as adopted and from time to time amended, and make any plans and carry out any programs that will, in accordance with the powers granted, enhance and improve the visual quality and aesthetic characteristics of such areas.

Senior Center Advisory Board

The mission of the Advisory Committee shall be to provide leadership and direction for the King Senior Center, supporting its mission; to assist in planning programs and activities that enhance the quality of life and promote independent living in the area to adults fifty five years and over.

Parks & Recreation Board

The committee shall serve as the advisory body for the city in matters affecting the management, operation, maintenance and programming of the city's parks and recreational facilities. The committee shall consult with and advise the city council and the city manager concerning the recreational programs, policies, personnel, finances and facilities of the city.



Opening Day Ceremonies, King Little League Spring Season 2015

Planning Board

The planning board shall perform the following duties: (1) Make studies of the area within the city's jurisdiction and surrounding areas; (2) Determine objectives to be sought in the development of the study area; (3) Prepare and adopt plans for achieving these objectives; (4) Develop and recommend policies, ordinances, administrative procedures and other means for carrying out plans in a coordinated and efficient manner; (5) Advise the city council concerning the use and amendment of means of carrying out plans; (6) Exercise any functions in the administration and enforcement of various means for carrying out plans that the city council may direct; (7) Perform any other related duties that the city council may direct.

About the City of King

Need More Information?

The best source for additional information is our website www.ci.king.nc.us.

Please see departmental phone listing below.

KING CITY HALL.....	336-983-8265
MAINTENANCE FACILITY.....	336-983-4832
FINANCE DEPARTMENT.....	336-983-0236
FIRE DEPARTMENT.....	336-983-3030
POLICE DEPARTMENT.....	336-983-0886
RECREATION ACRES RESERVATIONS.....	336-983-4832
RECYCLING CENTER.....	336-983-6055
SENIOR CENTER.....	336-983-0751
WATER PLANT.....	336-924-8363

Living in the City of King

Recreational Opportunities

City Parks

The City of King recognizes the important role recreational opportunities play in our quality of life. King has committed itself to provide plentiful and diverse opportunities for our children, our families, and our visitors to enjoy themselves through the use of our facilities. Through active athletic facilities, picnic shelters, walking trails, and our passive park system, the City of King maintains a strong commitment toward meeting our recreational needs. The City's two parks are Central Park and Recreation Acres Park. See section titled "About the City of King" or visit our website, www.ci.king.nc.us, for more information.

Stokes Family YMCA

The City is proud to support the local YMCA and its recently constructed state-of-the-art facility. The new YMCA facility includes an aerobics studio, cardiovascular center, indoor track, racquetball courts, indoor pool, basketball and volleyball courts, Nautilus and free weights, and whirlpool, steam and sauna. Programs include before and after school child care, swimming lessons for adults and children, youth and adult sports, water exercise, senior programs, teen programs, summer day camps, and aerobic classes. YMCA Camp Hanes is also located in the area surrounding King.



Stokes Family YMCA

King Public Library

The King Public Library, 101 Pilot View Street (336) 983-3868, is a member of the Northwestern Regional Library. The library provides a variety of services including books, magazines, audiocassettes, and videos. The library also has several public computers which may be used for word processing and to access library-owned CDs including encyclopedias, typing tutorial program, etc. The library also provides public access to the Internet. Other services include preschool story time, a Summer Reading Program for children and young adults, and a public meeting room.

Living in the City of King

Other

- The American Legion Post and county fairground provide facilities for many events including the annual King Fair.
- Horne Creek Living History Farm is a "historical laboratory" ... a 100-acre, operational farm using circa 1900 tools, household items and even breeds of livestock and varieties of plants which were available to farmers of that era.
- The Dan River offers dramatic and pastoral scenery ranging from rocky cliffs to rolling pastures on its course through Stokes County. The five access points enables canoers, rafters and tubers to select the length of their trip.
- Local artisans and craftspeople as well as internationally known artists exhibit their works at the Dan River Art Market.

Places to Visit

Hanging Rock State Park



Only a few minutes from King there is another North Carolina to be discovered—sheer cliffs and peaks of bare rock, quiet forests and cascading waterfalls, views of the piedmont plateau that stretch for miles.

Hike the trails of Hanging Rock State Park and let nature put life's hectic pace in perspective. Rent a vacation cabin and fall asleep to the lullabies of spring peepers and chorus frogs. Join an interpretive program and discover something new about nature's bounty. Nestled in the hills is a cool mountain lake that beckons to swimmers and fishermen. Picnic areas and campgrounds lend themselves to time spent with family and friends. Hanging Rock State Park awaits you.

Pilot Mountain State Park



Living in the City of King

Approach from any direction and see Pilot Mountain rising more than 1400 feet above the rolling countryside of the upper Piedmont plateau. Dedicated as a National Natural Landmark in 1976, this solitary peak is the centerpiece of Pilot Mountain State Park.

Fun, from relaxation to exhilaration, is easy to find here. Treat yourself to a horseback ride through the woods or challenge the river from raft or canoe. A five-mile woodland corridor joins two sections of the park, each section offering a wealth of opportunities for outdoor fun. The mountain segment, which includes the two pinnacles, contains most of the visitor facilities. The more primitive river section centers around the lazy meandering Yadkin River.

Utilities

Water

The City of King Water Treatment Plant was built between 1966 and 1967 with a design rated capacity of 1.5 million gallons per day. With upgrades throughout the 70's and 80's, the plant's capacity and been elevated to 3.0 million gallons per day. The source of the City of King's water supply is the Yadkin River. Water Treatment Plant personnel respond to complaints about water quality and oversee the collection and analysis of distribution system samples to monitor overall system water quality.

Electricity

Duke Energy is one of the largest electric power companies in the United States, supplying and delivering energy to approximately 4 million U.S. customers. With approximately 35,000 megawatts of electric generating capacity in the Carolinas and the Midwest and headquartered in Charlotte, N.C., Duke Energy is a Fortune 500 company

Other

Windstream Communications provides high-speed broadband Internet, phone service and Digital TV packages to residential customers as well as products and services for small, medium and large businesses, and government agencies.

Time Warner Cable Inc. is among the largest providers of video, high-speed data and phone services in the United States, connecting more than 14 million customers to entertainment, information and each other. Time Warner Cable Business Class offers data, video, and phone services to businesses of all sizes, cell tower backhaul services to wireless carriers, and through its NaviSite subsidiary, enterprise-class hosting, managed application, messaging and cloud services.

Piedmont Natural Gas is the natural gas provider for more than 1 million residential and business customers in North Carolina, South Carolina and Tennessee. The company has been in operation for more than 50 years. In addition to providing natural gas to homes and businesses of all sizes, Piedmont Natural Gas also sells, installs and repairs natural gas appliances and equipment for homes and businesses

Living in the City of King

Healthcare

Pioneer Medical Center of King has been serving the needs of citizens in King and surrounding areas since 1988. The Emergency Department at Pioneer Medical Center of King treats the immediate needs of the critically ill and seriously injured. It has equipment and supplies that a typical non-emergency facility does not have. This facility also provides care for patients that are less critical. The Pioneer staff is equipped to supply quality care to each individual and their specific needs through three locations: Pioneer Community Hospital of Stokes located in Danbury, NC; Pioneer Medical Center of King (Dr. J. R. Jones Medical Center located in King, NC; and Pioneer Family Medical and Specialty (Stokes Medical Center Park) also located in King, NC.

Education

The City of King offers numerous educational opportunities for students of all ages. King is proud of its excellent elementary, middle and high schools in the Stokes County School System. Public and private educational institutions in nearby communities have a diverse array of programs that provide options for every interest and learning level.

The following schools and Universities serve the City of King:

Public Schools:

<u>King Elementary School</u>	Grades K-5	(336) 983-5824
<u>Mount Olive Elementary School</u>	Grades K-5	(336) 983-4351
<u>Chestnut Grove Middle School</u>	Grades 6-8	(336) 983-2106
<u>South Stokes High School</u>	Grades 9-12	(336) 994-2995
<u>West Stokes High School</u>	Grades 9-12	(336) 983-2099

Private Schools:

<u>Calvary Christian School</u>	Grades K4-12	(336) 983-3743
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Colleges and Universities:

Forsyth Technical Community College
NC School of the Arts
Salem Academy and College
Wake Forest University
Winston-Salem State University
High Point University
University of North Carolina - Greensboro
Surry County Community College

Living in the City of King

Climate

Seasonal Averages

	Average Temperature	Average Rainfall
Winter	38.8 F	10.64"
Spring	55.6 F	13.24"
Summer	74.3 F	14.29"
Fall	57.7 F	11.41"

Average Snowfall	8.9"
Average Humidity	70%
Elevation	1,100 feet

Budget Guide

The Budget Guide is designed to aid the reader in understanding the information in the budget document, how it is formatted and the processes needed to create an annual balanced budget. The subsequent sections of the budget document dive into the detailed budget working plan for City operations and this guide will provide explanations for the data that follows.

Because this section is intended to provide mostly background information, the reader is invited to exercise judgment when reading it. The veteran budget reader may wish to skip the Budget Format pages as they describe the basic structure of the City's budget. However, the novice reader will find these pages a good starting point for developing an understanding of information in the rest of the document.

What's New in the Budget this Year?

As noted in the Budget Message, a significant savings will be realized with a different health insurance plan design. Major capital projects and equipment proposed include resurfacing a portion of six (6) streets, two (2) police vehicles, downtown improvements including a parking lot, lighting and sidewalks, and a truck for the water plant. In addition is a 2.3% COLA (Cost of Living Adjustment) for all employees.

Three new full-time positions in Public Safety, two firefighters and one police First Sergeant, are included. Another newly created position is a belt press operator at the water plant.

The budget also includes funding for the start of a strategic plan and design work for a downtown "gateway" as illustrated in the Stokes2035 comprehensive plan.

Continuing from FY 2014-2015, the Budget Ordinance for FY 2015-2016 contains authorization for the City Manager, as Budget Officer, to transfer appropriations within a department without limit, transfer appropriations up to ten thousand dollars (\$10,000) between departments of the same fund for each of the first three quarters of the fiscal year and up to fifty thousand dollars (\$50,000) between departments of the same fund for the fourth quarter of the fiscal year with an official report on such transfers provided at the next regular meeting of the City Council, and may not transfer any amounts between funds.

If there is additional information that you would like to see presented in future editions, please forward a written suggestion to the Finance Department.

Description of Budgeted Funds

The City of King budget consists of two (2) basic fund types – Governmental Funds and Proprietary Funds.

Governmental Funds

The measurement focus of Governmental Funds is upon determination of financial position and changes in financial position rather than upon net income. Please see table and discussion below. More information may be found in the Budget Format section.

	Major Fund	Non-Major Fund
General Fund	X	
Federal Drug Forfeiture Fund		X
State Drug Forfeiture Fund		X
Technology Project Fund		X

General Fund

The General Fund is used to account for general government operations of the City, which are financed through taxes or other general revenues, reimbursements, or transfers from other funds. The General Fund accounts for all financial transactions not required to be accounted for in another fund.

Non-Major Governmental Funds

Public Safety Capital Reserve Fund – The City has legally adopted a Public Safety Capital Reserve Fund to be used for capital needs for the Public Safety Departments (Police and Fire). The City adopted a \$5 vehicle fee to fund this reserve. In the Comprehensive Annual Financial Statement (CAFR), under GASB 54 guidance, this fund is consolidated in the General Fund.

Federal Forfeiture Fund – This fund accounts for federal drug forfeiture funds received and these funds may be spent for certain law enforcement purposes only.

State Forfeiture Fund - This fund accounts for state drug forfeiture funds received and these funds may be spent for certain law enforcement purposes only.

Technology Fund – This fund accounts for funds that are internally assigned to expenditures for specified technology purposes.

Proprietary Funds

The measurement focus of Proprietary Funds is upon determination of operating income, changes in net assets, financial position and cash flows. Use is required for operations for which a fee is charged to external users.

Enterprise Fund

Water-Sewer Fund

The Water-Sewer Fund is used to account for the provision of water and sewer services to the residents of the City and some county residents.

Description of Budgeted Funds

Water-Sewer Capital Reserve Fund – The City has legally adopted a Water-Sewer Capital Reserve Fund to be used for capital needs for the Water-Sewer Fund.

Capital Improvement Projects

Water Plant – This fund is an enterprise fund used to account for the construction of a new water plant.

Utility Line Extension – This fund is an enterprise fund used to account for the extension of utility lines.

Departments

The next level of expenditure/expense budgeting, within the fund type, is department. The two major funds, General and Enterprise, each have departmental budgets. The chart below illustrates the departments within each fund.

Department	General Fund	Enterprise Fund
Governing Body	X	X
Administration	X	X
Finance	X	X
Public Buildings	X	
Planning	X	
Police	X	
Fire	X	
Community Development	X	
Streets	X	
Public Works	X	
Solid Waste	X	
Recreation Acres Park	X	
Central Park	X	
Library	X	
Senior Center	X	
Engineering		X
Water Plant		X
Water Distribution		X
Wastewater Distribution		X
Wastewater Maintenance		X
Debt Service	X	X
Non-Departmental	X	X
Special Appropriations		X

Description of Budgeted Funds

Departmental Line Items

The final level of expenditure/expense budgeting, within the department, is line item (or object code). The table below lists available object codes.

Object Code	Description	Object Code	Description
501000	Planning Board Salaries	534200	Chemicals
502000	Salaries	534400	Vehicle Fuel
503100	PartTime Salaries	534600	Bulk Fuel Purchases
503200	Overtime Salaries	534900	Powell Bill Vehicle Fuel
503500	Police Standby Salaries	535000	Fuel Oil
503600	Fire Standby Salaries	536000	Uniforms
503700	Fire Volunteer Pension	542100	Equipment Leases
504000	Professional Services	544900	Data Processing
504100	Legal Fees	545000	Contracted Services
505000	Employer FICA Expense	545100	Recycling Contracted Services
506000	Employer Group Insurance Expense	545300	Contracted Services-Grinding
507100	Employer LGERS Expense	545400	Calloway Lease
507200	Employer LGERS LEO Expense	545500	Yard Carts
509100	Employer 401(k) Expense	545600	Fireworks-Contracted Services
509200	Workers' Compensation Expense	545700	Powell Bill Contracted Services
510000	Employee Training	545800	Water Plant Landfill Costs
511000	Telephone	553100	Dues and Subscriptions
511100	Postage	554000	Insurance and Bonds
512000	Printing	554100	VFIS Coverage
513000	Street Lights	554200	Fire Dept. On Behalf Expense
513100	Utilities	554300	Firefighters' Relief Fund Expenses
514000	Travel Expenses/Employees	557000	Miscellaneous
515000	Building Repairs/Maintenance	557300	Library Annual Contribution
516200	Equipment Repairs/Maintenance	557560	Fundraising Expenditures
516299	Fountain Repairs/Maintenance	557600	Chamber of Commerce
516500	Powell Bill Vehicle Repair	557700	Summer Programs
516600	Powell Bill Equipment Repair	557800	Special Funds
517000	Vehicle Repairs	557900	State Recovery Fund
526000	Advertising	560000	Ammunition
532100	Tree Lighting	569000	Bad Debt Expense
532200	Holiday Decorations	569102	Assistance to Firefighters Grant
532202	Veteran's Memorial Expenses	572100	Capital-Buildings
532300	Powell Bill Supplies/Materials	573100	Capital-Vehicles
533000	Supplies and Materials	573400	Capital-Powell Bill General Improvements
533300	EMS Supplies	574100	Capital-Equipment
533400	Fire/Rescue Supplies	574100	Capital-Body Camera Grant
533500	Fire Prevention Supplies	593300	Loan/Grant Programs
533600	Senior Center-Program Expense-Health	593400	Economic Development Expenses
533700	Senior Center-Program Expense-Cultural	593900	K9 Expenses
533800	Senior Center-Program Expense-Social	597300	Transfer to GF-Fire Hydrant Maintenance
533900	Senior Center-Program Expense-Education	599905	ESC-Reserve

Description of Budgeted Funds

The table below lists debt service object codes by fund.

General Fund Code	Description	Enterprise Fund Code	Description
710004	2007 Sutphen Principal	710002	2001 Farm Pump Station SRF Principal
710005	2007 Sutphen Interest	710003	2001 Farm Pump Station SRF Interest
710103	Recreation Acres Soccer Principal	710100	Water Plant Improvements Principal
710104	Recreation Acres Soccer Interest	710102	Water Plant Improvements Interest
710204	PD Cars 14-15 Principal	710110	2003 Farm Pump Station SRF Principal
710205	PD Cars 14-15 Interest	710111	2003 Farm Pump Station SRF Interest
710401	Streets Paving 11-12 Principal	710200	Belt Filter Press Principal
710402	Streets Paving 11-12 Interest	710201	Belt Filter Press Interest
710501	2012 Sutphen Principal	710310	Water Distribution F150 Principal
710502	2012 Sutphen Interest	710311	Water Distribution F150 Interest
710601	Streets Paving 12-13 Principal	710350	Water Plant DENR Principal
710602	Streets Paving 12-13 Interest	710700	Motorola Radios Principal
710603	Streets Paving 13-14 Principal	710701	Motorola Radios Interest
710604	Streets Paving 13-14 Interest		
710605	Streets Paving 14-15 Principal		
710606	Streets Paving 14-15 Interest		
710700	Motorola Radios Principal		
710701	Motorola Radios Interest		
710803	Fire Rescue Truck Principal		
710804	Fire Rescue Truck Interest		

Revenues

The table below lists the types of revenues by fund.

Revenue	General Fund	Enterprise Fund
Ad Valorem (Property) Taxes	X	
Payment in Lieu of Taxes	X	
Local Option Sales Tax	X	
Motor Vehicle Fee	X	
Powell Bill Funds	X	
Beer and Wine Tax	X	
Utility Franchise Tax	X	
Building Inspection/Zoning Fees	X	
Police and Fire Standby	X	

Description of Budgeted Funds

Revenue	General Fund	Enterprise Fund
Administrative Fees (including fingerprinting)	X	
Court Awarded Funds	X	
Grants (including Assistance to Firefighters, body armor, body cameras)	X	
Firefighters' Relief Fund	X	
Fire Standby	X	
Fire Department On Behalf Revenue	X	
Fire District Tax	X	
Fire Permits and Inspections	X	
Yard Carts	X	
Yard Waste Fee	X	
Landfill Tipping Fee	X	
DOT Mowing	X	
Solid Waste Tax	X	
Recycling Revenues	X	
Athletic Fees	X	
Park Facility/Picnic Shelter Rentals	X	
Veteran's Memorial Pavers	X	
Senior Center Revenues	X	
Interest Earnings	X	X
Contributions and Donations	X	
Cell Tower Rental	X	
Vehicle Fuel-Outside Agencies	X	
Proceeds of Fixed Asset Sales	X	X
Miscellaneous	X	X
Proceeds from Installment Purchase	X	X
Insurance Proceeds	X	X
Transfer from EF-Fire Hydrant Maintenance	X	
Water Charges		X
Sewer Charges		X
BOD/TSS Surcharge		X
Water and Sewer Tap Fees		X
Water and Sewer Availability Fees		X
Water and Sewer Capacity Fees		X
Water and Sewer Penalties and Interest		X
Reconnection Fees		X

Financial Policies and Planning

City of King Financial Policies Summary

The City of King's budgetary and financial policies set forth basic guidance for the fiscal management of the City. Most of the policies represent long standing principles and traditions with its legal framework outlined in both the North Carolina General Statutes (NCGS) and the City's Ordinances. The major financial policies of the City are summarized below.

Operating Budget Policies

Pursuant to North Carolina General Statutes Article 159-11, the City will adopt a balanced budget, which provides a work program and an operational plan for the ensuing year. A balanced budget as defined by the North Carolina Local Government Budget and Fiscal Control Act is when the sum of estimated net revenues and appropriated fund balance in each fund is equal to appropriations in that fund.

The City will maintain a program of budgetary controls to ensure adherence to the budget. Monthly reports will be provided to department heads, management, and City Council to assist in the monitoring of actual revenues, expenditures, and budgeted amounts.

The City will retain an independent accounting firm to perform an annual financial and compliance audit in accordance with generally accepted accounting principles (GAAP) and by the Governmental Accounting, Auditing, and Financial Reporting (GAFFR) standards. In conjunction with the independent audit, internal reviews will be conducted periodically to determine if the City is managing and utilizing its resources in an economical and efficient manner.

Revenue Spending Policy

The City will use financial resources in the following hierarchy: bond proceeds, Federal Funds, State funds, local non-city funds, City funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and unassigned fund balance. The City's Schedule of Fees and Charges is evaluated by staff and adopted by Council annually.

Investment Policy

Per NCGS Article 159-30, the responsibility for the City's investment program rests with the Finance Director who shall be responsible for the execution, supervision and daily operations of all investment activity with authority to purchase, sell and exchange securities on behalf of the City. The major goals and objectives of the City's investment program are the preservation of capital, maintenance of adequate liquidity, and maximization of investment earnings.

Fund Balance Policy

The City will maintain operating reserves by maintaining a healthy fund balance. The City's Fund Balance Policy that has been adopted by the City Council requires the General Fund fund

Financial Policies and Planning

balance to be maintained at a minimum of 25% of expenditures, and the Enterprise Fund unrestricted net assets to be a minimum of 50% of expenses.

Financial Planning

Schedule of Fees and Charges

As part of the annual budget process and as needed otherwise, the City's Schedule of Fees and Charges is reviewed and updated. Department Heads are charged with reviewing fees to be certain that charges cover projected expenditures where appropriate; if not, the Department Head would recommend a change to the fee. The Schedule of Fees and Charges is available on the City of King website, www.ci.king.nc.us.

Long-Range Financial Planning

During Budget Workshops with Council, a discussion concerning Debt Service occurs each year. The board is presented with the amounts and number of years remaining for each financing arrangement. In prior years, the board has been reluctant to assume new debt; for example, three patrol cars for the Police Department were purchased in the FY 2013-2014 Budget with no installment financing. However, in the FY 2014-2015 Budget, the board was willing to assume debt for two long-postponed parking lot resurfacing projects. In the FY 2015-2016 budget, the board was again willing to assume debt for a brush truck, two police vehicles and replacement of a sewer pump station and once again in FY 2016-2017 for resurfacing and downtown projects.

A discussion of a prior study concerning water rates was held during budget workshops. The purpose of the study was to have the appropriate amount of positive Change in Net Position for the Enterprise Fund each year to fund the upcoming annual payment for the Water Plant Improvements and the related potential purchase of water from the City of Winston-Salem. At the current time, Council felt it inappropriate to increase water rates.

The City Council strives to limit the growth of the annual operating budget for the General Fund to an amount which can be accommodated by growth in the tax base as well as other local, state and federal revenues without an increase in the tax rate. The City has increased property tax only three (3) times in the past six (6) years and the City of King's tax rate is a minimum of 22% less than other full-service cities in the greater Triad region.

Budget Development Calendar

The City has utilized the following schedule in preparing and adopting the budget for the fiscal year ending June 30, 2017.

Friday, February 26, 2016	Departmental budget worksheets due to City Manager
Month of February 2016	City Manager and Director of Finance and Personnel work with departmental requests, revenues, non-major funds
Month of March 2015	City Manager begins meetings with Department Heads to review departmental requests
April 14, 2016	City Manager submits draft budget to Council
April/May 2016	City Council holds budget work sessions
June 6, 2016	City holds a public hearing on the FY 2016-2017 budget
June 6, 2016	City Council adopts the FY 2016-2017 budget
Month of June 2016	City Manager distributes budget to Finance Department and Department Heads; City Clerk publishes final budget for the public
Friday, July 1, 2016	Budget Implemented

Budget Planning

Budgeting Process

Strategic Planning

The City Council provides Priorities and Initiatives. Budget workshops with Council determine specific directives that support planning. During the fiscal year, Council may provide items that should be discussed and considered during the budget process.

Capital Planning

The City Council will meet with the City Manager and Department Heads periodically to review Capital Improvement needs and goals. The City Manager includes a capital request document for each department in each year's budget document; items not selected for inclusion in the budget remain on the list for consideration in a future budget.

Budget Requests Solicited

Departmental worksheets for the upcoming budget year provide each Department Head the opportunity to request capital items. The worksheets provide space for the value and condition of capital items currently held by the department and space to justify the need for replacement or new items.

City Manager meets with Department Heads

In February of each year, the City Manager reviews departmental budget worksheets/requests and discusses with the Director of Finance and Personnel. In March of each year, the City Manager meets with Department Heads to review budget requests.

Budget Finalized

In April of each year, the City Manager balances the budget and prepares the draft for review by City Council.

Budget Presented for Adoption

The budget is presented to Council for review in May. Council will hold one or more work sessions and conduct a public hearing on the budget proposal to allow for public comment. Before June 30th of each year, a balanced budget is adopted.

Budget Requirements

Budget Requirements

Basis of Accounting and North Carolina Local Government and Fiscal Control Act

The budget is prepared using the modified accrual method of accounting for all funds. This approach to accounting recognizes revenues when they become measurable and expenditures at the time liability is incurred. All revenues and expenditures must be included in the annual budget ordinance or the appropriate capital project ordinance. Any operational appropriations that are not expended or encumbered shall lapse. The City of King uses the modified accrual method as the basis for budgeting and for accounting.

The North Carolina Local Government Budget and Fiscal Control Act (LGBFCA) controls how municipalities budget and spend money. The major effects of the LGBFCA on the budgetary process are as follows:

Budget Calendar

The LGBFCA establishes the dates by which each stage in the annual budget process is to be completed. Departmental requests and revenue requests must be submitted to the Budget Officer by April 30. The recommended annual budget must be submitted to the Governing Board by June 1. The Governing Board must adopt the annual budget ordinance by June 30.

Budget Forms and Procedures

Per NCGS Article 159-10, requests “shall be made in such form and detail, with such supporting information and justifications, as the budget officer may prescribe.” Also required is that a budget request show actual expenditures for the prior year, estimated ones in the current year and requested ones for the coming budget year.

Departmental Requests

The budget request for a department, per NCGS 159-10, must include revenues or fees that it will collect in the budget year.

Recommended Budget

NCGS 159-11 requires that the budget officer’s recommended budget be balanced unless the Governing Board insists that an unbalanced budget be submitted. It is also required that the budget be submitted to the board with a budget message which should include a concise explanation of the governmental goals fixed by the budget for the budget year, important features of the activities anticipated in the budget, the reasons for stated changes from the previous year in program goals, programs and appropriation levels, and any major changes in fiscal policy.

Budget Requirements

Board Review

Once the Recommended Budget is presented to the Governing Board, several general legal provisions apply to Board review and adoption of the budget ordinance. At least 10 days must pass between the submission of the Recommended Budget and adoption of the budget ordinance. On the same day the budget is submitted to the Governing Board, the Budget Officer must file a copy of it in the City Clerk's office where it is made available to the public and press. The City Clerk must publish a notice that the budget has been delivered to the Governing Board and is available for public inspection; this notice must also contain the time and place of the required public hearing. During the time between submission and adoption, the Governing Board may conduct its review at both regular and special meetings; at least one of these dates must be a public hearing at which any person may comment if they wish. The Open Meeting Law (NCGS 143-318.9 through 318.18) applies to the budget preparation and adoption process.

Adoption of the Budget Ordinance

The budget ordinance must contain the appropriations, the estimated revenues, and the property tax levy as well as rate.

Budget Adoption and Amendment

The operations conducted by the City are guided by the annual budget ordinance adopted in accordance with the provisions of the North Carolina Local Government Budget and Fiscal Control Act. The Budget Ordinance must be balanced and adopted prior to the beginning of the Fiscal Year. Adoption of the budget by the City Council establishes the legal authority to incur expenditures in the ensuing fiscal year.

After the adoption of the Budget Ordinance, the Budget Officer (City Manager) is authorized to transfer appropriations between line-item expenditures within a department without limit, transfer appropriations up to \$10,000 between departments of the same fund for each of the first three quarters of the fiscal year, and up to \$50,000 between departments of the same fund for the fourth quarter of the fiscal year with an official report at the next regular meeting of the City Council. All other revisions or budget amendments must be approved by the City Council through legislative action.

Budget Format

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Fund accounting segregates funds according to the intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

A fund is one of two types: operational or project. Council appropriates operational funds on an annual basis and an activity's funding lapses at the close of the fiscal year. Project funds continue for the life of each specific capital or grant project with appropriations continuing until the project is finished.

It has been established that budgets, while managed by funds, are also managed by functions. The functions designate the actual use of the funds. For example, the function of the Finance Department is General Government.

Each department is a subsection of both a function and a fund. Each department or division belongs to one fund and one function. A fund can include any number of departments, including departments of different functions. A function can include departments from many funds.

About the Document Presentation

The budget document contains diversified information. This information can be found on a departmental, functional or fund level. This document places a distinct emphasis on the City's departments and divisions because these pages represent the plans of the men and women who are charged with the duty of providing services to citizens.

The departmental presentations are summaries of all expenditures and revenues associated with each department's activities. These summaries also include the personnel classifications for the department. As the City's accounting structure contains hundreds of individual budget line items, it can be difficult to present each one in the budget document. Therefore, the City has consolidated these items into major classifications for summarized presentation. For example, the department summary expenditures are grouped into three categories: Salaries & Benefits, Operating, and Capital. This consolidation facilitates comparisons between different groups of data and aids the reader in making comparisons between the different functions. Acknowledging that the reader does not have access to each individual line items, the "Budget Highlights" section attempts to explain any significant changes. Please contact the City of King Finance Department at 336-983-0236 if further detail is needed.

In the General Fund and the Enterprise Fund, the reader will find the individual departments and divisions. In these sections, the departments detail the major accomplishments for the preceding fiscal year. A table of summary budget information is provided to show departmental trends.

Please note that all tables in the budget document present the same four-year format.

Budget Format

Some departments do not have activity in all categories and the reader will note that they are not included in the summary.

All of the individual department revenues and expenditure totals are consolidated for each fund, which present the “bottom line” of the budget. The following information details the types of funds the City has and a list of the various funds within each type.

General Fund

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. This fund is established at the inception for a government and exists throughout the government’s life. The General Fund is appropriated annually and is included in the budget document.

In the General Fund presentation, Revenues are presented by category including Ad Valorem Tax, Unrestricted Intergovernmental, Restricted Intergovernmental and Permits and Fees. Following Revenues are expenses by Department. General Fund Departments are those funded by general revenues and include Planning and Inspections, Public Building, Police, Fire, Streets, Public Works and Library. The final General Fund presentation is for the Non-Major Funds.

Non-Major Governmental Funds

Non-major funds are those that are needed to report revenues and expenditures separately but these revenues and expenditures are less than ten (10) percent of corresponding totals for governmental funds.

The City has three non-major governmental funds. The Federal Drug Forfeiture Fund is used to report revenues from the local law enforcement share of seized property during federal drug arrests and the related expenditures. The State Drug Forfeiture Fund is used to report revenues from the local law enforcement share of seized property during state drug arrests and the related expenditures. The Technology Project Fund is used to report technology purchases and related transfers from the General and Enterprise Funds for revenues.

Other

The City also has a Public Safety Capital Reserve Fund which is a reserve, or savings, fund to set aside money for future capital use by the Police and Fire Departments. This fund is budgeted separately, but for financial reporting purposes, this fund is incorporated into the General Fund.

Enterprise Fund

The Enterprise Fund is a proprietary, or business-type, fund used to report an activity for which a fee is charged to external users for goods or services. The City of King Enterprise Fund reports utility, water and sewer, activity.

In the Enterprise Fund presentation, Revenues are described by water sales and sewer charges followed by related fees. As with the General Fund presentation, Department expenses follow.

Budget Format

Departments in the Enterprise Fund include Engineering, Water Plant and Wastewater Maintenance. The final Enterprise Fund presentation is for the Capital Projects.

Capital Projects Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities.

The City has two Water and Sewer Capital Projects Funds. The Water Plant Project is to account for the construction of a new water plant. The Utility Line Extension Project is to account for the extension of utility lines.

Other

The City also has a Water/Sewer Capital Reserve Fund which is a reserve, or savings, fund to set aside money for future capital use.

ORDINANCE NUMBER 2016-04
AN ORDINANCE APPROPRIATING FUNDS FOR FISCAL YEAR 2016-17

NOW, BE IT ORDAINED BY THE City Council of the City of King:

Section 1. That revenues for the GENERAL FUND be established as follows:

2016-17 Ad Valorem & Prior Years Taxes	\$2,208,000
Other Taxes	435,650
Unrestricted Intergovernmental Revenue	1,529,209
Restricted Intergovernmental Revenue	636,528
Penalty and Interest	6,600
Other General Revenues	10,500
Functionally Related Revenues	1,189,262
Interfund Transfers	16,894
Fund Balance Appropriated	89,700
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Total General Fund Revenues	6,122,343

The expenditures for the GENERAL FUND be appropriated as follows:

Governing Body	56,106
Administration	137,310
Finance	158,438
Public Buildings	106,810
Planning & Inspections	184,691
Police	1,856,529
Fire	1,667,423
Community Development	17,925
Street	597,243
Public Works	193,055

Solid Waste	314,263
Recreation Acres	131,890
Central Park	96, 141
Library	15,040
Senior Center	92,915
Non-Departmental	10,612
Debt Service	485,953
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Total	6,122,343

Section 2. That there is hereby levied a tax rate of forty-two and 20/100 cents (\$0.422) per one hundred dollars assessed valuation on all real property and other applicable property within the City of King, such rate based upon an estimated total assessed valuation of property for purposes of taxation of \$576,656,853 and an estimated collection rate of 97.45% through June 30, 2017.

Section 3. That revenues for the ENTERPRISE FUND be established as follows:

Operations	\$5,382,100
Penalties and Interest	85,000
Transfers	0
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Total Enterprise Fund Revenues	5,467,100

That expenditures for the ENTERPRISE FUND be appropriated as follows:

EF Governing Body	61,854
EF Administration	193,582
EF Finance	321,211
EF Engineering	140,404
Water Operations	1,100,444
Water Distribution	1,041,402
Wastewater Operations	1,446,772
Wastewater Maintenance	302,997
Non-Departmental	5,035

EF Debt Service	853,399
Total	5,467,100

Section 4. That revenues for the Law Enforcement Forfeiture - Federal Fund be established as follows:

Revenue	1
<u>Fund Balance Appropriated</u>	<u>3,389</u>
Total Law Enforcement Forfeiture Fund Revenues	3,390

The expenditures for the Law Enforcement Forfeiture - Federal Fund shall be appropriated as follows:

<u>Law Enforcement Forfeiture - Federal Funds Expenditures</u>	<u>3,390</u>
Total Law Enforcement Forfeiture - Federal Fund Expenditures	3,390

Section 5. That revenues for the Law Enforcement Forfeiture - State Fund be established as follows:

Revenue	300
<u>Fund Balance Appropriated</u>	<u>8,844</u>
Total Law Enforcement Forfeiture Fund Revenues	9,144

The expenditures for the Law Enforcement Forfeiture - State Fund shall be appropriated as follows:

<u>Law Enforcement Forfeiture - State Fund Expenditures</u>	<u>9,144</u>
Total Law Enforcement Forfeiture - State Fund Expenditures	9,144

Section 6. That the Technology Capital Project Ordinance Fund be amended as follows:

<u>Technology CPO Expenditures</u>	<u>Decrease</u>	<u>Increase</u>	<u>New Approp.</u>
Technology Infrastructure Expenditures	0	0	15,311

Section 7. That a Capital Reserve fund be maintained for 1) public safety capital purchases and 2) repairs to capital assets which will prolong the life of those assets. This Capital Reserve fund shall be funded by a Motor Vehicle Tax and transfers from the General Fund as Council deems necessary for future capital purchases. This Capital Reserve fund is created for a period of 10 years for the purpose of reserving as much as \$1,000,000 for various public safety needs. This fund is the "PUBLIC SAFETY CAPITAL RESERVE FUND."

That the balance of the PUBLIC SAFETY CAPITAL RESERVE FUND be amended as follows:

Beginning Balance at July I, 2016 1,583

Totals 1,583

That transfers in to the PUBLIC SAFETY CAPITAL RESERVE FUND be amended as follows:

Interfund Transfer from General Fund in FY 16-17 0

Totals 0

That transfers out of the PUBLIC SAFETY CAPITAL RESERVE FUND be amended as follows:

Interfund Transfer to the General Fund in FY 16-17 1,583

Totals 1,583

Section 8. That a Capital Reserve fund be maintained for 1) Enterprise Fund capital expenditures and 2) repairs to capital assets which will prolong the life of those assets. This Capital Reserve fund will be funded by Water & Sewer revenues from the Enterprise fund for future capital purchases. This Capital Reserve fund is created for a period of 10 years for the purpose of reserving as much as \$1,000,000 for various Enterprise fund needs. This fund is called "WATER/SEWER CAPITAL RESERVE FUND."

That the reserve for the WATER/SEWER CAPITAL RESERVE FUND remain unchanged at the following **reserve:**

Balance at July 1, 2016 14,480

Totals 14,480

That transfers in to the WATER/SEWER CAPITAL RESERVE FUND be amended as follows:

Interfund Transfer from General Fund in FY 16-17 0

Totals 0

That transfers out of the WATER/SEWER CAPITAL RESERVE FUND be amended as follows:

Interfund Transfer to the General Fund in FY 16-17 0

Totals 0

That the reserve for the WATER/SEWER CAPITAL RESERVE FUND be amended as follows:

Reserve for Public Safety Capital Purchases 14,480

Section 9. That the Schedule of Fees and Charges for Fiscal Year 2016-17 is herein adopted by reference.

Section 10. That the City Manager, as Budget Officer, be authorized to transfer appropriations under the following conditions:

a. He may transfer appropriations within a department without limit.

- b. He may transfer appropriations up to ten thousand (\$10,000) between departments of the same fund for each of the first three quarters of the fiscal year, and up to fifty thousand dollars (\$50,000) between departments of the same fund for the fourth quarter of the fiscal year with an official report on such transfers provided at the next regular meeting of the City Council.
- c. He may not transfer any amounts between funds.

Section 14. That this budget ordinance be entered into the minutes of the Council and, after adoption, copies thereof shall be filed with the Director of Finance and Personnel, Budget Officer and Clerk to the City Council.

Adopted this the 6th day of June, 2016.

Attest:

Jack Warren, Mayor

Tammy Hatley, City Clerk

Budget Summary for Major Governmental Funds

General Fund

The General Fund is used to account for general government operations of the City, which are financed through taxes or other general revenues, reimbursements, or transfers from other funds. The General Fund accounts for all financial transactions not required to be accounted for in another fund.

Summary

The General Fund continues to reflect the overall economy with slowing revenue growth from both locally generated revenues to statewide intergovernmental revenues. The recession in the national housing market continued to suppress new home construction and this budget reflects slower growth in the related revenues.

The approved General Fund budget for FY 2016-2017 is \$6,122,343, an increase of 9% over the previous year's budget. The largest increase in projected revenues is 17.7% for Unrestricted Intergovernmental Revenues; this increase is expected due to sales tax reallocation legislation, NCGS 105-524, effective July 1, 2016. The budget includes an increase in capital outlays for resurfacing a portion of six (6) City streets, completion of a new downtown parking lot, improvements to the downtown area including decorative lighting and sidewalk construction, upfits to kitchen and restrooms at the community building, and purchase of two (2) vehicles for the Police Department.

The following table indicates the City's results from operations before any other financing sources or uses for the past five years:

	FY 2011-2012 Actual	FY 2012-2013 Actual	FY 2013-2014 Actual	FY 2014-2015 Actual	FY 2015-2016 Budgeted
Operating Revenues	\$ 4,926,378	\$ 4,922,011	\$ 5,065,016	\$ 5,364,890	\$ 5,234,963
Operating Expenditures	\$ 5,459,082	\$ 5,233,479	\$ 4,992,583	\$ 5,601,788	\$ 5,621,248
Revenues Over (Under) Expenditures	\$ (532,704)	\$ (311,468)	\$ 72,433	\$ (236,898)	\$ (386,285)

Ad Valorem revenues are expected to increase at a modest rate in the FY 2015-2016 budget. Operating expenditures include the purchase of two police vehicles at a cost of \$73,000, resurfacing a portion of six (6) streets at a cost of \$253,428, parking lot construction at a cost of \$89,700, and downtown improvements at a cost of \$80,000. Debt proceeds from installment financing are included in Other Financing Sources.

Revenue Assumptions and Analysis

Revenue budgets are based on various factors. These considerations reflect substantial evaluation to determine which variables are most reliable in the budget development process. The most notable resources considered include:

- Economic forecasts

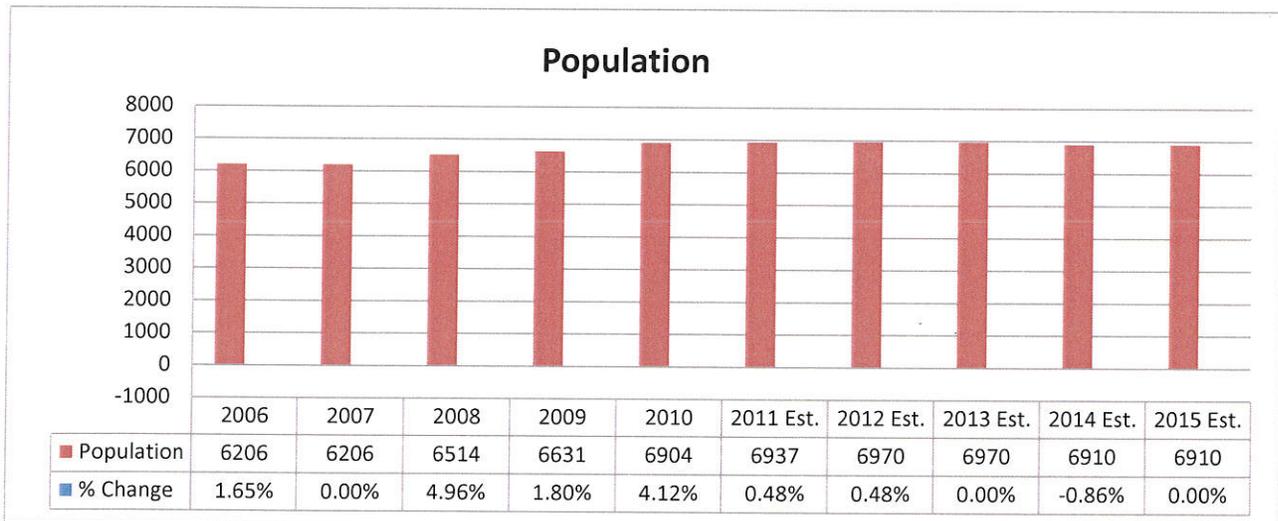
Budget Summary for Major Governmental Funds

- Information on property tax growth or reduction from the Stokes and Forsyth County Tax Offices
- Trends in revenue collection
- Information from the North Carolina League of Municipalities (NCLM) concerning municipal state-collected revenues
- Experiences and situations that affect the City's operations.

Following are the major revenue assumptions and analyses that were used in the development of the fiscal year 2016-2017 revenue budgets.

Population

Changes in population can have a direct effect on City revenues. Several taxes and intergovernmental revenues are distributed on a per capita basis and population levels appear at least indirectly related to such issues as employment, income and property value. Population projections help decision-makers anticipate needs before they arise.



Analysis

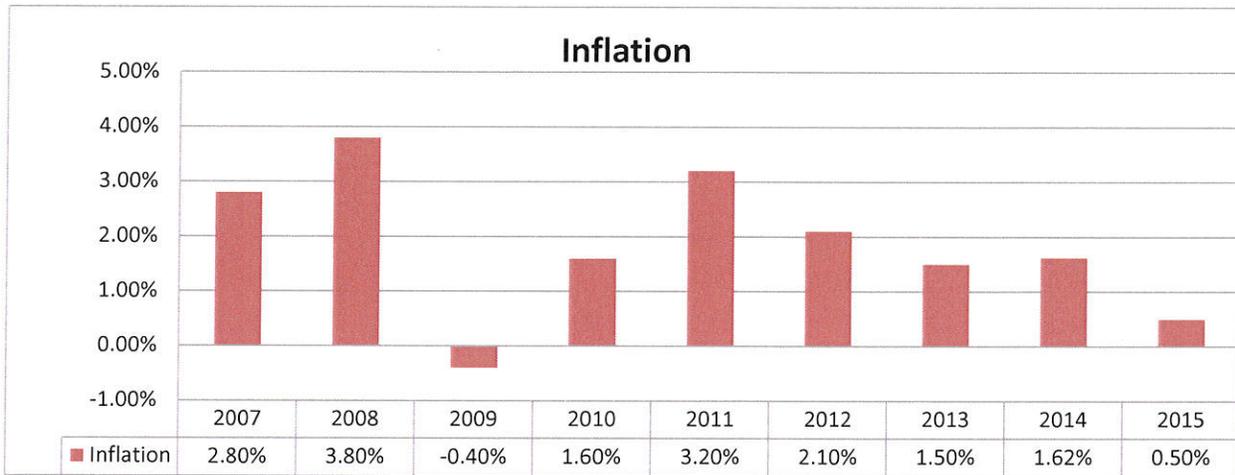
A gradual increasing population trend is considered favorable. However, as the population grows, so does the demand for services. King has experienced continued growth for several years. The population of King has increased from 5,952 in the 2000 Census to an estimated 6,910 through 2015. This represents an increase of 12.62% in a twelve-year period.

Inflation

The Consumer Price Index (CPI) is probably the most widely recognized and used measure of price level changes for consumer goods and services. The CPI is based on a weighted average of prices for a market basket of goods from six different categories: food, housing, apparel, transportation, health and recreation. Inflation is the rate of increase in a common price level of all goods and services. For example, if the price of eating a meal used to be \$5.00, inflation boosts

Budget Summary for Major Governmental Funds

that amount to more than \$7.00, with service staying the same. Stability in price levels is generally beneficial and continued decreasing rates of inflation indicate a positive trend.



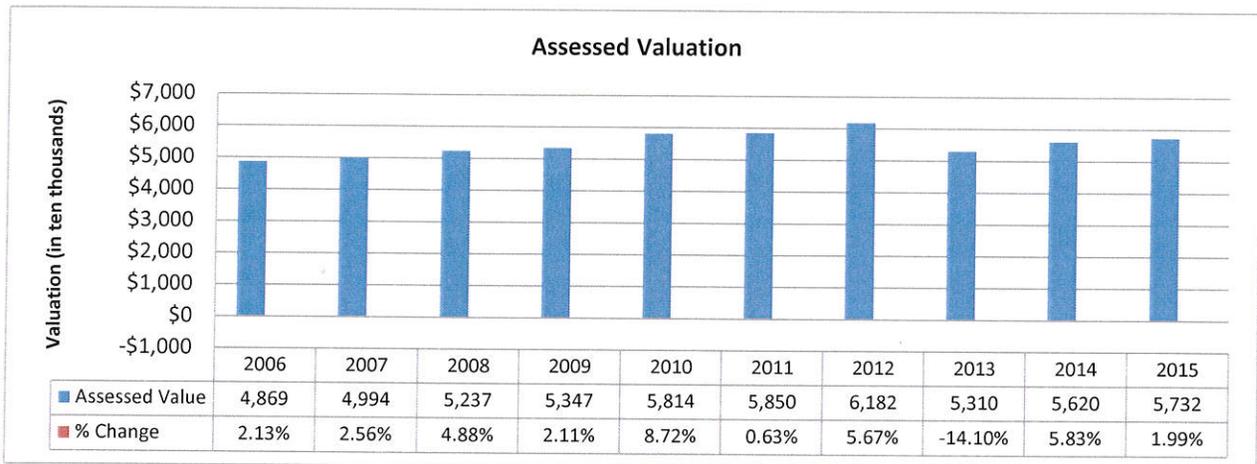
Analysis

The average change in the CPI from 2006 – 2015 is a decrease of .29% annually. Each upturn in inflation was countered by the Federal Reserve Board with reductions in interest rates. These actions were predicted to stabilize the CPI at around 3.0% over a period of years. However, because of continuing uncertainty and economic slowdown, there have been several years of fluctuating inflation. The rise in inflation in 2005 and 2006 may have been a natural lag consequence of excess demand created by increased consumer spending. The rate of inflation accelerated again in 2008, pushed by higher prices for services, food and energy. On April 30, 2008, the Federal Reserve Board cut its target interest rate by a quarter percentage point in an unsuccessful effort to prevent a recession. The recent recession became the longest since the Great Depression. For the first time in nine years, the Federal Reserve Board voted to increase interest rates by 25 basis points, or .25%, in December 2015.

Property Values

Changes in property value are important because most local governments depend on the property tax for a substantial portion of their revenues. Property tax or ad valorem tax is the largest funding source for general government services, providing 45% of the City's total FY 2014-2015 General Fund revenues. The higher the aggregate property value, the higher the revenues generated. The assessed value is used as an indicator of the City's aggregate property value on which the property tax is applied to compute City property tax revenue.

Budget Summary for Major Governmental Funds



Analysis

In 2009 and 2013, Stokes and Forsyth Counties reassessed all real property values. The City was fortunate to see some growth in assessed valuation in 2010 and 2012; however, in 2013, the City saw a 14.10 decrease in property valuation and increased property taxes to offset the revenue loss. In 2014, property values increased 5.83% above 2013 levels and 2015 property values increased slightly as expected.

Other Financing Sources

Other Financing Sources are items, other than revenues, that increase the net position of a governmental fund. Examples of items in this category are issuance of debt (Proceeds from Installment Purchase), sale of capital assets, insurance recoveries for extraordinary events (natural disasters), and transfers from other funds.

Fund Balance Analysis

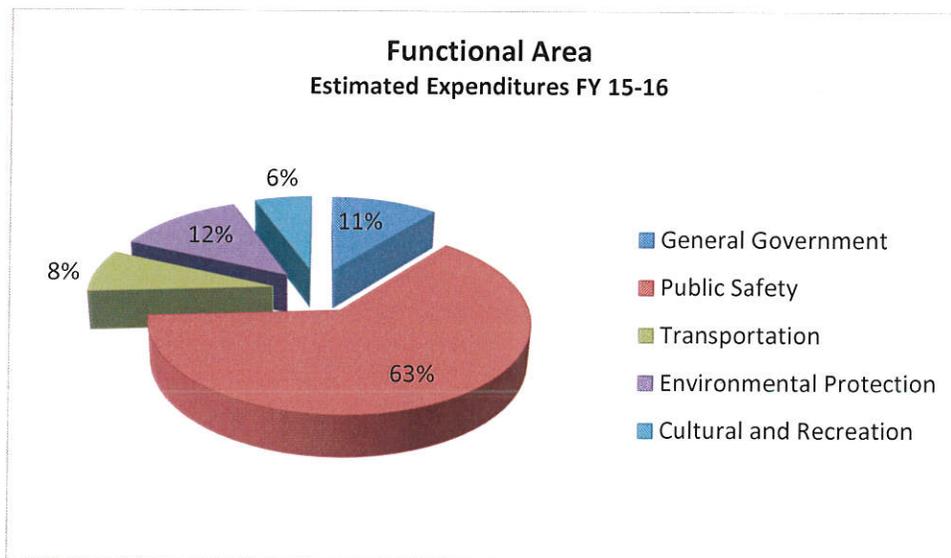
Fund balance is the net position of a governmental fund. The specific categories of fund balance are: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law. Committed fund balance is the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the City of King's City Council. Assigned fund balance is the portion of fund balance, assigned by the City Council under direction of GASB 54, that the City of King intends to use for specific purposes. Unassigned fund balance is the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Budget Summary for Major Governmental Funds

Expenditure Assumptions and Analysis

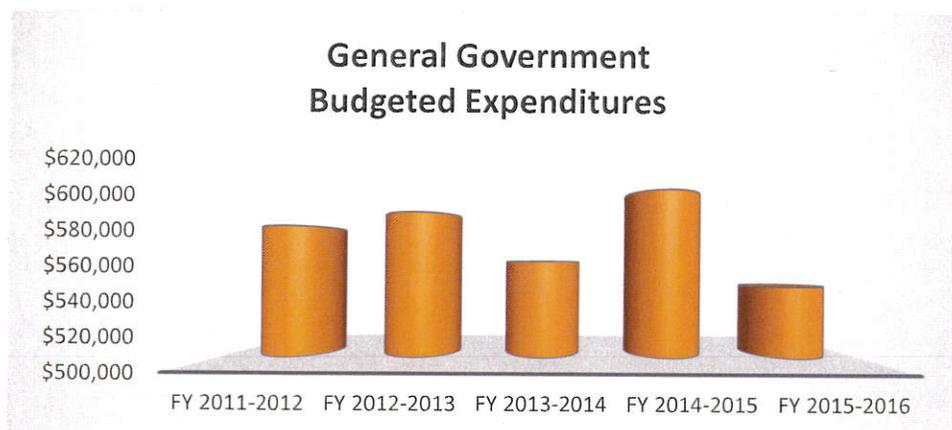
While the City of King's budget contains multiple departments and divisions, each conducts City government activities as part of a functional area. For example, the Fire Department and the Police Department are part of the functional area known as Public Safety, as both share the common theme of protecting citizens. The following functional areas are included in the General Fund:

- General Government
- Public Safety
- Transportation
- Environmental Protection
- Cultural and Recreation



General Government

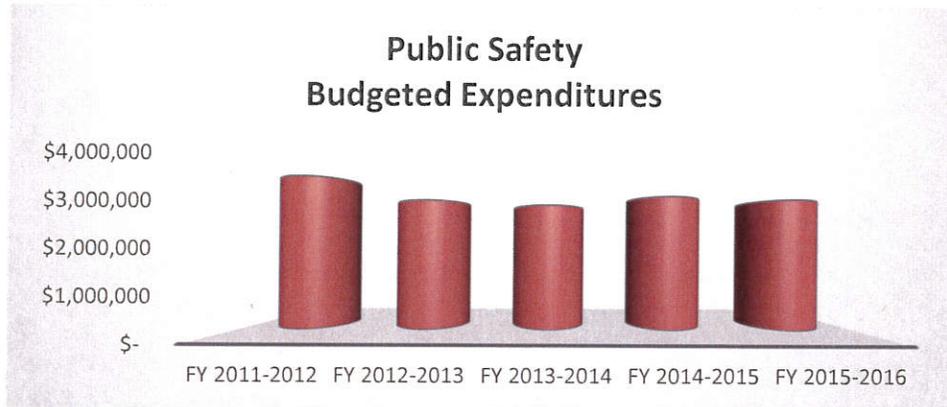
Included in the General Government functional area are the departments for Governing Body, Administration, Finance, Planning and Inspections, Engineering and Public Buildings.



Budget Summary for Major Governmental Funds

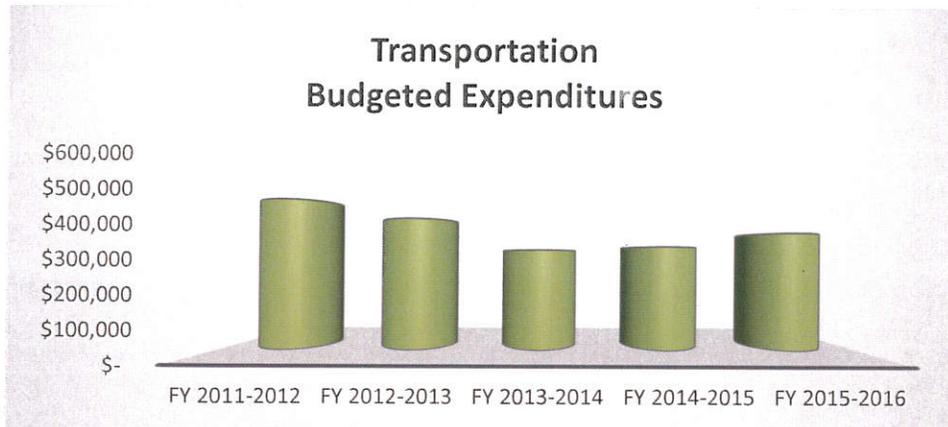
Public Safety

Included in the Public Safety functional area are the departments for Police and Fire.



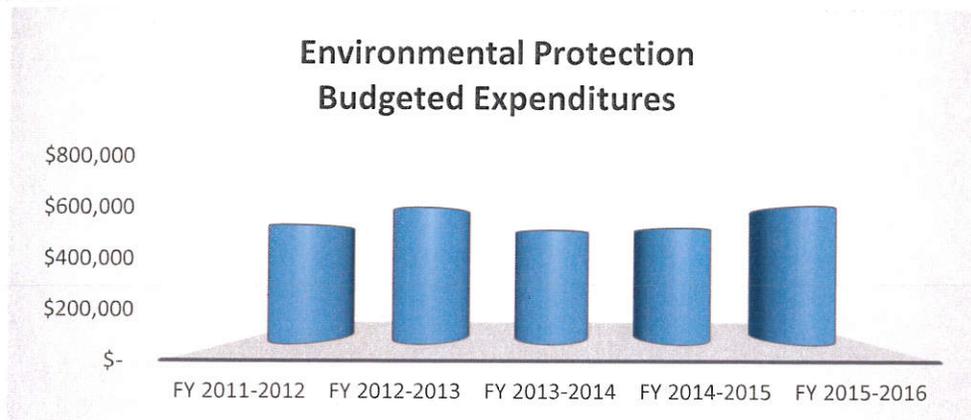
Transportation

Included in the Transportation functional area is the department for Streets.



Environmental Protection

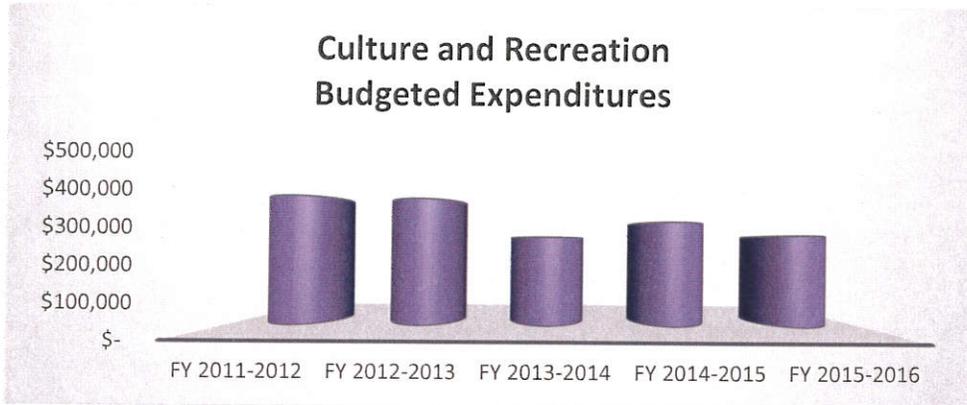
Included in the Environmental Protection functional area are the departments for Solid Waste and Public Works.



Budget Summary for Major Governmental Funds

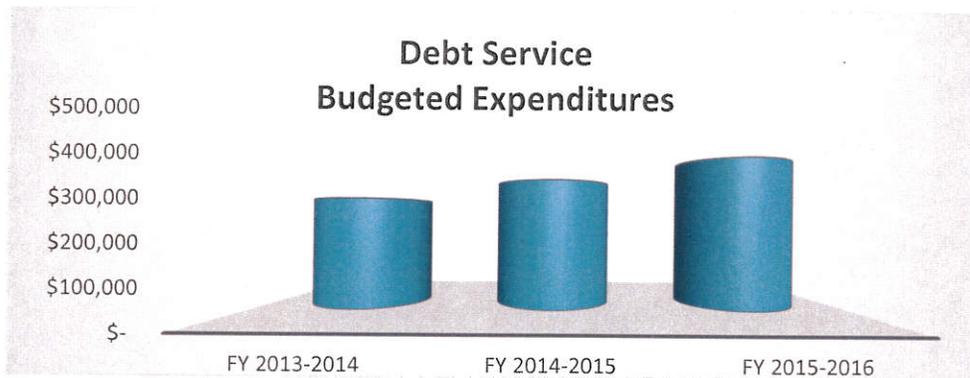
Culture and Recreation

Included in the Culture and Recreation functional area are the departments for Recreation Acres Park, Central Park, Community Development, Library and Senior Center.



Debt Service

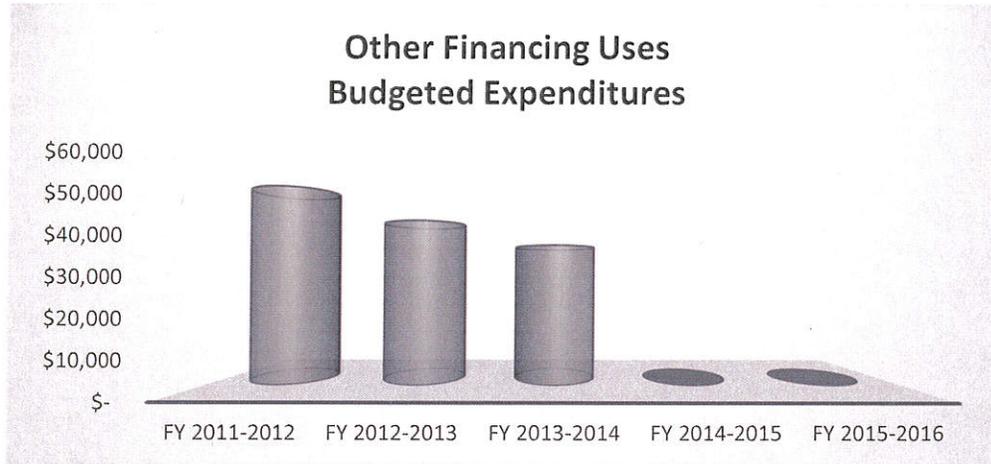
Debt service includes the principal and interest payments on bonds, lease purchase agreements and installment financing. Currently, the City's General Fund has only installment financing. The City added a department for Debt Service in FY 13-14; in prior years, the payments for installment purchases were included in departmental budgets. Therefore, history is not as complete as other functional areas.



Budget Summary for Major Governmental Funds

Other Financing Uses

Other Financing Uses are items, other than expenditures, that decrease the net position of a governmental fund. Examples of items in this category are transfers to other funds, original issue discount on debt, payments to advance refunding escrow agent and reclassification of demand bonds as fund liabilities.



General Fund Revenue Assumptions and Analysis

Economic Information

Per NC Today, North Carolina's economy continues to steadily improve. The number of employed residents and labor force are both on the rise. However, manufacturing hours are declining which could signal a potential slowdown in that critical sector.

While starting to rebound, employment in Stokes County is still approximately 3.9% below the 2007 level. Entry level wages are 9.3% above the 2007 level, but median wages are approximately the same as in 2007. Sixty-eight percent (68%) of Stokes County residents work outside the county and the largest majority, 15%, travel between 30-34 minutes one way to work. Slightly below the equivalent of the population of King, 5,698 people, or 1,306 families, or 12.2%, in Stokes County live in poverty.

Healthcare finds Stokes County lower than the state as a whole with 5.4 physicians, 34.7 RNs, and 1.5 dentists per 10,000 population in Stokes compared to 9 physicians, 106.6 RNs, and 4.8 dentists per 10,000 population statewide. This statistic is somewhat concerning as the population of Stokes County is gradually aging. The 2012 median age was 44, but the projected median age for 2019 is 46. In addition, the county school system has seen an 11.34% decrease in Average Daily Membership.

Some positive factors that impact the City of King are the proximity to the City of Winston-Salem and future designation of what is currently known as State Highway 52 to Interstate 74. This designation will increase the City's marketability. A new bridge has been constructed over Highway 52 and the southern portion of Main Street has been widened. The City is home to a branch of Forsyth Technical Community College, a few medical offices and various other businesses. The City also received the honor of being named one of the 50 safest cities in North Carolina.

At current, the long-range financial future is cautiously optimistic. The state appears to be slowly recovering from the recession and localities are expected to follow. As noted, property values declined in FY 2013-2014 but increased for FY 2014-2015, for FY 2015-2016, and for FY 2016-2017. For examples of statewide distributions, the North Carolina League of Municipalities has projected the statewide sales tax distributions to increase by 3.75%, distributions for beer and wine taxes to increase by 5%, and electricity sales tax to increase by 3.5%; all increases are from the FY 2015-2016 levels. As reported in The Wall Street Journal in May 2015, Federal Reserve Bank of Atlanta President Dennis Lockhart stated that "...probabilities...have moved from December toward September...", which led us to believe that the Fed would increase interest rates in the fall. Unfortunately, the increase was not approved until December, as originally predicted.

Based on the slow growth but continuing low-income in Stokes County, the City of King strived to complete a balanced budget with use of Fund Balance Appropriated only for the parking lot construction of \$89,700. If the new sales tax reallocation plan provides more revenue than conservatively budgeted, FBA would decrease accordingly. Projected revenue increases have been included and departmental expenditures have been decreased where possible. Emergency or unanticipated needs would require adjustments to the budget during the Fiscal Year.

General Fund Revenue Assumptions and Analysis

Revenue Categories

Ad Valorem Tax

Property tax revenue is an important revenue to consider because it comprises the City's largest single revenue source. The property tax is levied each year on the value of real property and certain personal and public utility property that is listed as of January 1 of that year. Real property must be revalued at least every eight years in accordance with the provisions of North Carolina General Statutes 105-286 while personal and utility values are adjusted annually. The latest property valuation was completed in January 2013 effective in the FY 2013-2014 budget. The City contracts with Stokes and Forsyth Counties to levy and collect ad valorem taxes on behalf of the City. Amounts collected by the counties on behalf of the City are remitted to the City on a monthly basis.

Ad Valorem Revenues			
Fiscal Year 2016-2017	Budgeted	\$ 2,421,650	
Fiscal Year 2015-2016	Estimated	\$ 2,412,675	
Fiscal Year 2014-2015	Actual	\$ 2,401,709	
Fiscal Year 2012-2013	Actual	\$ 2,464,924	
Fiscal Year 2011-2012	Actual	\$ 2,325,767	
Fiscal Year 2010-2011	Actual	\$ 2,314,532	

Fiscal Year	Revenue
11-12	\$2,314,532
12-13	\$2,464,924
13-14	\$2,421,650
14-15	\$2,401,709
15-16	\$2,412,675
16-17	\$2,421,650

Analysis

Property values are estimated slightly higher at \$576,656,853 for FY 2016-2017, than \$573,177,273 at FY 2015-2016 and FY 2014-2015 at \$561,992,823. Projected revenues are decreased slightly for FY 2016-2017 as a lower estimated collection percentage was used in the budgeting process

Unrestricted Intergovernmental Revenues

Unrestricted intergovernmental revenues consist of Local Option Sales Tax, Video Programming Tax, Payments in Lieu of Taxes, Beer and Wine Tax, Utility Franchise Tax and Senior Center Revenue.

Sales Taxes are collected by the State of North Carolina and distributed monthly with a two-month lag. Sales tax revenue is highly responsive to changes in economic factors and inflation. During good economic periods, sales tax revenue increases with the rise in retail business and normally declines during distressed times.

Utility Franchise Tax and Video Programming Tax are levied by the State of North Carolina. The utilities tax is levied on the gross receipts of electric and telephone companies and on piped natural gas based on consumption by end users. The video tax is part of the state sales tax collected on gross receipts of cable service and direct-to-home satellite service retailers. Local weather conditions, the loss of a heavy industrial user of electricity and any increases or decreases in local utility rates influence this revenue source.

Payments in Lieu of Taxes is levied by the City of King based on a contract with Reynolds American (formerly RJ Reynolds). The contract states that, in lieu of annexation, Reynolds

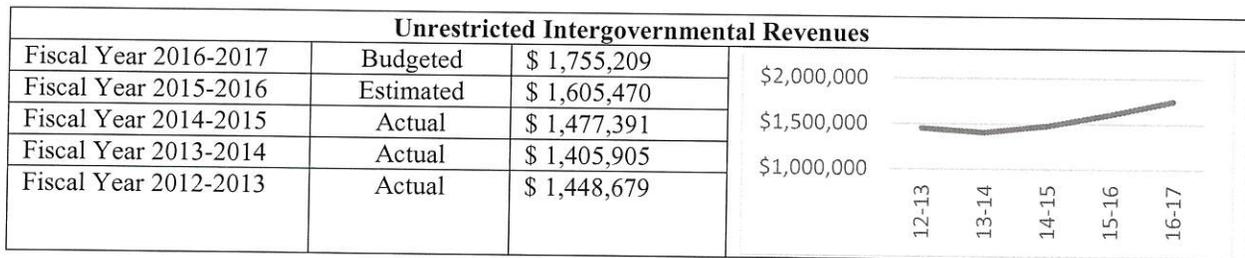
General Fund Revenue Assumptions and Analysis

American will pay the City of King a total sum of \$230,000 each year. Forsyth County levies the tax bill for real and personal property and the City of King bills for the difference between ad valorem tax and \$230,000 so that the City receives a total of \$230,000 from Reynolds American each year.

Beer and Wine tax is levied by the State of North Carolina on the sale of malt beverages and fortified and unfortified wine. A percentage of the tax on the sales of these beverages that are generated from within the City's corporate limits is distributed to the City by the State on an annual basis.

Senior Center revenues are monies that assist in support for the King Senior Center, a facility that provides services and opportunities to citizens age 55 and older. These revenues include an annual contribution from Stokes County, grant funding from the Piedmont Triad Regional Council, an annual chicken stew fundraiser, facility rentals and other contributions/donations. The remaining funding needed for the Senior Center is provided from general revenues for the City.

The chart below shows the amount of revenue for this category in FY 12-13, FY 13-14, and FY 14-15 with an estimate for FY 15-16 and budgeted for FY 16-17.



Analysis

The North Carolina League of Municipalities (NCLM) indicates that statewide sales tax distributions to local governments for the first six months of FY 15-16 were 4.6% above the comparable period in FY 14-15 and is expected to come in at 4.5% above FY 14-15 for the year. NCLM projects a statewide local sales tax at 3.75% growth above the FY 15-16 level. The Electricity Sales Tax, Piped Natural Gas Tax and Telecommunications Sales Tax (formerly grouped as Utilities Franchise Tax) and Video Programming taxes have remained relatively stable for the City. NCLM projects a 3.5% growth in for Electricity Sales Tax, a 2% decrease for Telecommunications Sales Tax, a 2% decrease for Piped Natural Gas Excise Tax, and a 5.5% decrease in Local Video Programming Revenues. The continuing decline in Telecommunications revenue is largely attributed to consumers opting to forgo landlines in favor of wireless service. Beer and Wine tax has a projected increase of 5% for FY 16-17, compared to a projected decrease of 6% for FY 15-16. The Payment in Lieu of Tax from Reynolds American will remain a stable source of revenue as long as the manufacturer remains in residence. The revenues for the Senior Center have remained relatively stable from year to year. A dependence on intergovernmental revenues, which carry stipulations, can have an adverse impact on the financial condition of a city because of restrictions attached to the revenue.

General Fund Revenue Assumptions and Analysis

Restricted Intergovernmental Revenues

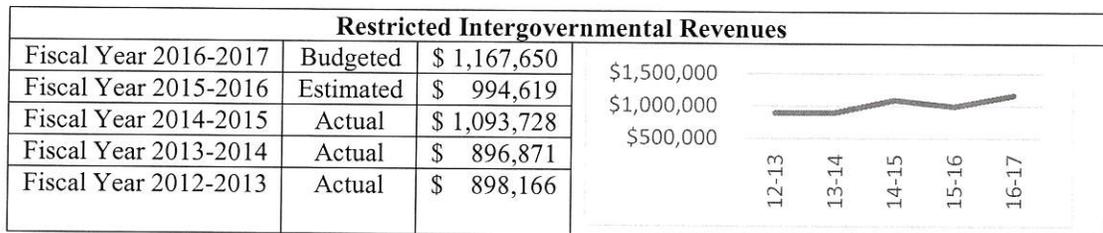
Major revenue sources for Restricted Intergovernmental Revenues include Powell Bill funding, Fire District revenue and Motor Vehicle fee.

Powell Bill revenue is no longer an annual appropriation from the State Highway Fund for the proceeds from a one and three-fourth (1 ¾) cents tax on each gallon of gasoline sold in the state. The tie between the gas tax and Powell Bill funds has been broken and, instead, Powell Bill is now a direct appropriation of state dollars. The City’s annual distribution of Powell Bill revenue is calculated based upon two factors – a per capita rate and the number of street miles maintained within the City’s corporate limits. To receive funds, each municipality must file an annual certified map and an annual expenditure report with the state. These funds may only be used for street and sidewalk construction and maintenance.

Per North Carolina General Statutes, upon petition of a designated percentage of resident freeholders living outside the corporate limits of any city or town, the county will hold a special election for the purpose of levying and collecting a special tax for providing fire protection in said district. The City of King has such a special fire tax district in both Stokes and Forsyth Counties. The current tax rate is \$0.065 cents per \$100 of valuation. These funds are restricted for fire service only and the tax is levied and collected by the counties with monthly remittance to the City. The City of King has requested a fire tax increase from both Stokes County and Forsyth County. In FY 15-16, Stokes County approved a \$0.005 (1/2 cent) increase, which makes that rate now \$0.07 while Forsyth County remains at \$0.065. If the current increase requests are approved, Stokes County would increase to \$0.08 and Forsyth County would increase to \$0.075.

In the FY 2009-2010 approved budget, City Council approved Ordinance 2009-03 allowing a General Motor Vehicle Tax of \$5 as provided by the North Carolina General Statutes. This tax funds the Public Safety Capital Reserve Fund, which was created with the Budget Ordinance 2009-02 and the fund is to be used for public safety capital needs.

The chart below shows the amount of revenue for this category in FY 12-13, FY 13-14, and FY 14-15 with an estimate for FY 15-16 and budgeted for FY 16-17.



Analysis

The projected per capital allocation for the FY 2016-2017 Powell Bill distribution is \$20.15 and the projected value of the mileage-based allocation is \$1,624.41 per street mile. As the fire tax received is based on property valuation, this revenue source is subject to changes with revaluation and economic conditions that may reduce property values. The amounts received for the vehicle

General Fund Revenue Assumptions and Analysis

tax have been relatively stable. The budgeted for FY 16-17 includes the requested fire tax increases from both counties.

Permits and Fees

Major revenue sources in this category are fire permits/inspections, building inspections, a yard waste fee and a landfill tipping fee.

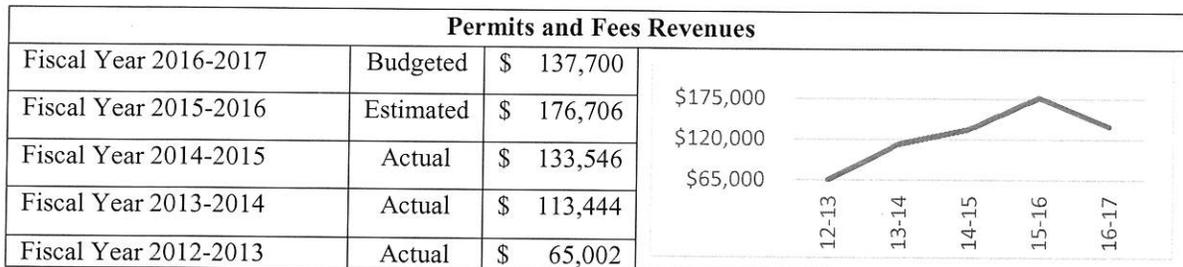
The fire inspection schedule currently runs on an annual basis in an effort to improve safety for businesses subject to fire inspections. This revenue item has seen an increase due to increased frequency of inspections and better billing/collection efforts by the Fire Department.

Economic conditions and the building industry directly impact revenues generated from Building Inspection fees and permits. When the construction industry experiences decline, the number of building permits issued declines; therefore, inspection revenues are directly impacted.

The Yard Waste Fee is a \$50 annual fee for a sticker to be placed on the resident's yard waste cart and will offset a portion of the costs associated with yard waste collection.

The Landfill Tipping is a fee to cover the State's imposition of a landfill tipping fee. This fee is currently included with utility bills and was increased in the approved FY 13-14 budget from \$6 per year to \$24 per year.

The chart below shows the amount of revenue for this category in FY 12-13, FY 13-14, and FY 14-15 with an estimate for FY 15-16 and budgeted for FY 16-17.



Analysis

Fire inspection revenue is expected to remain stable unless a severe economic downturn causes local businesses to close. The City began to see a decrease in building permits beginning in FY 2008-2009 and the downward trend continued and began an upward movement that is now showing signs of flattening as permits through March 2016 were at 445 while previous years were increasing. March 2015 increased to 484 as compared to 395 through March 2014 and 296 through March 2013. The Yard Waste Fee is relatively stable but does not cover the salary and benefits allocated to this department; therefore, other general funding must be used for the remainder of the above and equipment, fuel and costs associated with yard waste collection and disposal. The Landfill Tipping Fee has been stable for the past two fiscal years and is expected to remain so in the future. The dollar revenue for this category is estimated at a significant one-year increase due to commercial permits including WalMart and Dollar Tree.

General Fund Revenue Assumptions and Analysis

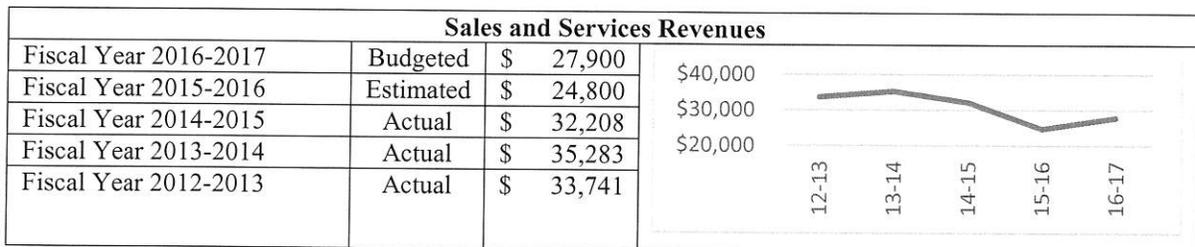
Sales and Services

In this category, major revenues include facility rental fees and athletic fees.

Facility rental fees are those fees charged to citizens who wish to rent a picnic shelter or the community building for a function.

Athletic Fees are those fees charged to youth athletic associations, including baseball/softball and soccer, for the use of the City fields for sporting seasons. The City has a total of eleven fields available for use and the City works primarily with King Little League and the Northern Triad Soccer Club. The City charges player fees and a utility fee if the ball field lights are used for night games.

The chart below shows the amount of revenue for this category in FY 12-13, FY 13-14, and FY 14-15 with an estimate for FY 15-16 and budgeted for FY 16-17.



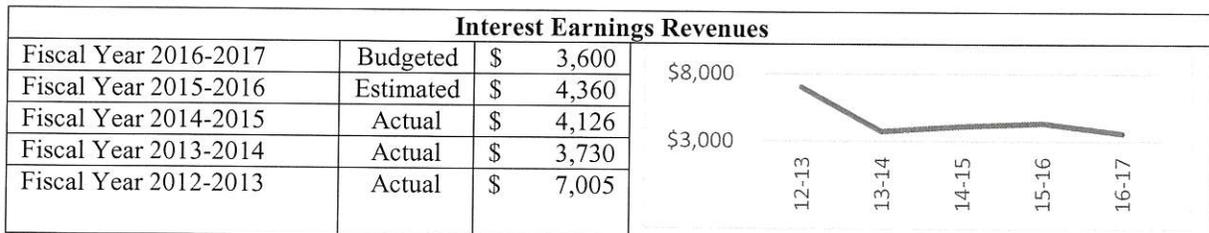
Analysis

The City has seen some decline in facility rentals, likely due to the economic recession. Additionally, while player fees for soccer had remained stable for a five-year period, as with the decline in youth participation for spring little league baseball/softball, youth participation in league soccer is beginning to decline. Some of this decrease is likely also due to the economic recession and some is due to the rise in popularity of travel teams.

Interest Earnings

Investment income includes the return earned on cash and investment balances. Interest is earned on the cash balances invested with the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a7) money market mutual fund and on the cash balances at NewBridge Bank.

The chart below shows the amount of revenue for this category in FY 12-13, FY 13-14, and FY 14-15 with an estimate for FY 15-16 and budgeted for FY 16-17.



General Fund Revenue Assumptions and Analysis

Analysis

The average interest annual yield decreased from 1.65% in FY 2008-2009 to 0.16% for FY 2014-2015. Earnings are showing a slight uptick for FY 2015-2016 at 0.21%. The decrease in earnings yield has directly impacted the amount of revenue generated from this source. This can be tied to the lowering of the Federal Funds Rate by the Federal Reserve. Even though the Federal Reserve increased rates in December 2015 and speculation is that rates will increase at least once in 2016, management felt it best to budget conservatively.

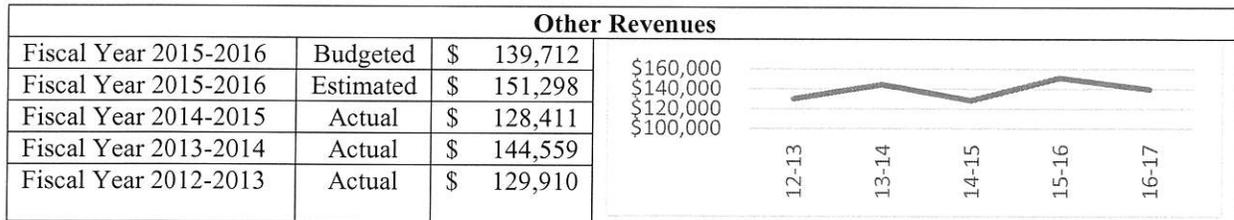
Other Revenues

Included in the category of Other Revenues are rental payments received for a cell phone tower attached to one of the City's water towers and the sale of fuel to other governmental agencies from our fuel facility.

The City leases space on one of our water towers to New Cingular Wireless (also known as AT&T) for a wireless tower. The City receives monthly payments for the lease and the payments are subject to an annual 5% increase. An additional lease with Verizon Wireless was added for FY 15-16.

The City has a fuel facility with gasoline and diesel; the primary purpose is to provide fuel for the City's fleet. In addition, the City sells fuel to Stokes County for their fleet vehicles in this area. The primary users from Stokes County are EMS and YVEDDI (Emergency Medical Services and Yadkin Valley Economic Development District Inc, respectively). YVEDDI provides low-cost transportation for the community, primarily serving the elderly and disabled.

The chart below shows the amount of revenue for this category in FY 12-13, FY 13-14, and FY 14-15 with an estimate for FY 15-16 and budgeted for FY 16-17.



Analysis

Revenues in this category are expected to remain relatively stable. The rental income is per a contract. The fuel revenue is subject to fluctuations in fuel prices and demand for the services provided by the purchasers of our fuel.

Other Financing Sources

Other Financing Sources is comprised of Operating Transfers from other funds, sale of capital assets, and occasionally debt proceeds.

The chart below shows the amount of revenue for this category in FY 12-13, FY 13-14, FY 14-15, an estimate for FY 15-16, and budgeted for FY 16-17.

General Fund Revenue Assumptions and Analysis

Other Financing Sources Revenues			
Fiscal Year 2016-2017	Budgeted	\$ 379,222	
Fiscal Year 2015-2016	Estimated	\$ 383,061	
Fiscal Year 2014-2015	Actual	\$ 447,385	
Fiscal Year 2013-2014	Actual	\$ 218,829	
Fiscal Year 2012-2013	Actual	\$ 340,230	

Analysis

The large increase in this category for FY 2014-2015 contained financings for two patrol cars, a fire rescue truck, streets resurfacing and two parking lot resurfacings. Financings in FY 2016-2017 will include streets paving and police vehicles.

Fund Balance Appropriation

Revenue from Fund Balance Appropriations is the use of equity (net assets) which has been accumulated from previous fiscal years to pay for current fiscal year expenditures.

The chart below shows the amount budgeted for this category in FY 10-11, FY 11-12, FY 12-13, FY 13-14, FY 14-15, FY 15-16, and FY 16-17

	Fund Balance Appropriated	Budgeted	Appropriated (Used)
Fiscal Year 2016-2017	Budgeted	\$ 89,700	
Fiscal Year 2015-2016	Estimated	\$ -	\$ -
Fiscal Year 2014-2015	Actual	\$ 50,364	\$ 50,364
Fiscal Year 2013-2014	Actual	\$ 155,166	\$ -
Fiscal Year 2012-2013	Actual	\$ 177,867	\$ -
Fiscal Year 2011-2012	Actual	\$ 347,320	\$ -
Fiscal Year 2010-2011	Actual	\$ 443,913	\$ -

Analysis

Typically, revenues, including Other Financing Sources, exceed revenues and the appropriated fund balance is not used. Management philosophy is that fund balance shouldn't initially be allocated unless designated for specific, one-time financial commitments. The amount of Fund Balance Appropriated for the FY 2013-2014 was \$155,166, 37% lower than budgeted in FY 2012-2013. This is primarily due to the property tax and landfill tipping fee increases that offset potential losses. The budget for FY 2014-2015 used \$50,364 of appropriated committed fund balance for a down payment on the purchase of the fire rescue truck. The budget for FY 2016-2017 contains an appropriation for fund balance; the appropriation is specifically for construction of a downtown parking lot

General Fund Summary
City of King, North Carolina

Revenues	Budgeted FY 16-17	Budgeted FY 15-16	Estimated FY 15-16
Ad valorem taxes	\$ 2,421,650	2,453,300	\$ 2,412,675
Unrestricted intergovernmental	1,755,209	1,525,750	1,605,470
Restricted intergovernmental	1,167,650	956,500	994,619
Permits and fees	137,700	151,525	176,706
Sales and services	27,900	34,000	24,800
Interest earnings	3,600	3,601	4,360
Other revenues	139,712	165,462	151,298
Other financing sources	379,222	390,421	383,061
Total	6,032,643	5,680,559	5,752,989
Expenditures			
General Government	643,355	586,814	572,900
Public Safety	3,523,952	3,289,314	3,154,731
Transportation	597,243	569,263	518,975
Environmental protection	507,318	651,610	639,978
Culture and recreation	353,911	310,463	290,135
Debt service	485,953	434,288	434,253
Non-Departmental	10,612	8,412	10,080
Other financing uses	-	-	-
Total	6,122,343	5,850,164	5,621,052
Fund balance appropriated	89,700	169,605	
Net change in fund balance			\$ 131,937

Revenues	Budgeted FY 14-15	Actual FY 14-15	Budgeted FY 13-14	Actual FY 13-14
Ad valorem taxes	\$ 2,373,647	\$ 2,401,709	\$ 2,293,837	\$ 2,464,924
Unrestricted intergovernmental	1,424,730	1,570,528	1,368,349	1,405,905
Restricted intergovernmental	1,070,520	1,093,728	884,626	893,947
Permits and fees	104,800	133,546	105,694	113,444
Sales and services	32,300	32,208	28,500	35,583
Interest earnings	3,562	4,114	5,850	3,682
Other revenues	124,050	128,411	116,672	144,563
Other financing sources	563,229	447,385	235,689	241,213
Total	5,696,838	5,811,629	5,039,217	5,303,261
Expenditures				
General Government	745,111	688,110	601,484	557,291
Public Safety	3,560,419	3,395,064	3,155,364	2,945,834
Transportation	354,853	342,809	349,804	342,348
Environmental protection	568,360	527,596	531,530	509,696
Culture and recreation	351,352	313,023	297,180	284,046
Debt service	337,252	333,656	314,895	314,625
Non-Departmental	1,942	-	10,611	10,611
Other financing uses	-	-	38,850	38,850
Total	5,919,289	5,600,258	5,299,718	5,003,301
Fund balance appropriated	222,451	-	260,501	-
Net change in fund balance	-	\$ 211,371	-	\$ 299,960

General Fund Governing Body Department

DESCRIPTION

The city is governed by its Mayor and City Council who are elected for four year staggered terms in a nonpartisan election. The City Council meets the first Monday of the month at 7:00 pm in the City Hall Council Chamber. The General Fund portion of the Governing Body Department consists of the Mayor, Mayor Pro Tempore, and three (3) City Council members, all 50% (split with the Enterprise Fund portion of the Governing Body Department).

BUDGET BRIEF

The adopted budget for the Governing Body Department reflects a 7.63% decrease. The decrease is primarily due to a decrease in anticipated legal fees and no election fees for FY 16-17.

GOVERNING BODY HIGHLIGHTS FOR FY 2015-2016

- Sponsored Fourth of July Fireworks at Recreation Acres Park
- Co-sponsored *Meet Me on Main* Downtown Street Celebration in May 2016
- Co-Sponsored KingFest in November 2015
- Co-Sponsored Downtown Trick-or-Treat event on Halloween
- Co-Sponsored 5K runs for charity during the year
- Attended annual Employee Appreciation Luncheon in December 2015
- Approved FY 2016-2016 Budget on June 6, 2016

PERFORMANCE MEASURES

Governing Body	2015	2014	2013	2012
Number of City Council Meetings	15	24	27	23

PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
Governing Body	\$62,728	\$63,436	\$55,943	\$55,205	\$56,106	\$56,106

General Fund Administration Department

DESCRIPTION

The Administration Department is tasked with developing an organization that is responsive to the desires of the City Council and the needs of the citizens. Formal and informal communication is emphasized involving the citizens, our governing body, our department heads, and our employees. This interaction helps in the establishment and fulfillment of goals that improve and maintain the quality of life in our community that we all enjoy. The General Fund portion of the Administration Department consists of the City Manager and the City Clerk 50% (split with the Enterprise Fund portion of the Administration Department).

BUDGET BRIEF

The adopted budget for the Administration Department reflects an 11.38% increase. The increase is due to an increase in Contracted Services for a new City website.

ADMINISTRATION HIGHLIGHTS FOR FY 2015-2016

- City Manager Homer Dearmin prepared and presented the proposed budget for FY 16-17 to the City Council in April 2016

PERFORMANCE MEASURES

		2015	2014
City Manager	Balanced budget presented to City Council	Yes	Yes
	Explore social media options for community outreach	Yes	Yes
City Clerk	Complete draft minutes of prior council meeting(s) for approval at the next meeting	100%	100%
	Scan documents into the City's Laserfiche system within 30 days of the date they become effective	100%	100%

PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
General Fund Administration	\$128,106	\$123,285	\$139,218	\$134,107	\$137,310	\$137,310

General Fund Finance Department

DESCRIPTION

The Finance/Personnel Services Department of the City of King provides assistance to city administrators in maintaining the city's overall financial stability through sound financial planning and management. The Finance Department is responsible for the management of public funds and records in accordance with the Local Government Budget and Fiscal Control Act and other state and federal requirements. The General Fund portion of the Finance Department consists of the Director of Finance and Personnel, Accounts Payable Technician, and Payroll Technician, all 50% (split with the Enterprise Fund portion of the Finance Department).

BUDGET BRIEF

The adopted budget for the Finance Department reflects a 13.25% increase. The increase is due to projected salary increases and Contracted Services for tax collection fees and employee random drug screens.

FINANCE HIGHLIGHTS FOR FY 2015-2016

- Held annual employee Health & Benefits Fair in May 2016
- Received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the sixth year
- Received the Certificate of Recognition for Budget Preparation from the Government Finance Officers Association for the third year
- Received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for the second year

PERFORMANCE MEASURES

Finance	2015	2014	2013
Receive unqualified (clean) audit opinion	Yes	Yes	Yes
Dollar Amount of AP Checks	\$16,318,739	\$9,173,524	\$5,223,826
Number of W-2's Printed	119	120	120

PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
General Fund Finance	\$171,693	\$139,902	\$175,092	\$160,920	\$158,438	\$158,438

Planning & Inspections Department

DESCRIPTION

The planning department assists the citizens of King and its ETJ in assuring that the quality of life is protected through good growth management practices. By working together we have built a strong community with peaceful residential areas, attractive business corridors, a revitalized downtown and a strong tax base. The Planning Department consists of the Director of Planning & Inspections and an Administrative Assistant/Permit Technician.

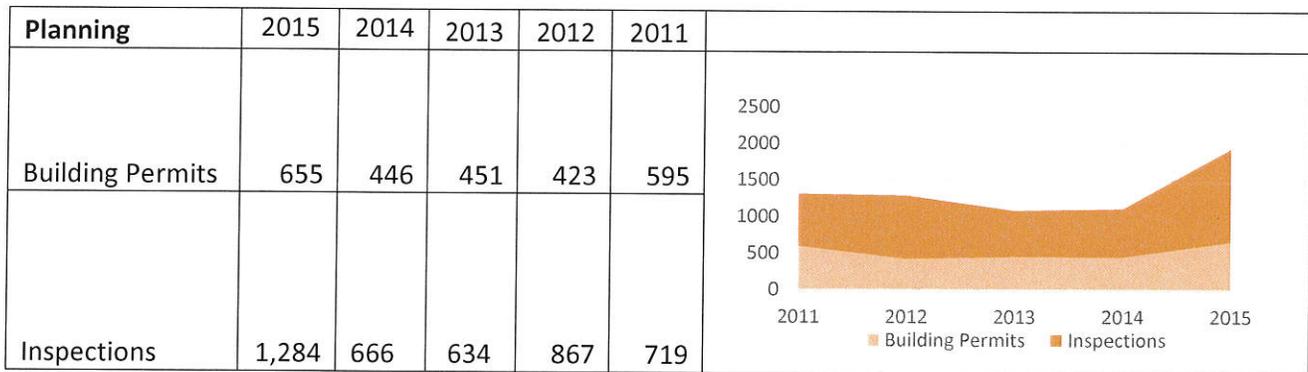
BUDGET BRIEF

The adopted budget for the Planning and Inspections Department reflects a 2.36% increase. The increase is due to salary increases.

PLANNING AND INSPECTIONS HIGHLIGHTS FOR FY 2015-2016

- Increase of 46.87% in permits issued from FY 13-14 to FY 14-15
- Construction of a Wal-Mart supercenter is anticipated to be complete in Fall 2016
- Director of Planning & Inspections named NC Zoning Official of the Year
- Director of Planning & Inspections attended NCAZO Seminar in July 2015

PERFORMANCE MEASURES



PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
Planning and Inspections	\$191,253	\$180,440	\$181,858	\$186,850	\$184,691	\$184,691

Public Buildings Department

DESCRIPTION

The Public Buildings Department is responsible for the maintenance of City buildings and janitorial services through an outside contractor.

BUDGET BRIEF

The adopted budget for the Public Buildings Department reflects a 429.19% increase. The increase is due to the construction of a downtown parking lot.

PUBLIC BUILDINGS HIGHLIGHTS FY 2015-2016

- Added privacy slats to fence at Recycling Center
- Replaced chairs in Council Chambers
- Replaced carpet in three sections of City Hall

PROGRAM SUMMARY

	FY 2014-2015 Prior Year Actual	FY 2015-2016 Current Year Original	FY 2015-2016 Current Year Estimate	Request	FY 2016-2017 Continuation Recommended	Adopted
Public Buildings	\$134,330	\$20,184	\$20,799	\$117,228	\$106,810	\$106,810

Police Department

DESCRIPTION

The mission of the City of King Police Department is to defend life, peace and property without hesitation. The Police Department consists of twenty (20) sworn law officers, three (3) civilian administrative staff, and two (2) part-time officers.

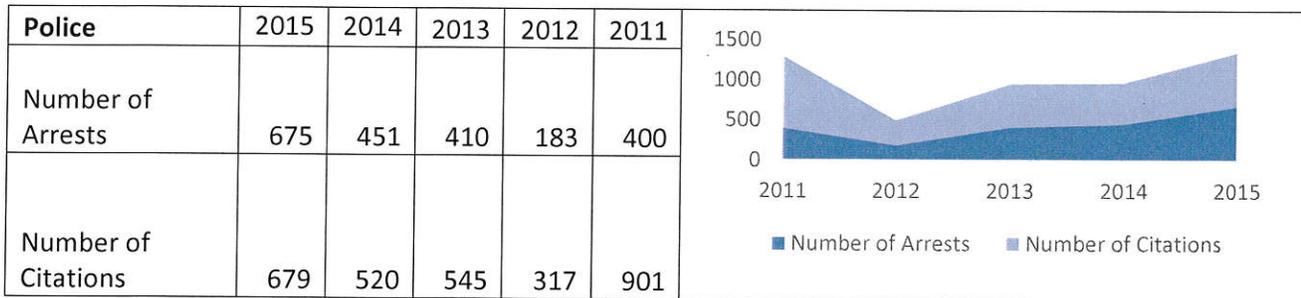
BUDGET BRIEF

The adopted budget for the Police Department reflects a 4.48% increase. The increase is due primarily to the addition of a new position, body armor replacement, and an emergency sign.

POLICE DEPARTMENT HIGHLIGHTS FOR FY 2015-2016

- All sworn officers received the required amount of in-service training
- Purchased two new patrol vehicles
- King was named one of the state's 50 safest cities in 2014 by CreditDonkey.

PERFORMANCE MEASURES



PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
Police Department	\$1,625,848	\$1,776,950	\$1,664,437	\$2,063,462	\$1,856,529	\$1,856,529

Police Department

GOALS

	FY 15-16 ¹	FY 14-15	FY 13-14
D.A.R.E. Program Education at King Elementary	4	N/A	N/A
Increase foot patrols	1,710	N/A	N/A
Increase DWI enforcement	21	N/A	N/A
Maintain welfare checks KingCares Program	50	N/A	N/A
Increase Public service and Police service	225	N/A	N/A
Number of vehicles replaced	2	2	3

¹ FY 15-16 data from a new reporting system was available only for December 2015 – March 2016 at the time of document printing. Data for FY 15-16 will be updated in a comparable time period with FY 16-17 for the next budget document.

Fire Department

DESCRIPTION

The mission of the City of King Fire Department is to protect the safety, health, and well being of our citizens through education, readiness, and community spirit. Our services include fire suppression, emergency medical response, hazardous material response, heavy rescue, and fire prevention through public education, fire inspections, hydrant maintenance, pre-fire surveys, and fire investigations. The Fire Department consists of fifteen (15) full-time firefighters, three (3) administrative staff, one (1) part-time administrative assistant and approximately twenty-five (25) volunteer firefighters.

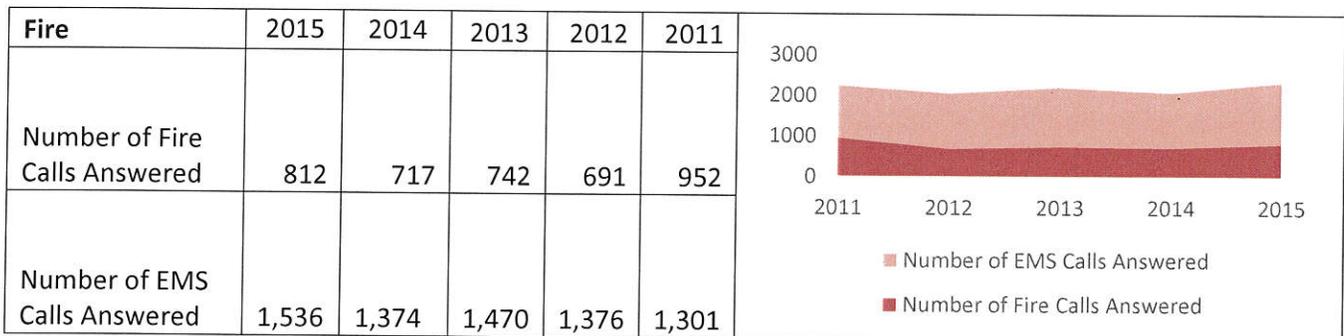
BUDGET BRIEF

The adopted budget for the Fire Department reflects a 12.7% increase. The increase is due to the addition of two positions, contingent upon receiving the requested fire tax increase from Forsyth County, and purchase of a new generator to replace an aging unit.

FIRE DEPARTMENT HIGHLIGHTS FOR FY 2015-2016

- Purchased a new rescue truck.
- Firefighters attended mandatory training hours to retain certifications.

PERFORMANCE MEASURES



PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
Fire Department	\$1,116,988	\$1,479,631	\$1,490,294	\$1,684,945	\$1,667,423	\$1,667,423
City Share	\$ 652,228	\$ 827,131	\$ 854,430	\$ 949,068	\$ 822,223	\$ 822,223

Fire Department

GOALS

	2015	2014	2013	2012
Replace 5 sets of PPE annually	100%	100%	100%	100%
Increase hours spent on Public Education	98	85	189	340
Increase fire and life safety inspections	368	363	345	354
Improve ISO rating	6/9e	6/9e	6/9e	6/9e

Streets Department

DESCRIPTION

The Streets department is responsible for maintaining the City's 39.667 miles of streets. The Streets Department consists of two (2) employees 50% (split with Public Works) and one employee for 80% (split with Solid Waste).

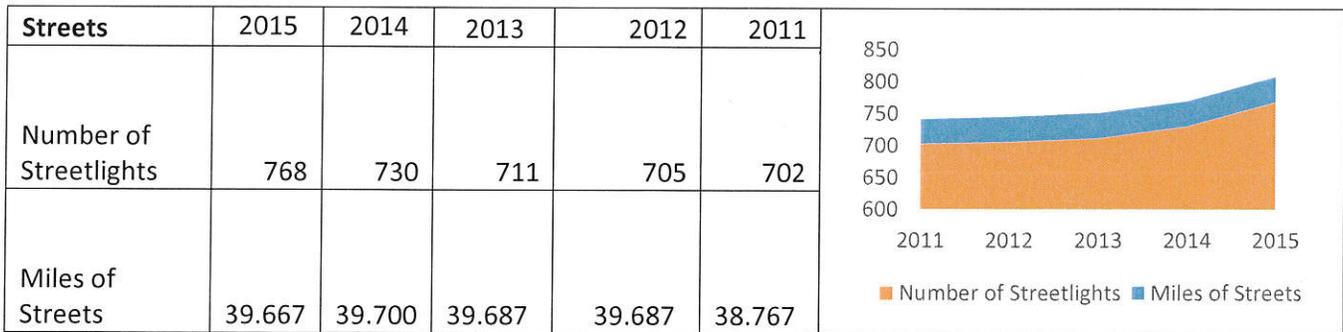
BUDGET BRIEF

The adopted budget for the Streets Department reflects a 42.32% increase. This increase is due to budgeted expenditures for an increase in the distance/cost of streets resurfacing and downtown improvements including decorative lighting.

STREETS DEPARTMENT HIGHLIGHTS FOR FY 2015-2016

- Resurfaced portions of five City streets
- Performed routine maintenance and mowing

PERFORMANCE MEASURES



PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
Streets	\$342,809	\$419,669	\$518,975	\$600,964	\$597,243	\$597,243

Solid Waste Department

DESCRIPTION

The Solid Waste Department is responsible for yard cart, leaf and brush pickup. The City utilizes an outside contractor for curbside garbage collection. The Solid Waste Department consists one employee for 20% (split with Streets) and two (2) part-time employees at the Recycling Center.

BUDGET BRIEF

The adopted budget for the Solid Waste Department reflects a 33.82% decrease. The decrease is due to the purchase of a new brush truck in FY 15-16 not included for FY 16-17.

SOLID WASTE DEPARTMENT HIGHLIGHTS FOR FY 2015-2016

- Sold 158 annual yard cart annual permits
- Contracted for garbage service to an estimated 2,525 customers
- Operates a Recycling Facility that collects recyclables; approximately 90 tons of recyclables are dropped off at the facility each year

PERFORMANCE MEASURES

Solid Waste	2016 (est.)	2015	2014	2013	2012	2011	2010
Number of garbage customers	2,525	2,505	2,496	2,482	2,472	2,446	2,425
Garbage Service Cost	\$294,797	\$293,541	\$292,319	\$291,930	\$289,407	-	-
Yard Cart Permits sold	148	158	158	146	155	-	-
Revenue from Yard Cart Permits	\$7,416	\$7,908	\$7,900	\$7,350	\$7,750	-	-
Revenue from Recycling	\$2,325	\$4,063	\$5,287	\$4,571	\$9,381	-	-

PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
Solid Waste	\$354,872	\$474,827	\$472,068	\$359,373	\$314,263	\$314,263

Public Works Department

DESCRIPTION

The Public Works Department is responsible for the bulk fuel facility and overall management of maintenance. The Public Works Department consists of two (2) employees 50% (split with Streets)

BUDGET BRIEF

The adopted budget for the Public Works Department reflects a 2.87% increase. The increase is due to increases in salaries.

PUBLIC WORKS DEPARTMENT HIGHLIGHTS FOR FY 2015-2016

- Employees performed routine maintenance tasks

PERFORMANCE MEASURES

Public Works	2015	2014	2013	2012	2011	2010
Gallons of Diesel Fuel Purchased	27,418	25,934	25,421	23,758	NA	NA
Gallons of Gasoline Purchased	54,924	48,014	42,725	58,528	NA	NA
Revenue from fuel sales	\$ 90,027	\$101,895	\$94,237	\$124,677	\$102,763	\$91,003

PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
Public Works	\$172,724	\$187,683	\$167,910	\$220,784	\$193,055	\$193,055

Recreation Acres Park Department

DESCRIPTION

The Recreation Acres Park Department is responsible for maintaining the City's Recreation Acres Park. This fifty-five acre park hosts a community building available for rental, eleven ball fields, a walking trail and children's play area. The Recreation Acres Park Department consists of one (1) full-time and one (1) part-time employee.

BUDGET BRIEF

The adopted budget for the Recreation Acres Department reflects a 14.25% increase. The increase is due to budgeted expenditures for upfits to the community building and repairs to ballfields.

RECREATION ACRES PARK HIGHLIGHTS FOR FY 2015-2016

- Host site for the City's annual Fourth of July fireworks display
- Home to King Little League and Northern Triad Soccer Club
- Purchased new chairs and tables for the community building

PERFORMANCE MEASURES

Recreation Acres	2015	2014	2013	2012	2011	2010	2009
Number of Acres	55	55	55	55	55	55	55
Number of Ballfields	11	11	11	11	11	11	11
Rentals of building/picnic shelter ¹	83	57	-	-	-	-	-
Revenue from rentals ¹	\$9,505	\$8,375	-	-	-	-	-

PROGRAM SUMMARY

	FY 2014-2015 Prior Year Actual	FY 2015-2016 Current Year Original	FY 2015-2016 Current Year Estimate	Request	FY 2016-2017 Continuation Recommended	Adopted
Recreation Acres	\$134,011	\$115,445	\$118,125	\$182,427	\$131,890	\$131,890

¹ FY 13-14 was the first year rental revenue for the two parks was tracked separately.

Central Park Department

DESCRIPTION

The Central Park Department is responsible for maintaining the City's Central Park. This twenty-six acre passive park hosts an amphitheater, Veteran's Memorial with fountain, walking trails, a pond, and children's play area. The Central Park Department consists of one (1) full-time employee.

BUDGET BRIEF

The adopted budget for the Central Park Department reflects a 15.79% increase. The increase is due to restroom renovations included in the FY 16-17 budget..

CENTRAL PARK HIGHLIGHTS FOR FY 2015-2016

- Host site for KingFest, Christmas Tree Lighting, Easter Egg Hunt
- Host site for various events produced by the Stokes County Arts Council

PERFORMANCE MEASURES

Central Park	2015	2014	2013	2012	2011	2010	2009
Number of Acres	26	26	26	26	26	26	26
Number of Picnic Shelters	2	2	2	2	2	2	2
Rentals of picnic shelters ¹	30	22	-	-	-	-	-
Revenue from rentals ¹	\$1,895	\$5,127	-	-	-	-	-

PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
Central Park	\$82,701	\$83,036	\$76,812	\$107,776	\$96,141	\$96,141

¹ FY13-14 was the first year rental revenue for the two parks was tracked separately.

Community Development Department

DESCRIPTION

The Community Development Department is responsible for special events including the annual Christmas Tree Lighting ceremony and for a loan/grant program sponsored by the City for downtown business façade improvement. The Community Appearance Committee makes recommendations for these programs.

BUDGET BRIEF

The adopted budget for the Community Development Department reflects a 130.55% increase. The increase is due to budgeted expenditures to design work for a downtown “gateway” as presented in the Stokes2035 Comprehensive Plan.

COMMUNITY DEVELOPMENT HIGHLIGHTS FOR FY 2015-2016

- The Community Appearance Committee organized the annual Christmas Tree Lighting; West Stokes High School band below.



PERFORMANCE MEASURES

Community Appearance	2015	2014	2013	2012
Number of Meetings	2	1	2	4

PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
Community Development	\$3,560	\$7,775	\$6,827	\$22,000	\$17,925	\$17,925

Library Department

DESCRIPTION

The King Library is a member of the Northwest Regional Library and provides a variety of services including printed media, audio and video media, a computer lab, and storytime. The City of King owns the building and provides maintenance and an annual financial contribution for books. The library association provides the remainder of funding, including employees and materials.

BUDGET BRIEF

The adopted budget for the Library Department remains approximately flat. The requested amount of \$54,472 included roof replacement; Council determined this is not an immediate need but agreed this will need to be included in either the FY 17-18 or FY 18-19 budget.

LIBRARY HIGHLIGHTS FOR FY 2015-2016

- Preschool story time each Tuesday at 10:30 am
- Book club meeting the second Tuesday of each month at 7:00 pm
- Variety of offerings throughout the year including book signings, Teen Tech Night, Teen Game Night, host for Early Voting, and an annual photography contest.

PERFORMANCE MEASURES

Library	2015	2014	2013	2012	2011	2010	2009
Materials Circulated	79,725	80,621	84,396	79,983	86,277	82,055	84,023
Internet Use	28,671	23,003	24,078	25,085	22,704	22,571	21,710

PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
Library	\$14,857	\$14,890	\$13,434	\$54,472	\$15,040	\$15,040

Senior Center Department

DESCRIPTION

The Senior Center's mission statement is an extra-governmental facility affiliated with the City of King dedicated to providing services and opportunities to citizens 55 years and older and their families. It is publicly and privately funded and operates for all senior adults in the community, regardless of race, color, religion, sex, national origin or disability. The King Senior Center exists to enrich the lives of seniors through programs and services that will improve their health and wellness, decrease their loneliness and isolation, and provide social, economic, and educational opportunities that will enhance their quality of life. The King Senior Center has been designated as a Center of Merit. The Senior Center Department consists of one (1) full-time and one (1) part-time employee.

BUDGET BRIEF

The adopted budget for the Senior Center Department reflects a 19.59% increase. The increase is primarily due to increased salary/benefit costs to meet the new FLSA overtime rule and to improvements to the center.

SENIOR CENTER HIGHLIGHTS FOR FY 2015-2016

- Held the annual Chicken Stew Fundraiser in February 2016

PERFORMANCE MEASURES

Senior Center	2015	2014	2013	2012	2011	2010	2009
Number of Participants (monthly average)	297	235	165	191	197	248	210

PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
Senior Center	\$77,893	\$77,698	\$74,937	\$79,342	\$92,915	\$92,915
City Share	\$58,034	\$51,698	\$78,437	\$53,342	\$66,915	\$66,915

General Fund Debt Service

DESCRIPTION

As a means to finance long-term capital purchases and projects, the City of King utilizes long term debt. While simultaneously benefiting from its use, the City has traditionally maintained a conservative position regarding the use of debt which is regulated by North Carolina statutes.

BUDGET BRIEF

The total amount of debt outstanding at June 30, 2016 will be \$1,147,282. All of the City's General Fund debt is in the form of installment purchase agreements. In fiscal year 2016-2017 the City intends to secure new debt of \$253,428 for the resurfacing of portions of six (6) City streets, \$28,900 for a new truck for the Streets Department, and \$73,000 for two police vehicles.

Prior to FY 13-14, installment purchase payments were budgeted in the department incurring the debt. New in the FY 13-14 budget was a Debt Service Department.

The amount of debt service principal budgeted for the General Fund in the FY 16-17 budget is \$447,300. The amount of debt service interest budgeted for the General Fund in the FY 16-17 budget is \$38,653. The total amount of debt service budgeted for the General Fund in the FY 16-17 budget is \$485,953.

Computation of Legal Debt Limit

Net Assessed Value - June 30, 2016	\$ 576,656,853	
Debt Limit - Eight Percent (8.0%) of Assessed Value	\$ 48,132,548	
Gross Debt:		
Total Bonded Debt	-	
Installment Purchase Agreements	<u>1,147,282</u>	
Total Gross Debt:	1,147,282	
Total Amount of Debt Applicable to Debt Limit (Net Debt)	<u>1,147,282</u>	0.2%
Legal Debt Margin	\$ 46,985,266	

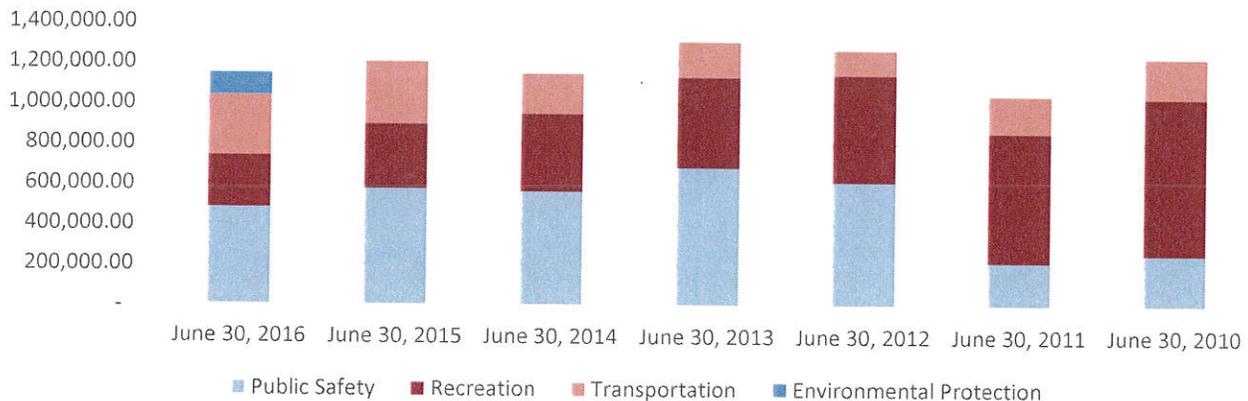
The City is subject to the Local Government Bond Act of North Carolina, which limits the amount of net bonded debt the City may have outstanding to 8% of the assessed value of the property subject to taxation. The City's net debt as a percentage of assessed valuation at June 30, 2016 is 0.2% compared to the legal debt limit of 8%.

General Fund Debt Service

Installment Purchases - General Fund As of June 30, 2016

Purpose of Issue	Date of Issue	Interest Rate	Amount Issued	Principal Outstanding June 30, 2016
<u>Governmental Activities</u>				
Sutphen Shield pumper fire truck	02/14/2007	4.070%	\$ 268,880.00	\$ 31,965.10
Recreation Acres Soccer	08/01/2005	4.330%	\$ 957,100.00	\$ 255,223.00
Streets Paving FY 13-14	10/22/2013	2.290%	\$ 112,632.00	\$ 45,545.32
Brush Truck, Streets Paving, PD Vehicles	10/29/2015	1.650%	\$ 338,692.00	\$ 268,697.31
Sutphen Pumper Fire Truck	08/08/2011	2.910%	\$ 435,000.00	\$ 275,805.97
Streets Paving 12-13	11/16/2012	1.910%	\$ 118,700.00	\$ 24,184.76
Motorola Radios	11/16/2012	1.670%	\$ 190,203.00	\$ 38,697.74
Streets Paving FY 14-15	09/23/2014	2.160%	\$ 113,639.00	\$ 68,162.64
Two Police Cars and Equipment	11/12/2014	2.380%	\$ 70,000.00	\$ 41,984.52
Resurfacing two parking lots	04/14/2015	2.290%	\$ 107,100.00	\$ 64,238.05
Fire Rescue Truck	02/11/2015	1.720%	\$ 65,000.00	\$ 32,777.12
Total			\$ 2,776,946.00	\$1,147,281.53

Outstanding Debt Principal by Service Area



PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
Debt Service Total	\$333,656	\$436,987	\$434,252	\$485,953	\$485,953	\$485,953
(Principal)	\$296,783	\$393,109	\$398,160	\$447,300	\$447,300	\$447,300
(Interest)	\$ 36,873	\$ 43,878	\$ 36,092	\$ 38,653	\$ 38,653	\$ 38,653

General Fund Other Financing Uses, Non-Departmental, and Contingency

OTHER FINANCING USES DESCRIPTION

Other financing Uses represent transfers out of the General Fund to other funds. A prior year annually scheduled transfer was for the Motor Vehicle Tax to be transferred to the Public Safety Capital Reserve Fund. Another transfer used frequently in the past was a transfer to the Technology CPO Fund to be used for technology purchases. This fund will be closed in FY 16-17.

OTHER FINANCING USES BUDGET BRIEF

The total amount of Other Financing Uses budgeted for FY 2016-2017 is \$0. See table below for prior years' amounts for Other Financing Uses.

	Other Financing Uses	
Fiscal Year 2016-2017	Budgeted	\$ 0
Fiscal Year 2015-2016	Estimated	\$ 0
Fiscal Year 2014-2015	Actual	\$ 0
Fiscal Year 2013-2014	Actual	\$ 38,850
Fiscal Year 2012-2013	Actual	\$ 45,684
Fiscal Year 2011-2012	Actual	\$ 33,565

NON-DEPARTMENTAL DESCRIPTION

Non-Departmental typically contains an item or items that don't fit well into departmental budgets. The Non-Departmental budget for FY 2016-2017 contains one item, the state-required local government contribution to a reserve account with the Employment Security Commission. In North Carolina, local governments weren't required to make a quarterly contribution for unemployment benefits but rather paid as the benefits were paid to terminated employees. In 2013, S.L. 2013-2 required that local governments maintain an unemployment insurance account that is equivalent to 1% of the taxable wage base per paid employee. The taxable wage base was originally set at \$20,900 per employee and will be indexed annually. Benefits will be paid to former employees from this reserve and the reserve will be replenished as needed.

NON-DEPARTMENTAL BUDGET BRIEF

The total amount of Non-Departmental budgeted for FY 2016-2017 is \$10,612. The City's account was determined to be fully funded for the FY 14-15 year; expenditures in this budget year were to replenish the escrow due to benefits paid to former employees.

	Non-Departmental	
Fiscal Year 2016-2017	Budgeted	\$ 10,612
Fiscal Year 2015-2016	Estimated	\$ 230
Fiscal Year 2014-2015	Actual	\$ 0
Fiscal Year 2013-2014	Actual	\$ 10,611

General Fund Other Financing Uses, Non-Departmental, and Contingency

CONTINGENCY DESCRIPTION

Contingency includes an allocation of funds for unexpected items that may occur in a Fiscal Year Budget and is normally used first if the budget must be amended. This item is recommended by the Fiscal Management Staff of the NC Local Government Commission. These funds may not legally exceed 5.0% of all other General Fund appropriations.

CONTINGENCY BUDGET BRIEF

The total amount of contingency budgeted for FY 2016-2017 is \$0. See table below for prior years budgeted amounts for contingency.

	Contingency Budgeted	
Fiscal Year 2016-2017		\$ -
Fiscal Year 2015-2016		\$ -
Fiscal Year 2014-2015		\$ -
Fiscal Year 2013-2014		\$ -
Fiscal Year 2012-2013		\$ 21,170
Fiscal Year 2011-2012		\$ 21,170
Fiscal Year 2010-2011		\$ 21,100

Public Safety Capital Reserve

DESCRIPTION

A non-major fund meets criteria to be accounted for separately as a Governmental Fund but does not meet criteria to be presented separately in the basic financial statements in the annual CAFR.

Public Safety Capital Reserve Fund – The City has legally adopted a Public Safety Capital Reserve Fund to be used for capital needs for the Public Safety Departments (Police and Fire). The City adopted a \$5 vehicle fee to fund this reserve. In the Comprehensive Annual Financial Statement (CAFR), under GASB 54 guidance, this fund is consolidated in the General Fund.

BUDGET BRIEF

The amount of transfer to the Public Safety Capital Reserve Fund budgeted for FY 2016-2017 is \$0. See table below for prior years' amounts for amounts transferred to the Public Safety Capital Reserve Fund from the General Fund.

	Transfers In (Revenue)	Public Safety Capital Reserve	Transfers Out (Expenditures)
Fiscal Year 2016-2017	\$ 0	Budgeted	\$ 1,583
Fiscal Year 2015-2016	\$ 0	Estimated	\$ 0
Fiscal Year 2014-2015	\$ 0	Actual	\$ 0
Fiscal Year 2013-2014	\$ 26,654	Actual	\$ 59,343
Fiscal Year 2012-2013	\$ 23,850	Actual	\$ 46,193
Fiscal Year 2011-2012	\$ 21,600	Actual	\$ 737
Fiscal Year 2010-2011	\$ 18,900	Actual	\$ 0

PUBLIC SAFETY CAPITAL RESERVE HIGHLIGHTS FOR FY 2015-2016

No transfers were made into or out of this fund in FY 2015-2016. The balance in this fund, \$1,583, is budgeted for FY 2016-2017 to be transferred to the General Fund and will be used for public safety capital needs. The fund will remain open for future use.

Federal Forfeiture Fund

DESCRIPTION

A non-major fund meets criteria to be accounted for separately as a Governmental Fund but does not meet criteria to be presented separately in the basic financial statements in the annual CAFR.

Federal Forfeiture Fund – This fund accounts for federal drug forfeiture funds received and these funds may be spent for certain law enforcement purposes only.

BUDGET BRIEF

The amount of anticipated revenue budgeted for the Federal Forfeiture Fund in FY 2016-2017 is \$1 for interest earnings. No monies are budgeted to be spent from this fund in FY 2016-2017.

	Revenues	Federal Forfeiture Fund	Expenditures
Fiscal Year 2016-2017	\$ 1	Budgeted	\$ 0
Fiscal Year 2015-2016	\$ 1	Estimated	\$ 0
Fiscal Year 2014-2015	\$ 1	Actual	\$ 0
Fiscal Year 2013-2014	\$ 1	Actual	\$ 4,245
Fiscal Year 2012-2013	\$ 4	Actual	\$ 0
Fiscal Year 2011-2012	\$ 7	Actual	\$ 0
Fiscal Year 2010-2011	\$ 7,621	Actual	\$ 0

FEDERAL FORFEITURE FUND HIGHLIGHTS FOR FY 2015-2016

No monies were spent from this fund in FY 2015-2016.

State Forfeiture Fund

DESCRIPTION

A non-major fund meets criteria to be accounted for separately as a Governmental Fund but does not meet criteria to be presented separately in the basic financial statements in the annual CAFR.

State Forfeiture Fund – This fund accounts for state drug forfeiture funds received and these funds may be spent for certain law enforcement purposes only. Prior years' expenditures include supplies for DARE (Drug Abuse Resistance Education) in King Elementary School and surveillance equipment.

BUDGET BRIEF

The amount of anticipated revenue budgeted for the State Forfeiture Fund in FY 2016-2017 is \$300. No monies are budgeted to be spent from this fund in FY 2016-2017.

	Revenues	State Forfeiture Fund	Expenditures
Fiscal Year 2016-2017	\$ 0	Budgeted	\$ 0
Fiscal Year 2015-2016	\$ 745	Estimated	\$ 0
Fiscal Year 2014-2015	\$ 627	Actual	\$ 1,530
Fiscal Year 2013-2014	\$ 2,926	Actual	\$ 7,636
Fiscal Year 2012-2013	\$ 1,747	Actual	\$ 1,597
Fiscal Year 2011-2012	\$ 5,196	Actual	\$ 10,073
Fiscal Year 2010-2011	\$ 714	Actual	\$ 7,711

STATE FORFEITURE FUND HIGHLIGHTS FOR FY 2015-2016

No monies were spent from this fund in FY 2015-2016.

Technology Fund

DESCRIPTION

A non-major fund meets criteria to be accounted for separately as a Governmental Fund but does not meet criteria to be presented separately in the basic financial statements in the annual CAFR.

Technology Fund – This fund accounts for funds that are internally assigned to expenditures for specified technology purposes.

BUDGET BRIEF

The amount of transfers budgeted for the Technology Fund in FY 2016-2017 is \$15,311. Normal expenditures from this fund are to replace computers on a rotating basis and to pay for additional technology needs.

	Technology Fund Revenues		Technology Fund Expenditures
Fiscal Year 2016-2017	\$ 0	Budgeted	\$ 15,311
Fiscal Year 2015-2016	\$ 50	Estimated	\$ 18,400
Fiscal Year 2014-2015	\$ 6	Actual	\$ 0
Fiscal Year 2013-2014	\$ 36,963	Actual	\$ 16,251
Fiscal Year 2012-2013	\$ 31,428	Actual	\$ 36,697
Fiscal Year 2011-2012	\$ 5,196	Actual	\$ 22,930
Fiscal Year 2010-2011	\$ 714	Actual	\$ 17,032

TECHNOLOGY FUND HIGHLIGHTS FOR FY 2015-2016

Monies in the amount of \$18,400 were used from this fund to replace aging computers in FY 2015-2016; revenue was interest earnings. The balance in this fund, \$15,311, is budgeted to be transferred for replacement of aging computers in FY 2016-2017, and this fund will be closed in FY 2016-2017.

General Fund Long-Range Financial Forecast

A five-year Revenue and Expense projection is described and illustrated below. These projections indicate modest revenue growth. Projected population estimates were not readily available for the City of King; the percentage of change in projected population for Stokes County was applied to the City of King for purposes of this report.

More detail concerning each revenue type may be found in the General Fund Revenues section.

Revenues

Projected Revenues	2018	2019	2020	2021	2022
Population	6,373	6,334	6,300	6,268	6,300
Operating Revenues					
Property Tax	\$ 2,486,519	\$2,544,952	\$2,604,759	\$2,665,971	\$2,728,621
Unrestricted Intergovernmental					
Local Option Sales Tax	892,320	928,013	965,133	1,003,739	1,043,888
Video programming tax	40,337	39,530	38,739	37,365	37,205
Beer and wine tax	30,000	30,000	30,000	30,000	30,000
Utility Franchise Tax	304,118	305,182	306,250	307,322	308,398
Other	225,741	225,741	225,741	225,741	225,741
Restricted Intergovernmental					
Fire District Tax	650,696	658,049	665,485	673,005	680,610
Powell Bill allocation	205,000	205,000	205,000	205,000	205,000
Other	65,000	65,000	65,000	65,000	65,000
Permits and Fees	100,000	100,000	100,000	100,000	100,000
Sales and Services	28,540	28,540	28,540	28,540	28,540
Interest Earnings	3,562	3,562	3,562	3,562	3,562
Other Revenues	134,142	134,142	134,142	134,142	134,142
Other Financing Sources	5,000	5,000	5,000	5,000	5,000

General Fund Long-Range Financial Forecast

Property Tax

Property tax revenues have averaged a 2.35% increase over the past five (5) years. Property values decreased with the most recent revaluation in 2013 but saw an increase in 2014.

Construction of a Wal-Mart Supercenter is expected to be completed in late 2016/early 2017. As property values are still unsettled, a conservative estimate, even with the addition of property tax revenue from the Wal-Mart property, remains at the five-year average of 2.35%.

Unrestricted Intergovernmental

Sales tax revenues have averaged an increase of 4.09% over the past five (5) years. The City should see a bounce in sales tax revenue from sales at the Wal-Mart Supercenter but not until late in the 2016-2017 fiscal year or later. At this time, this projection will also remain conservative at 4%.

Video programming tax has shown an average decrease of 1.99% over the past five (5) years. As pay-TV providers are expected to continue to experience declines in subscriptions due to a growing popularity and affordability with internet-based viewing, this projection is for a continuing decrease of 2% each year.

Beer and wine tax has shown an average increase of 0.89% over the past five (5) years. This revenue is projected to remain flat over the next five (5) years.

Utility franchise tax has averaged an increase of 0.35% over the past five (5) years. As this revenue source is subject to weather-related fluctuations, the projection will remain at a conservative 0.35% increase per year.

Other unrestricted intergovernmental revenues include payments in lieu of taxes and revenues for the senior center. These remain relatively flat and are projected to continue in that pattern.

Restricted Intergovernmental

Fire District Tax is closely tied to property values and has shown an average increase of only 1.13% over the past five (5) years. As stated above in the Property Tax paragraph, property values are still unsettled; therefore, this revenue is conservatively projected at 1.13% per year.

Powell Bill Funding has shown an average increase of 2.18% over the past five (5) years; however, the past two (2) years have been relatively flat. As our population and number of miles of city-maintained streets are not expected to increase, the projection for this revenue is to remain flat.

Other Restricted Intergovernmental Revenues include solid waste disposal tax, motor vehicle fee, and grant revenue. With the exception of grant revenues, this revenue source remains stable each year. The projection retains a flat amount without grant revenues.

General Fund Long-Range Financial Forecast

Permits and Fees

Permits and Fees revenue includes building inspections/zoning and fire inspections. The building inspections portion is especially subject to large fluctuations, depending on development. For example, revenue for FY 14-15 was up by approximately 50% due to construction of additional units at Carolina Christian Village. Also, this line will be inflated in the current and possibly the next fiscal year for the Wal-Mart Supercenter construction. The revenue projection will not include these artificial fluctuations.

Sales and Services

This category includes facility/shelter rentals at the two parks and fees generated by athletic programs. Due to declining participation in some athletic programs, this category has averaged a 6% decrease over the past five (5) years. In an effort to better accommodate rental customers, the city instituted a half-day rate for the community building. This revenue category is projected to continue to decline for another year or two and then stabilize.

Interest Earnings

Interest rate yields have fallen from 1.65% to .19% in FY 14-15 and had stabilized at that average. Earnings are showing a slight uptick for FY 2015-2016 at 0.21%. Even though, in December 2015, the Fed increased rates for the first time in nine years, the projection is for this revenue source to remain flat without further direction from the Fed.

Other Revenues

This revenue category includes cell tower rental and vehicle fuel sold to outside agencies. The cell tower rental currently increases 5% once per year. Fuel sold to outside agencies saw a 24% decrease from FY 11-12 to FY 12-13, an increase of 7.9% from FY 12-13 to FY 13-14 and a decrease of another 11.65% from FY 13-14 to FY 14-15. Lower fuel prices are expected to offset the cell tower rental increase so this category is projected to remain flat.

Other Financing Sources

This revenue category is also subject to varied fluctuations due to Proceeds from Installment Purchases; \$355,739 in FY 14-15, \$112,632 in FY 13-14, \$308,903 in FY 12-13, and \$535,500 in FY 11-12. Other items remain stable. The projection for this revenue source contains an estimated \$5,000 for sale of fixed assets.

General Fund Long-Range Financial Forecast

Expenditures

More detail concerning expenditures may be found by department in the General Fund section.

Projected Expenditures	2018	2019	2020	2021	2022
Operating Expenditures					
Salaries and Benefits	3,273,154	3,371,349	3,472,490	3,576,664	3,683,964
Operating	1,435,474	1,452,269	1,469,260	1,486,451	1,503,842
Other	35,000	35,000	35,000	35,000	35,000
Debt Service	318,151	184,790	158,469	117,331	117,331

Salaries and Benefits

The salaries and benefits category contains all employee salaries and the employer portion of payroll taxes and benefits. This category has seen an average increase of 1.63% over the past five (5) years. The CPI, often the basis for salary cost-of-living adjustments (COLAs), has remained in the 2% range for several years. Health and other insurances typically increase between 5% and 10% annually. Payroll taxes increase relative to pay increases. The projection for growth in the salaries and benefits category will be 3% per year.

Operating Expenses

This category contains spending relating to normal operations and includes utilities, office supplies, and building/equipment/vehicle maintenance. Overall, the average increase over a five (5) year period has been 1.17%. As inflation is expected to remain stable or decrease over the next few years, this category will be projected to continue a 1.17% annual increase.

Other

Other contains items that don't fit into a department, Non-Departmental, or Other Financing Uses. Examples of expenditures in this category would be transfers to other funds, such as a transfer of earmarked (committed) funds from a specific revenue source, motor vehicle fee, to a capital reserve fund to be used for public safety needs. As this expenditure remains relatively stable, a conservative estimate of \$35,000 per year will be projected.

General Fund Long-Range Financial Forecast

Debt Service

Debt Service is used for payments on installment purchase agreements. The city finances most major capital purchases. At the current time, the majority of loans are for fire trucks, police cars, and streets paving. Projections are actual numbers as known at the time of publication of this document.

Capital Expenditures

A capital expenditure is one for a purchase in excess of \$5,000 (per city policy). The purchase would be for vehicles, buildings, land, etc. If such a purchase is financed, the impact of a capital expenditure on the budget is offset by the revenue from the loan and the budgetary impact is none. The loan payments create the budgetary impact.

The table below contains items that may be requested in future budget years. The Police Department has some remaining Crown Victorias that will be downlined and, should the department expand, more cars would be needed. Streets paving is ongoing each year. The current C-5500 used by Solid Waste will be ten years old in 2018 and the Freightliner leaf truck will be fourteen years old in 2018; both may need replacing at that time. Finally, the Fire Department will look to replace the 2007 Sutphen engine truck in Fiscal 2018-2019.

Please see below for potential capital expenditures and the resulting estimated increase in debt service for fiscal years 2018 – 2022.

Capital Outlay Item	Cost	Debt Service for Fiscal Year				
		2018	2019	2020	2021	2022
2 police cars per year	65,000	29,332	43,998	58,664	73,330	73,330
Streets Paving	112,000	47,522	71,283	95,044	118,805	118,805
Chevy C-5500 Solid Waste	55,000		11,669	11,669	11,669	11,669
Freightliner Leaf Truck	110,000		23,337	23,337	23,337	23,337
Fire Truck	435,000		50,761	50,761	50,761	50,761

General Fund Long-Range Financial Forecast

Long Term Impact

Please see the chart below for increase in dollar amount and percentage increase.

Projected Expenditures	2018	2019	2020	2021	2022
Operating Expenditures					
Salaries and Benefits	3,273,155	3,371,349	3,472,490	3,576,664	3,683,964
Operating	1,435,474	1,452,269	1,469,260	1,486,451	1,506,842
Other	35,000	35,000	35,000	35,000	35,000
Debt Service	318,151	184,790	158,469	117,331	117,331
Total	5,061,779	5,043,408	5,135,219	5,215,446	5,340,138
Debt Service with additional capital items	395,005	385,838	397,944	395,233	395,233
Total Expenditures with additional capital items	5,456,784	5,429,246	5,533,163	5,610,679	5,735,371
Percentage increase	7.80%	7.65%	7.75%	7.58%	7.40%

Non-Recurring Capital Items

As shown above, the impact of recurring needs would create an average increase in overall expenditures of 7.64%. Most non-recurring needs, such as major repairs, would be taken from fund balance. Other non-recurring needs, such as loss due to accidents, would be covered by the City's property/liability insurance coverage and the only expenditure required is the \$500 deductible.

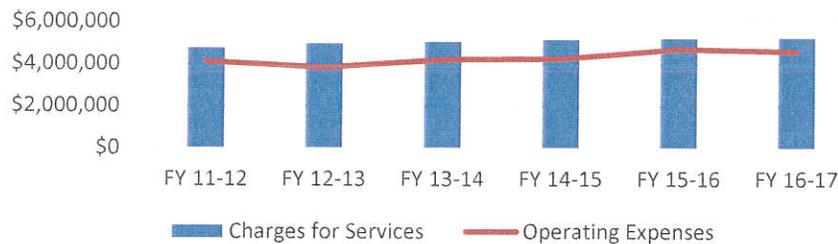
Enterprise Fund Summary

Water and Sewer Fund

The Water and Sewer Fund is used to account for the City's water and sewer operations. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following charts display a history of operating revenues and expenses.

	Charges For Services		Operating Expenses
Fiscal Year 2016-2017	\$5,279,500	Budget	\$4,608,666
Fiscal Year 2015-2016	\$5,230,855	Estimate	\$ 4,717,104
Fiscal Year 2014-2015	\$5,386,704	Actual	\$ 4,450,093
Fiscal Year 2013-2014	\$5,056,718	Actual	\$ 4,213,985
Fiscal Year 2012-2013	\$4,967,739	Actual	\$ 3,824,744



Enterprise Fund	2015	2014	2013	2012	2011	2010
Change in Net Position	\$884,176	\$842,733	\$649,272	\$663,777	\$889,946	\$982,665

For several years, the City increased water rates by five percent (5%) in an effort to build a strong annual contribution to Net Position in order to make an annual payment on a loan for a new water plant. The amount of the loan is \$12,964,312 with an annual budgeted payment of \$648,216.

The City of Winston-Salem collects and treats sewer for the City of King as King does not have a wastewater plant. Sewer customers typically see an average of 7% increase in rates each year. The City-County Utilities Commission determines rates for the City of Winston-Salem and the percentage increase in rates are passed on to the City of King.

Water and Sewer Fund Revenues

Water sales

The City of King is dedicated to providing high quality drinking water to our customers. We also strive to protect the environment. Our water laboratory performs many analyses per year to ensure water quality parameters are met. Samples are also taken to contract laboratories for analyses to ensure that all Federal and State water quality measures are met.

The bi-monthly base water rate for residents living inside the City limits is \$28.15 with an additional \$3.02 per thousand gallons for usage in excess of 4,000 gallons.

The bi-monthly base water rate for residents living outside the City limits is \$35.19 with an additional \$3.78 per thousand gallons for usage in excess of 4,000 gallons.

Additional water sales fees include \$15 per thousand gallons plus a \$25 hydrant hook-on fee for sale of water from a hydrant and a \$25 fee for temporary service as a Clean Up Fee while a dwelling is cleaned between owners or tenants.

Sewer charges

The City's sewage is treated by the City of Winston-Salem.

The bi-monthly base sewer rate for residents living inside the City limits is \$89.88 with an additional \$5.15 per thousand gallons for usage in excess of 4,000 gallons. A proposed 9% increase would change the rates to \$97.97 with an additional \$5.61 per thousand gallons for usage in excess of 4,000 gallons.

The bi-monthly base rate sewer for residents living outside the City limits is \$112.35 with an additional \$6.43 per thousand gallons for usage in excess of 4,000 gallons. A proposed 9% increase would change the rates to \$122.46 with an additional \$7.01 per thousand gallons for usage in excess of 4,000 gallons.

Additional sewer fees include Sewer Biochemical Oxygen Demand/Total Suspended Solid Usage. Residents and non-food establishments are charged \$6.82 bi-monthly and food service establishments are billed \$27.28 bi-monthly.

Water and sewer taps

Tap fees are charged for the cost of connecting a home or business to the public water and/or sewer system. The amount charged depends on the size of the meter needed. Water tap fees range from \$1,090 for a ¾" meter to \$6,000 for a 6" meter. Sewer tap fees range from \$900 for a 4" meter to \$4,000 for an 8" meter.

Water and sewer capacity

A capacity fee is a one-time fee that is charged for new, additional, or larger connections to the water and/or sewer system. Capacity fees recover the costs associated with providing additional facility capacity to new users and existing users requiring additional capacity. Water capacity fees are \$375 and sewer capacity fees are \$562.50. Non-residential customers shall be charged on the estimated average daily use.

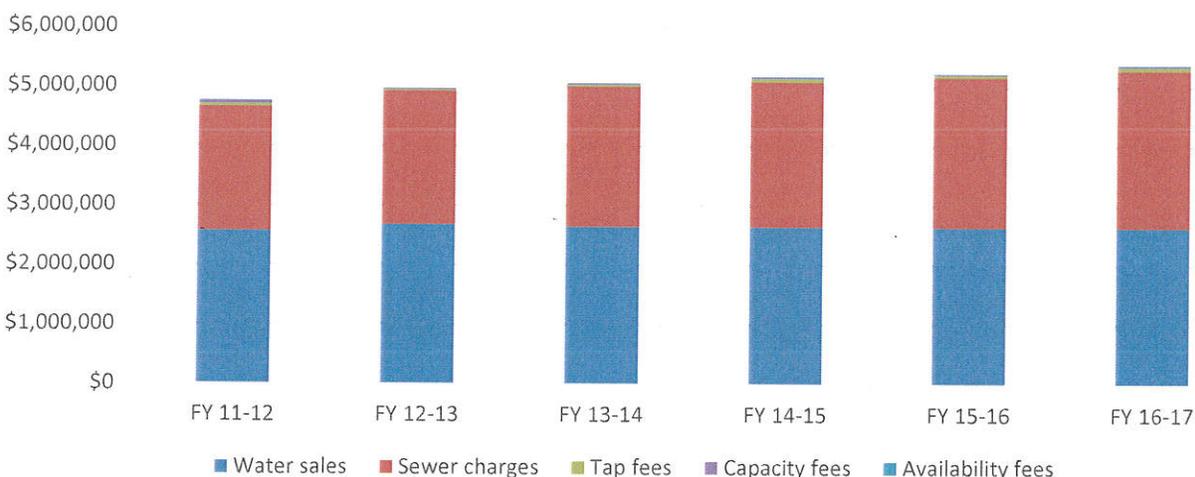
Water and Sewer Fund Revenues

Water and sewer availability

An availability fee is a fee associated with water consumption and is a fixed cost to have service. Water availability fees are \$5 per linear foot and sewer availability fees are \$10 per linear foot.

Operating Revenues (Charges for Services)

		Water Sales	Sewer Charges	Water and sewer taps	Water and sewer capacity	Water and Sewer Availability
Fiscal Year 2016-2017	Budgeted	\$ 2,633,500	\$2,646,000	\$66,000	\$18,000	\$13,000
Fiscal Year 2015-2016	Estimated	\$ 2,634,950	\$ 2,523,657	\$ 48,000	\$ 14,000	\$ 10,248
Fiscal Year 2014-2015	Actual	\$2,741,261	\$2,529,370	\$ 84,125	\$ 20,063	\$ 11,885
Fiscal Year 2013-2014	Actual	\$ 2,645,242	\$ 2,349,486	\$ 35,690	\$ 15,375	\$ 10,925
Fiscal Year 2012-2013	Actual	\$ 2,679,980	\$ 2,240,199	\$ 28,670	\$ 12,750	\$ 6,140

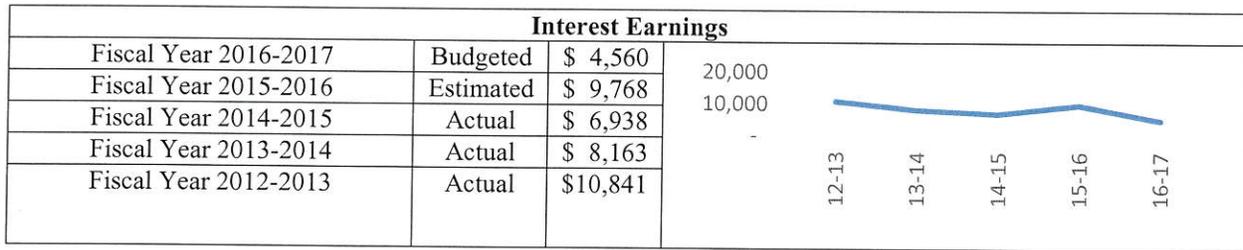


Interest Earnings

Interest income includes the return earned on cash and investment balances. Interest is earned on the cash balances invested with the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a7) money market mutual fund and on the cash balances at NewBridge Bank.

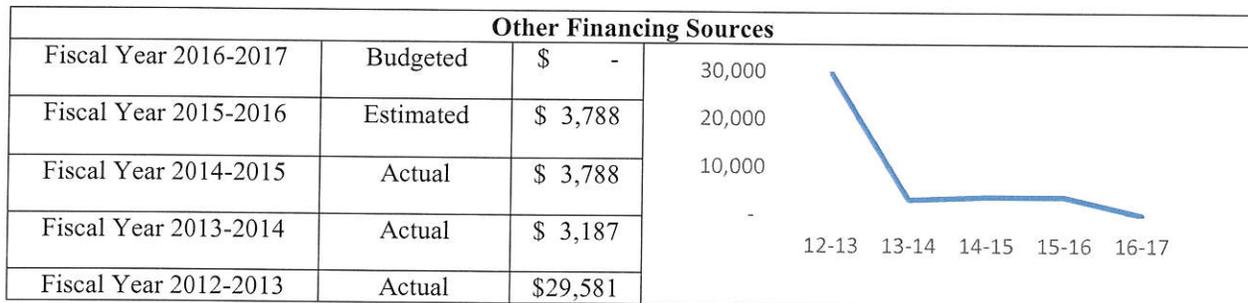
The average interest annual yield has decreased from 1.65% in FY 2008-2009 to 0.16% for FY 2014-2015. Earnings are showing a slight uptick for FY 2015-2016 at 0.21%. The decrease in earnings yield has directly impacted the amount of revenue generated from this source. This can be tied to the lowering of the Federal Funds Rate by the Federal Reserve. Even though the Federal Reserve increased rates in December 2015 and speculation is that rates will increase at least once in 2016, management felt it best to budget conservatively.

Water and Sewer Fund Revenues



Other Financing Sources

Other Financing Sources is commonly comprised of Operating sale of capital assets, and debt proceeds. New for FY 2013-2014 was a Transfer from the Water/Sewer Capital Reserve for the installment payment on FCC mandated radios and this was budgeted again for FY 2014-2015.



Fund Balance Appropriation

Revenue from Fund Balance Appropriations is the use of equity (net assets) which has been accumulated from previous fiscal years to pay for current fiscal year expenditures. Typically, revenues, including Other Financing Sources, exceed revenues and the appropriated fund balance is not used. The original budgets for FY 2014-2015, FY 2015-2016, and FY 2016-2017 contain no appropriation for fund balance; management philosophy is that fund balance shouldn't initially be allocated unless designated for specific, one-time financial commitments.

	Fund Balance Appropriated	Budgeted	Appropriated (Used)
Fiscal Year 2016-2017	Budgeted	\$ -	
Fiscal Year 2015-2016	Estimated	\$ -	\$ -
Fiscal Year 2014-2015	Actual	\$ 80,298	\$ 67,988
Fiscal Year 2013-2014	Actual	\$ 2,494	\$ -
Fiscal Year 2012-2013	Actual	\$ -	\$ -

Enterprise Fund Governing Body Department

DESCRIPTION

The city is governed by its Mayor and City Council who are elected for four year staggered terms in a nonpartisan election. The City Council meets the first Monday of the month at 7:00 pm in the City Hall Council Chamber. The Enterprise Fund portion of the Governing Body Department consists of the Mayor, Mayor Pro Tempore, and three (3) City Council members, all 50% (split with the General Fund portion of the Governing Body Department).

BUDGET BRIEF

The adopted budget for the Governing Body Department reflects a 13.48% decrease. The decrease is primarily due to a decrease in anticipated legal fees and no election fees for FY 16-17.

GOVERNING BODY HIGHLIGHTS FOR FY 2015-2016

- Sponsored Fourth of July Fireworks at Recreation Acres Park
- Co-sponsored *Meet Me on Main* Downtown Street Celebration in May 2016
- Co-Sponsored KingFest in November 2015
- Co-Sponsored Downtown Trick-or-Treat event on Halloween
- Co-Sponsored 5K runs for charity during the year
- Attended annual Employee Appreciation Luncheon in December 2015
- Approved FY 2016-2017 Budget on June 6, 2016

PERFORMANCE MEASURES

Governing Body	2015	2014	2013	2012
Number of City Council Meetings	15	24	27	23

PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
Governing Body	\$52,304	\$71,486	\$53,276	\$62,105	\$61,854	\$61,854

Enterprise Fund Administration Department

DESCRIPTION

The Administration Department is tasked with developing an organization that is responsive to the desires of the City Council and the needs of the citizens. Formal and informal communication is emphasized involving the citizens, our governing body, our department heads, and our employees. This interaction helps in the establishment and fulfillment of goals that improve and maintain the quality of life in our community that we all enjoy. The Enterprise Fund portion of the Administration Department consists of the City Manager and the City Clerk 50% (split with the General Fund portion of the Administration Department) and the Administrative Assistant position for Public Works/Public Utilities.

BUDGET BRIEF

The adopted budget for the Administration Department reflects a 5.75% increase. The increase is due to an increase in Contracted Services for a new City website.

ADMINISTRATION HIGHLIGHTS FOR FY 2015-2016

- City Manager Homer Dearmin prepared and presented the proposed budget for FY 16-17 to the City Council in April 2016.

PERFORMANCE MEASURES

		2015	2014
City Manager	Balanced budget presented to City Council	Yes	Yes
	Explore social media options for community outreach	Yes	Yes
City Clerk	Complete draft minutes of prior council meeting(s) for approval at the next meeting	100%	100%
	Scan documents into the City's Laserfiche system within 30 days of the date they become effective	100%	100%

PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
General Fund Administration	\$184,256	\$183,070	\$208,144	\$196,151	\$193,582	\$193,582

Enterprise Fund Finance Department

DESCRIPTION

The Finance/Personnel Services Department of the City of King provides assistance to city administrators in maintaining the city's overall financial stability through sound financial planning and management. The Finance Department is responsible for the management of public funds and records in accordance with the Local Government Budget and Fiscal Control Act and other state and federal requirements. The Enterprise Fund portion of the Finance Department consists of the Director of Finance and Personnel, Accounts Payable Technician, and Payroll Technician, all 50% (split with the General Fund portion of the Finance Department), the Collections Supervisor, and two Collections Clerks.

BUDGET BRIEF

The adopted budget for the Finance Department reflects an 8.81% increase. The increase is due to projected salary increases and costs for new software.

FINANCE HIGHLIGHTS FOR FY 2015-2016

- Added health vendors to annual employee Benefits Fair in May 2016
- Received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the sixth year
- Received the Certificate of Recognition for Budget Preparation from the Government Finance Officers Association for the third year
- Received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for the second year

PERFORMANCE MEASURES

Finance	2015	2014	2013
Receive unqualified (clean) audit opinion	Yes	Yes	Yes
Dollar Amount of AP Checks	\$16,318,739	\$9,173,524	\$5,223,826
Number of W-2's Printed	119	120	120

PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
General Fund Finance	\$313,440	\$295,223	\$331,907	\$314,411	\$321,211	\$321,211

Enterprise Fund Engineering Department

DESCRIPTION

The City Engineer is responsible for performing professional and administrative work under the general supervision of the City Manager. Supervision is exercised over Public Works, Public Utilities and Water Treatment Plant personnel. Public Works consist of Parks & Recreation, Public Buildings, Streets, Solid Waste and Storm Drainage. Public Utilities consist of Utility Inspections, Meter Reading, Water Distribution and Wastewater Collection.

BUDGET BRIEF

The adopted budget for the Engineering Department reflects a 1.27% increase. The increase is primarily due to projected salary increase.

ENGINEERING HIGHLIGHTS FOR FY 2015-2016

- City Engineer oversaw completion of the water plant upgrade.
- City Engineer completed all necessary recertification credits.
- City Engineer completed bid process and start of construction for the Goff Road replacement pump station project
- Completed all required reporting for drinking water and wastewater and oil & grease awareness. Placed all reports to the City's website which meets reporting guidelines and saves the City money for printing and mailing.

PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
Engineering	\$129,580	\$138,647	\$131,238	\$138,416	\$140,404	\$140,404

Water Operations (Water Plant) Department

DESCRIPTION

The City of King Water Treatment Plant was built between 1966 and 1967 with a design rated capacity of 1.5 million gallons per day. With upgrades throughout the 70's and 80's, the plant's capacity had been elevated to 3.0 million gallons per day. Following the recently completed upgrade that also has a 3.0 million gallons per day capacity, the older portion of the plant is currently not used but may be upgraded at a later time to provide citizens with a 6.0 million gallon per day capacity. The source of the City of King's water supply is the Yadkin River. Water Treatment Plant personnel respond to complaints about water quality and oversee the collection and analysis of distribution system samples to monitor overall system water quality. The Water Plant Department consists of six (6) full-time employees.

BUDGET BRIEF

The adopted budget for the Water Operations Department reflects a 3.73% decrease. The decrease is a net effect of projected lower equipment repair and chemical expenses for new equipment and processes with the plant upgrade combined with additional expenses for an additional position and a truck.

The front cover of this report highlights a new plaque placed at the water plant listing those contributing to the plant upgrade. Please see next page for pictures from the open house in February 2016.

WATER OPERATIONS HIGHLIGHTS FOR FY 2015-2016

- Employees attended mandatory training hours to maintain required certifications.
- The Water Plant Superintendent retired in November 2015 and the Chief Operator was promoted into that position.
- Purchased a new skid steer

PERFORMANCE MEASURES

Water Operations	2015	2014	2013	2012	2011	2010
Water Plant Capacity (millions of gallons per day)	3	3	3	3	3	3
Number of water customers	8,009	7,956	8,508	8,557	8,044	7,957

PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
Water Operations	\$863,513	\$1,142,979	\$889,862	\$1,126,681	\$1,100,444	\$1,100,444

Water Operations (Water Plant) Department



Ribbon cutting



Tour of the facility



Crowd listening to opening remarks



Tour of the facility

Water Distribution Department

DESCRIPTION

The Water Distribution Department is responsible for the maintenance of water lines and meters. The Water Distributions Department consists of nine (9) full-time employees.

BUDGET BRIEF

The adopted budget for the Water Distribution Department reflects a 5.67 % increase. The increase is due to increases in utilities, salaries, and professional services.

WATER DISTRIBUTION HIGHLIGHTS FOR FY 2015-2016

- Purchased a new pickup
- Employees attended mandatory training hours to retain certifications

PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
Water Distribution	\$901,810	\$985,569	\$934,650	\$1,029,028	\$1,041,402	\$1,041,402

Wastewater Collection Department

DESCRIPTION

The Wastewater Collections Department is responsible for the transfer of wastewater to the City of Winston-Salem for treatment.

BUDGET BRIEF

The adopted budget for the Wastewater Collections Department reflects an 11.15% increase. The increase is due to the projected increased cost for sewer treatment by the City of Winston-Salem.

WASTEWATER OPERATIONS HIGHLIGHTS FOR FY 2015-2016

- Employees attended mandatory training hours to retain certifications

PERFORMANCE MEASURES

Wastewater Operations	2015	2014	2013	2012	2011	2010
Number of sewer customers	3,023	2,859	3,015	2,692	2,677	3,000
Average gallons of sewer treated per day	67,693	66,481	66,539	64,434	60,084	NA

PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
Wastewater Operations	\$1,216,160	\$1,301,648	\$1,205,789	\$1,465,522	\$1,446,772	\$1,446,772

Wastewater Maintenance Department

DESCRIPTION

The Wastewater Maintenance Department is responsible for the maintenance of sewer lines and meters. The Wastewater Maintenance Department consists of two (2) full-time employees.

BUDGET BRIEF

The adopted budget for the Wastewater Maintenance Department reflects a 46.13% decrease. The decrease is due to reduced capital outlay for replacement of a sewer pump station.

WASTEWATER MAINTENANCE HIGHLIGHTS FOR FY 2015-2016

- Employees attended mandatory training hours to retain certifications
- Completed preliminary engineering/design and bid awards for construction of the replacement pump station at Goff Road and began construction.

PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2015-2016 Current Year <u>Original</u>	FY 20145-2016 Current Year <u>Estimate</u>	<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
Wastewater Maintenance	\$196,673	\$562,459	\$543,021	\$302,913	\$302,997	\$302,997

Enterprise Fund Debt Service

DESCRIPTION

As a means to finance long-term capital purchases and projects, the City of King utilizes long term debt. While simultaneously benefiting from its use, the City has traditionally maintained a conservative position regarding the use of debt which is regulated by North Carolina statutes.

BUDGET BRIEF

The total amount of Enterprise Fund debt outstanding at June 30, 2016 will be \$13,833,333.09. In fiscal year 2016-2017 the City has no plans to secure new debt for the Enterprise Fund. The FY 16-17 budget includes the second payment on the loan for the water plant, but the loan proceeds and project expenses are budgeted in a capital project ordinance; therefore, the principal outstanding is shown separately on this page.

Prior to FY 13-14, installment purchase payments were budgeted in the department incurring the debt. New in the FY 13-14 budget was a Debt Service Department.

The amount of debt service budgeted for the Enterprise Fund in the FY 16-17 budget is \$853,399; of this, \$803,068 is for principal, \$50,331 is for interest.

Installment Purchases - Enterprise Fund As of June 30, 2016

Purpose of Issue	Date of Issue	Interest Rate	Amount Issued	Principal Outstanding June 30, 2016
<u>Business Type Activities</u>				
Belt Filter Press	9/20/2010	3.927%	\$ 1,600,000.00	\$1,235,475.76
Motorola Radios and F-150 Truck	11/16/2012	1.670%	\$ 37,166.28	\$ 7,459.14
Total			\$ 1,637,166.28	\$1,242,934.90

Bonds - Enterprise Fund As of June 30, 2016

Purpose of Issue	Date of Issue	Interest Rate	Amount Issued	Principal Outstanding June 30, 2016
Rebuild Farm Pumping Station	3/14/2001	2.870%	\$635,800.00	\$222,530.00
Farm Pumping Station	6/2/2000	2.470%	\$258,859.00	\$ 51,771.80
Total			\$894,659.00	\$274,301.80

Enterprise Fund Debt Service

NC DENR – Water Plant Project				
As of June 30, 2016				
Purpose of Issue	Date of Issue	Interest Rate	Amount Issued	Principal Outstanding June 30, 2016
Water Plant Improvements	11/5/2014	0.00%	\$12,964,312.00	\$12,316,096.40

PROGRAM SUMMARY

	FY 2014-2015 Prior Year <u>Actual</u>	FY 2016-2017 Current Year <u>Original</u>	FY 2015-2016 Current Year <u>Estimate</u>		<u>Request</u>	FY 2016-2017 Continuation <u>Recommended</u>	<u>Adopted</u>
Debt Service Total	\$195,824	\$872,587	\$871,036		\$853,399	\$853,399	\$853,399
(Principal)	\$141,305	\$815,935	\$820,686		\$803,068	\$803,068	\$803,068
(Interest)	\$ 54,519	\$ 56,652	\$ 50,350		\$ 50,331	\$ 50,331	\$ 50,331

Enterprise Fund Other Financing Uses, Non-Departmental, and Contingency

OTHER FINANCING USES DESCRIPTION

Other financing Uses represent transfers out of the Enterprise Fund to other funds. An annually scheduled transfer is for the Enterprise Fund to reimburse the General Fund for fire hydrant testing. Another transfer used frequently is a transfer to the Technology CPO Fund to be used for technology purchases.

OTHER FINANCING USES BUDGET BRIEF

The total amount of Other Financing Uses budgeted for FY 2016-2017 is \$0. See table below for prior years' amounts for Other Financing Uses.

	Other Financing Uses	
Fiscal Year 2016-2017	Budgeted	\$ 0
Fiscal Year 2015-2016	Estimated	\$ 20,000
Fiscal Year 2014-2015	Actual	\$ 63,365
Fiscal Year 2013-2014	Actual	\$ 44,763
Fiscal Year 2012-2013	Actual	\$ 29,581

NON-DEPARTMENTAL DESCRIPTION

Non-Departmental typically contains an item or items that don't fit well into departmental budgets. The Non-Departmental budget for FY 2016-2017 contains one item, the state-required local government contribution to a reserve account with the Employment Security Commission. In North Carolina, local governments weren't required to make a quarterly contribution for unemployment benefits but rather paid as the benefits were paid to terminated employees. In 2013, S.L. 2013-2 required that local governments maintain an unemployment insurance account that is equivalent to 1% of the taxable wage base per paid employee. The taxable wage base was originally set at \$20,900 per employee and will be indexed annually. Benefits will be paid to former employees from this reserve and the reserve will be replenished as needed.

NON-DEPARTMENTAL BUDGET BRIEF

The total amount of Non-Departmental budgeted for FY 2015-2016 is \$5,035. The City's account was determined to be fully funded for the FY 14-15 year.

	Non-Departmental	
Fiscal Year 2016-2017	Budgeted	\$ 5,035
Fiscal Year 2015-2016	Estimated	\$ 500
Fiscal Year 2014-2015	Actual	\$ 0
Fiscal Year 2013-2014	Actual	\$ 5,035

Enterprise Fund Other Financing Uses, Non-Departmental, and Contingency

CONTINGENCY DESCRIPTION

Contingency includes an allocation of funds for unexpected items that may occur in a Fiscal Year Budget and is normally used first if the budget must be amended.

CONTINGENCY BUDGET BRIEF

The total amount of contingency budgeted for FY 2016-2017 is \$0. See table below for prior years budgeted amounts for contingency.

	Contingency Budgeted	
Fiscal Year 2016-2017		\$ -
Fiscal Year 2015-2016		\$ -
Fiscal Year 2014-2015		\$ -
Fiscal Year 2013-2014		\$ -
Fiscal Year 2012-2013		\$ 2,700

Water-Sewer Capital Reserve

DESCRIPTION

Water-Sewer Capital Reserve Fund – The City has legally adopted a Water-Sewer Capital Reserve Fund to be used for Enterprise Fund capital expenditures and repairs to capital assets that will prolong the life of those assets.

BUDGET BRIEF

A one-time transfer in FY 09-10 was approved by City Council. The amount, derived from savings due to not funding the City’s developmental pay plan for one year and also from a one-year decrease in the City’s contribution to employees’ 401(k) accounts, was \$25,273.

A transfer from the Water-Sewer Capital Reserve Fund was budgeted for FY 15-16 in the amount of \$3,788 to assist the Water-Sewer Fund with the purchase of new Motorola radios.

Current balance in the fund is budgeted at \$14,480 for FY 16-17.

	Transfers In (Revenue)	Water-Sewer Capital Reserve	Transfers Out (Expenses)
Fiscal Year 2016-2017	\$ 0	Budgeted	\$ 0
Fiscal Year 2015-2016	\$ 36	Estimated	\$ 3,788
Fiscal Year 2014-2015	\$ 47	Actual	\$ 3,788
Fiscal Year 2013-2014	\$ 41	Actual	\$ 3,788
Fiscal Year 2012-2013	\$ 68	Actual	
Fiscal Year 2011-2012	\$ 141	Actual	

Enterprise Fund Summary
City of King, North Carolina

<u>Revenues</u>	<u>Budgeted FY 16-17</u>	<u>Budgeted FY 15-16</u>	<u>Estimated FY 15-16</u>
Water sales	2,693,500	2,692,950	2,684,269
Sewer charges	2,671,600	2,583,428	2,580,384
Water and sewer taps	66,000	47,000	55,000
Water and sewer capacity	18,000	13,500	24,000
Water and sewer line availability	13,000	10,000	20,000
Interest earnings	5,000	4,560	13,149
Other financing sources	-	263,288	264,462
Total	5,467,100	5,614,726	5,641,264
<u>Expenditures</u>			
Administration	717,051	698,726	724,565
Water operations	1,075,844	1,112,779	854,662
Water distribution	1,032,402	962,569	911,650
Waste collection and treatment	1,683,769	1,630,829	1,494,810
Debt service	853,399	872,588	821,854
Capital outlay	99,600	312,200	312,200
Non-Departmental	5,035	5,035	500
Net adjustments for depreciation and GASB entries	-	-	500,000
Other financing uses	-	20,000	57,518
Total	5,467,100	5,614,726	5,677,759
Fund balance appropriated		92,756	-
Change in net position (est.)		-	\$ (36,495)

<u>Revenues</u>	<u>Budgeted FY 14-15</u>	<u>Actual FY 14-15</u>	<u>Budgeted FY 13-14</u>	<u>Actual FY 13-14</u>
Water sales	\$ 2,661,050	\$ 2,741,261	\$ 2,650,650	\$ 2,645,242
Sewer charges	2,409,354	2,529,370	2,263,746	2,349,486
Water and sewer taps	28,500	84,125	25,150	35,690
Water and sewer capacity	13,000	20,063	10,200	15,375
Water and sewer line availability	9,500	11,885	5,600	10,925
Interest earnings	5,000	6,938	4,000	8,163
Other financing sources	56,940	58,207	-	3,187
Total	5,183,344	5,451,849	4,959,346	5,068,068
<u>Expenditures</u>				
Administration	766,109	679,580	700,431	614,206
Water operations	1,134,900	863,513	811,367	727,654
Water distribution	1,018,583	901,810	981,994	936,061
Waste collection and treatment	1,449,679	1,412,833	1,416,665	1,260,240
Debt service	874,873	195,824	890,838	211,788
Capital outlay	-	31,208	-	16,650
Non-Departmental	-	-	5,035	5,035
Net adjustments for depreciation and GASB entries	-	419,540	-	469,987
Other financing uses	63,365	63,365	339,728	44,763
Total	5,307,509	4,567,673	5,146,058	4,286,384
Fund balance appropriated	124,165	-	186,712	-
Change in net position	-	\$ 884,176	-	\$ 781,684

Water Plant Capital Project Ordinance

DESCRIPTION

A Capital Project Ordinance authorizes a major capital expenditure and continues in effect for the life of the project. It is characteristic that the types of projects covered by a capital project ordinance span several years due to the scope of work being performed. The ordinance specifies the funding and line item expenditures for the project.

Water Plant – This project was authorized for a new water plant, tanks, mains and associated engineering fees.

BUDGET BRIEF

The project budget is authorized for \$14,533,667. The City received a no-interest loan of \$12,964,312 from NC DENR and the Water-Sewer Fund will provide the remaining funding. Estimated expenditures from inception through June 30, 2016 were \$12,528,731.

Construction is complete and the facility has been open for several months. However, the project will remain open through FY 16-17 to complete the upgrade for SCADA (Supervisory Control and Data Acquisition) used for remote monitoring.

Water Plant Capital Project Ordinance				
Revenues	Budgeted thru FYE 16	Est. Revenues thru FYE 16	Budgeted thru FYE 16	Budgeted thru FYE 16
Interest Earnings	\$ -	\$ -	\$ -	\$ -
Proceeds from NCDENR loan	13,580,997	12,333,143	13,580,997	13,580,997
NCDENR loan fee reimbursement	271,620	254,202	271,620	271,620
Expenditures	Budgeted thru FYE 16	Est. Expenses thru FYE 16	Budgeted thru FYE 16	Budgeted thru FYE 16
Capital Outlay - Gen Imp	13,580,997	12,528,731	13,580,997	13,580,997
NCDENR loan fee	271,620	254,202	271,620	271,620

Utility Line Extension Capital Project Ordinance

DESCRIPTION

A Capital Project Ordinance authorizes a major capital expenditure and continues in effect for the life of the project. It is characteristic that the types of projects covered by a capital project ordinance span several years due to the scope of work being performed. The ordinance specifies the funding and line item expenditures for the project.

Utility Line Extension – This project was authorized to extend utility lines.

BUDGET BRIEF

The project is authorized for \$285,984. The City is providing full funding for this project. Estimated expenditures from inception through June 30, 2016 were \$323,002.

The project is expected to close at June 30, 2016.

Utility Line Extension Project Ordinance			
Revenues	Budgeted thru FYE 16	Est. Revenues thru FYE 16	Budgeted thru FYE 16
Interest Earnings	\$ -	\$ 742	\$ -
Transfer from Enterprise Fund	323,002	323,002	323,002
Expenditures	Budgeted thru FYE 16	Est. Expenses thru FYE 16	Budgeted thru FYE 16
Construction and Contingency	323,002	323,002	323,002

Enterprise Fund Long-Range Financial Forecast

A five-year Revenue and Expense projection is described and illustrated below. These projections indicate modest revenue growth. Projected population estimates were not readily available for the City of King; the percentage of change in projected population for Stokes County was applied to the City of King for purposes of this report.

More detail concerning each revenue type may be found in the Enterprise Fund Revenues section.

Revenues

Projected Revenues	2018	2019	2020	2021	2022
Population	6,373	6,334	6,300	6,268	6,300
Operating Revenues					
Water sales	2,769,099	2,824,758	2,881,536	2,939,455	2,998,538
Sewer charges	2,717,375	2,885,853	3,064,776	3,254,792	3,456,589
Water and sewer taps	31,595	33,266	35,026	36,879	38,830
Water and sewer capacity	18,400	21,891	26,043	30,984	36,861
Water and sewer availability	11,060	11,934	12,877	13,894	14,992
Other revenues					
Interest Earnings	5,000	5,000	5,000	5,000	5,000
Other Financing Sources	2,000	2,000	2,000	2,000	2,000
Operating Revenues	5,554,530	5,784,702	6,027,258	6,283,003	6,552,809

Water sales

Water sales revenues have averaged a 2.01% increase over the past five (5) years. Rates have not been increased for the last three (3) years. Construction of a Wal-Mart Supercenter is expected to be completed in 2016. As water usage by Wal-Mart is unknown, a conservative estimate, even with the addition of utility revenue from the Wal-Mart property, remains at the five-year average of 2.01%.

Sewer charges

Sewer charges revenues have averaged a 6.20% increase over the past five (5) years. Even though rates have increased proportionately to the increase charged by the City of Winston-

Enterprise Fund Long-Range Financial Forecast

Salem for sewer treatment, the City of King doesn't receive an exact percentage match in revenue. Construction of a Wal-Mart Supercenter is expected to be completed in 2016. As utility usage by Wal-Mart is unknown and assuming the city will continue to receive similar increases from the City of Winston-Salem, a conservative estimate, even with the addition of utility revenue from the Wal-Mart property, remains at the five-year average of 6.20%.

Water and sewer taps

A tap fee is the cost for connection to the City's water and/or sewer system. The water tap fee amount depends on the size of the meter and currently runs from \$1,090 for a ¾" meter to \$6,000 for a 6" meter. The sewer tap fee amount also depends on the size of the meter and currently runs from \$900 for a 4" meter to \$4,000 for an 8" meter.

Tap fees are subject to fluctuation due to development. The five-year average is an increase of 5.29%; however year-to-year percentage changes may range from a 57% increase to a 40% decrease. As these fluctuations can't be predicted, the projected estimate will be the five-year average of 5.29%.

Water and sewer capacity

A capacity fee is the cost for adding connections to the City's water and/or sewer system and, therefore, increasing the capacity of water volume and/or sewer treated. The water capacity fee amount is currently \$375 and the current capacity fee for sewer is \$562.50. Capacity fees are subject to fluctuation in the same manner as tap fees. The five-year average is an increase of 18.97%; however year-to-year percentage changes may range from a 141% increase to a 70% decrease. As these fluctuations can't be predicted, the projected estimate will be the five-year average of 18.97%.

Water and sewer availability

An availability fee is another cost for connection to/availability of the City's water and/or sewer system. Water availability fees are \$5 per linear foot and sewer availability fees are \$10 per linear foot. As with tap and capacity fees, availability fees are subject to fluctuation due to development. The five-year average is an increase of 7.90%; however year-to-year percentage changes may range from a 78% increase to a 52% decrease. As these fluctuations can't be predicted, the projected estimate will be the five-year average of 7.90%.

Enterprise Fund Long-Range Financial Forecast

Interest Earnings

Interest rate yields have fallen from 1.65% to .19% in FY 14-1 and had stabilized at that average. Earnings are showing a slight uptick for FY 2015-2016 at 0.21%. Even though, in December 2015, the Fed increased rates for the first time in nine years, the projection is for this revenue source to remain flat without further discussion from the Fed.

Other Financing Sources

This revenue category is also subject to fluctuations due to sale of fixed assets \$3,187 in FY 13-14 and \$2,000 budgeted for FY 14-15 with actual of \$7,056. This category would also contain revenue for installment purchase financing, should there be any. The projection for this revenue source contains an estimated \$2,000 for sale of fixed assets.

Expenditures

More detail concerning expenditures may be found by department in the Enterprise Fund section.

Projected Expenditures	2018	2019	2020	2021	2022
Operating Expenditures					
Salaries and Benefits	1,608,276	1,656,524	1,706,220	1,757,406	1,810,128
Operating	3,253,720	3,676,704	4,154,675	4,694,783	5,305,105
Other	35,000	35,000	35,000	35,000	35,000
Debt Service	825,169	816,353	815,121	813,889	813,889

Salaries and Benefits

The salaries and benefits category contains all employee salaries and the employer portion of payroll taxes and benefits. This category has seen an average increase of 3.24% over the past five (5) years. The CPI, often the basis for salary cost-of-living adjustments (COLAs), has remained in the 2% range for several years. Health and other insurances typically increase between 5% and 10% annually. Payroll taxes increase relative to pay increases. The projection for growth in the salaries and benefits category will be 3% per year.

Enterprise Fund Long-Range Financial Forecast

Operating Expenses

This category contains spending relating to normal operations and includes utilities, office supplies, chemicals for water treatment, and building/equipment/vehicle maintenance. Overall, the average increase over a five (5) year period has been 12.93%. As inflation is expected to remain stable or decrease over the next few years, this category will be projected to continue a 13% annual increase.

Other

Other contains items that don't fit into a department, Non-Departmental, or Other Financing Uses. Examples of expenditures in this category would be transfers to other funds, such as a transfer of earmarked (committed) funds from a specific revenue source, motor vehicle fee, to a capital reserve fund to be used for public safety needs. As this expenditure remains relatively stable, a conservative estimate of \$35,000 per year will be projected.

Debt Service

Debt Service is used for payments on installment purchase agreements. The city finances most major capital purchases. At the current time, the majority of loans are for fire trucks, police cars, and streets paving. Projections are actual numbers as known at the time of publication of this document.

Capital Expenditures

A capital expenditure is one for a purchase in excess of \$5,000 (per city policy). The purchase would be for vehicles, buildings, land, etc. If such a purchase is financed, the impact of a capital expenditure on the budget is offset by the revenue from the loan and the budgetary impact is none. The loan payments create the budgetary impact.

The table below contains items that may be requested in future budget years. The FY 2015-2016 budget contains \$75,000 for a PER, the first step toward establishing our own wastewater treatment plant; at present, estimated cost, including construction of a 1.5 mgd (million gallon per day) expandable to 3 mgd, two additional pump stations, forced and gravity mains, contingency and other miscellaneous items, is \$17,868,000. As other sewer pump stations are aging, estimates for replacements in 2017 and 2019 are included below.

Please see below for potential capital expenditures and the resulting estimated increase in debt service for fiscal years 2018 – 2022.

Enterprise Fund Long-Range Financial Forecast

Capital Outlay Item	Cost	Debt Service for Fiscal Year				
		2018	2019	2020	2021	2022
WW Plant	17,868,000			893,400	893,400	893,400
Sewer Pump Station	270,000	31,652	31,652	31,652	31,652	31,652
Sewer Pump Station	286,000		33,528	33,528	33,528	33,528
		31,652	65,180	958,580	958,580	958,580

Long Term Impact

Please see the chart below for increase in dollar amount and percentage increase.

Projected Expenditures	2018	2019	2020	2021	2022
Operating Expenditures					
Salaries and Benefits	1,608,276	1,656,524	1,706,220	1,757,406	1,810,128
Operating	3,253,720	3,676,704	4,154,675	4,694,783	5,305,105
Other	35,000	35,000	35,000	35,000	35,000
Debt Service	825,169	816,353	815,121	813,889	813,889
Capital Expenditures					
Total	5,722,165	6,184,580	6,711,016	7,301,078	7,964,122
Debt Service with additional capital items	856,821	881,533	1,773,701	1,772,469	1,772,469
Total Expenditures with additional capital items	5,753,817	6,249,760	7,669,596	8,259,658	8,922,702
Percentage increase	0.55%	1.05%	14.28%	13.13%	12.04%

Non-Recurring Capital Items

As shown above, the impact of recurring needs would create an average increase in overall expenditures of 8.21%. Most non-recurring needs, such as major repairs, would be taken from fund balance. Other non-recurring needs, such as loss due to accidents, would be covered by the City's property/liability insurance coverage and the only expenditure required is the \$500 deductible.

Budget Glossary

Accrual Accounting – a basis of accounting in which revenues and expenses are recorded at the time they are incurred, instead of when cash is actually received or disbursed.

Adopted Budget – the official expenditure plan adopted by the City Council for a fiscal year.

Ad Valorem Taxes – commonly known as property taxes. For most governments, it is the single greatest revenue source. Taxes are levied at the stated tax rate for both real and personal property according to the valuation.

Appropriated Fund Balance – revenue appropriated from existing fund balance to help fund expenditures in a given year.

Appropriation – an authorization by the governing board to make expenditures and incur obligations for specific purposes.

Assessed Valuation – the total value established for real property and used as the basis for levying property taxes.

Balanced Budget – when the sum of estimated net revenues and appropriated fund balance in each fund is equal to appropriations in that fund. The State of North Carolina requires a balanced budget.

Budget – a comprehensive financial plan of operation for a specified period of time containing an estimate of proposed expenditures and the means of financing them. In the State of North Carolina, it is mandated that a balanced budget be produced.

Budget Calendar – the schedule for completion of the various tasks involved in the preparation, submission, and adoption of the fiscal year annual operating budget for the City.

Budget Message – a formal letter of transmittal contained in the proposed budget document prepared by the City Manager and addressed to the governing board which contains the City Manager's views and recommendations on the City's operation for the coming fiscal year.

Budget Ordinance – the legal document approved by the governing board that establishes the spending authority for the City.

CAFR (Comprehensive Annual Financial Report) – a set of financial statements comprising the financial report of a governmental entity that complies with the accounting requirements promulgated by the GASB.

Capital Asset – facilities and equipment that are tangible assets having a significant value (\$5,000 or greater) and a useful life of one year or more.

Capital Outlay – budgeted expenditures of at least \$5,000 for tangible items with a useful life of at least one year.

Budget Glossary

Capital Project Fund – a fund used to account for expenditure for major construction and acquisition projects that are not accounted for in other funds and are not anticipated to be completed in one year.

Capital Project Ordinance (CPO) – authorizes a major capital expenditure and continues in effect for the life of the project. It is characteristic that the types of projects covered by a capital project ordinance span several years due to the scope of work being performed. The ordinance specifies the funding and line item expenditures for the project.

Capital Reserve Fund – a fund established for the purpose of receiving transfers of moneys from other funds in order to build fund balance for a specific future outlay of capital.

COLA (Cost of Living Adjustment) – a percentage wage increase for all employees and is typically tied to the consumer price index.

Contingency – an appropriation by fund used at the City Council's discretion to provide budget for unanticipated expenditures.

Debt Service – moneys required for payment of principal and interest and other associated expenses on outstanding debt.

Department – a major operating budget area of the City, which includes overall management for an activity or group of related activities with possibly one or more sub-activities.

Encumbrance – an obligation in the form of a purchase order or a contract, which is chargeable to an appropriation and for which a part of the appropriation is reserved. It becomes an expenditure when paid.

Enterprise Fund – a fund established to account for the operation of facilities and services that are entirely or predominantly financed through user charges.

Equities – assets less liabilities of a fund.

ETJ (Extraterritorial jurisdiction) – unincorporated land within one mile of the City's boundary.

Expenditure – the amount paid for goods delivered and services rendered.

Fiscal Year (FY) – a twelve-month period of time to which the annual budget applies. The City of King's fiscal year is July 1 through June 30.

Fixed Asset – tangible property owned by the City having a monetary value of \$5,000 or greater and a useful life of one year or more.

Fund – an independent accounting entity with a self-balancing set of accounts.

Budget Glossary

Fund Balance – the excess of a fund’s assets and revenues over its liabilities, reserves and expenditures at the close of the fiscal year.

Full Accrual – a method used in Proprietary Funds for recording the expenditure of funds in which revenues are recorded when they are earned and expenses are recorded when a liability is incurred.

GAAP – (Generally Accepted Accounting Principles) Accounting principles that are commonly used in preparing financial statements and generally accepted by the readers of those statements. The source of GAAP for state and local governments is the Governmental Accounting Standards Board (GASB).

GASB (Governmental Accounting Standards Board) – the source of GAAP, Generally Accepted Accounting Principles), used by State and Local Governments in the United States.

General Fund – used to account for the ordinary operations of the City, which are financed through taxes, other general revenues, contributions, transfers and reimbursements from other funds. Unless legally obligated to be accounted for elsewhere, all activities are accounted for in the General Fund.

Governmental Funds – segregations of financial resources. Expendable assets are assigned to the various governmental funds and current liabilities are assigned to the fund from which they are to be paid. The difference between governmental fund assets and liabilities, the fund equity, is referred to as Fund Balance.

Inter-fund transfers – transfers of money between accounting funds as authorized by the City Council.

Intergovernmental Revenue – revenue received by the City from federal, state and county agencies.

Lease-Purchase Agreement – a method of financing the purchase of a fixed asset, which allows the City to spread the cost over a specified period of time; also called Installment Purchase.

LGBFCA (Local Government Budget and Fiscal Control Act) – North Carolina General Statute 159, Article 3, which controls how local governments budget and spend money.

Line Item – a unit of budgeted expense used to classify expenditures by item or category.

NCBIA – North Carolina Building Inspectors Association.

NC DENR – North Carolina Department of Environment and Natural Resources.

NCGS (North Carolina General Statutes) – laws that govern the State of North Carolina.

Budget Glossary

Operating Budget – the City’s financial plan for its operation for the fiscal year that outlines the proposed expenditures and revenue estimates to finance the expenditures.

Operating Expenses – funds, not including capital outlay, allocated for the day-to-day operations of the City’s services.

Ordinance – a legislative enactment by the City Council. It has the full force of law within the City if it is not in conflict with any higher law.

Property Tax – an annual tax determined by the City Council on the value of real property to fund General Fund expenditures. The amount of revenue derived from the tax rate is calculated by taking the tax value of the real property, dividing it by 100, multiplying it times the tax rate, and then times the collection percent.

Proprietary Funds – funds that are used to account for a government’s on-going organizations which are similar to those found in private businesses or private sector. These funds have their own set of revenue and expense accounts.

Revaluation – defined as the re=appraisal or re-assessment of value. In the City of King budget document, revaluations describe the process county tax collectors use to update the values of taxable real property within the city limits as well as within the county.

Revenue – income received by the City from various sources used to finance its operations.

Revenue Neutral Property Tax Rate – defined by North Carolina General Statutes as the rate that is estimated to produce revenue for the next fiscal year to the revenue that would have been produced for the next fiscal year by the current property tax rate if no re-appraisal had occurred.

Tax Base – the total assessed valuation of real property within the city limits.

Tax Levy – the total amount of revenue to be raised from the property tax levied by the City Council in the annual budget ordinance.

Tax Rate – the amount of tax per \$100 of assessed valuation levied by the City Council.

User Charges – the payment of a fee for receipt of a service provided by the City.

Valuation – the tax value of real property as determined by the county tax assessors.

CITY OF KING, NORTH CAROLINA
Operating Indicators by Function/Program

Function/Program	2011	2012	2013	2014	2015
Public Safety					
Police					
Number of Arrests	400	183	410	451	675
Number of Citations	901	317	545	520	679
Fire					
Number of Fire Calls Answered	952	691	742	717	423 ⁽⁵⁾
Number of EMS Calls Answered	1,301	1,376	1,470	1,374	687 ⁽⁵⁾
Planning and Inspections					
Planning					
Zoning Permits issued	3	2	0	5	24
Inspections					
Building Permits Issued	595	423	451	446	655
Inspections performed	719	867	634	666	1,284
Cultural and Recreational					
Recreation and Parks					
Central Park					
Number of Acres	26	26	26	26	26
Number of Picnic Shelters	2	2	2	2	2
Recreation Acres					
Number of Acres	55	55	55	55	55
Number of Ballfields	11	11	11	11	11
Senior Center ⁽²⁾					
Number of Participants (monthly average)	197	191	165	235	297
Library					
Material Circulated	86,277	79,983	84,396	80,621	79,725
Internet use ⁽¹⁾	22,704	25,085	24,078	23,003	28,671
E-books and E-audio books ⁽⁴⁾		2,242	N/A	N/A	N/A
Streets					
Number of streetlights	702	705	711	730	768
Miles of streets	38.767	39.687	39.687	39.700	39.667
Solid Waste					
Number of customers	2,446	2,472	2,482	2,496	2505
Yard cart permits sold			146	158	150
Water/sewer (Business activity)					
Water Plant Capacity (millions of gallons per day)	3	3	3	3	3
Number of water customers ⁽³⁾	8,044	8,557	8,508	7,956	8,009
Number of sewer customers ⁽³⁾	2,677	2,692	3,015	2,859	3,023
Average gallons of sewer treated per day	60,084	64,434	66,539	66,481	67,693

⁽¹⁾ Library internet use not available prior to 2005

⁽²⁾ King Senior Center opened in Fall 2007

⁽³⁾ Data not available prior to Fiscal 2007

⁽⁴⁾ Offered by Library since January 2012

⁽⁵⁾ Data for 2013 not yet available

Source: City of King Finance Department

Principal Taxpayers

CITY OF KING, NORTH CAROLINA

Principal Taxpayers

Current Year and Five Years Ago

City of King		2015 ⁽¹⁾⁽²⁾		2010 ⁽¹⁾	
Taxpayer	Type of Business	2015 Assessed Valuation	Percentage of Total Assessed Valuation	2010 Assessed Valuation	Percentage of Total Assessed Valuation
RJ Reynolds Inc	Tobacco	\$ 7,420,865	1.23%	\$ 8,140,300	1.40%
Duke Energy Corp	Utility	6,190,762	1.03%	3,172,428	0.55%
Cres Tobacco Company Inc	Tobacco	6,184,955	1.02%	7,526,650	1.29%
PCI Development Company LLC	Real Estate Development	4,162,300	0.69%	4,304,100	0.74%
Grandview Inc	Real Estate Development	3,842,400	0.64%	-	0.00%
Mountainview Properties	Real Estate Development	3,682,900	0.61%	3,732,000	0.64%
Glenwood King Company LLC	Real Estate Development	3,362,700	0.56%	3,540,300	0.61%
Christian Village	Real Estate	3,146,361	0.52%	2,686,600	0.46%
Priddy Manor	Retirement Home	3,125,811	0.52%	-	0.00%
Universal Properties	Real Estate Development	2,675,973	0.44%	-	0.00%
Windstream North Carolina Inc	Telecommunications			8,257,400	1.42%
CSE King LP	Utility			2,686,600	0.46%
Time Warner NY Cable	Utility			4,005,780	0.69%

⁽¹⁾ Year 2003 data not available

⁽²⁾ Year 2015 data from Stokes County tax office, Forsyth County tax office, and NC Department of Revenue Utility Certifications

Personnel Classification Schedule

City of King
Full-Time Employees Budgeted by Function

Function	Prior 2015	Current 2016	Budget 2017
General Government			
Administration	6	6	6
Finance	6	6	6
Public Works	3	3	3
Engineering	1	1	1
Planning & Inspections	2	2	2
Recreation ⁽²⁾	3	3	3
Public Safety			
Police	20	21	22
Fire ⁽¹⁾	16	17	19
Water/sewer (Business activity)	17	17	18
Total	74	76	80

⁽¹⁾ Does not include volunteer personnel

⁽²⁾ Does not include seasonal temporary part-time employees

Source: City of King Finance Department