

# City of King, North Carolina



**ALL GAVE SOME ...**

**2018-2019 Budget**



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of King  
North Carolina**

For the Fiscal Year Beginning

**July 1, 2017**

*Christopher P. Morrill*

Executive Director

# **BUDGET MESSAGE**

## **FY 2018-19 ANNUAL OPERATING BUDGET**

March 26, 2018

The Honorable Jack Warren, Mayor  
The Honorable Rick McCraw, Mayor Pro Tempore  
The Honorable Charles Allen, City Councilman  
The Honorable Brian Carico, City Councilman  
The Honorable Wesley Carter, 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) 2018-19. 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 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 2018-2019. 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.

This proposal addresses short-term and long-term priorities, including street improvements, equipment purchases for various departments and each of the City's parks, continued progress toward establishing a wastewater treatment facility, new positions to ensure adequate provision of public safety services, and a new position to oversee parks and recreation programming for our citizens. I believe that this budget proposal largely reflects the Council's priorities as outlined in our recent planning workshops, and as expressed in our interactions and meetings over the past year. I recognize that there may be areas of disagreement, and look forward to spirited discussion in the upcoming budget workshop meetings. As I have always committed to do, I am providing you with a balanced budget proposal, which is subject to your revisions and input prior to you ultimately considering it for approval.

## **FY 18-19 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 from the previous year. This remains our largest single source of revenue for the General Fund. \$0.01 of our tax rate represents around \$53,500 of revenue for the City; this budget as presented does not require an adjustment in our current tax rate.

Tax Value estimations are projected to increase by \$8.3 million for 2018, which provides the City with additional revenue to provide services to our citizens. Documentation is included in the budget package, and you will notice that I have projected revenues very conservatively to allow for any unforeseen circumstances or margin of error. The projection of tax revenue is based on information received from Forsyth and Stokes Counties' respective Tax Administration Offices, and this projection is calculated using an estimated tax base of \$599,435,875 and an estimated collection rate of 97.41%, which is last year's actual collection rate.

FY 2017-18 will be the first year that the City sees the full financial impact of a new Walmart Supercenter, and an analysis of the ten month period from March through December of 2017 shows an increase in sales tax revenue of over \$110,000 in sales tax revenue to the City of King. While I am optimistic about increased sales tax revenues, and these are a significant portion of General Fund revenues, I continue to budget these very conservatively, as we cannot anticipate events and factors that may limit or increase sales tax revenues. As we continue to see the impact of new commercial growth, these revenue projections can be adjusted in future years accordingly.

As this Council is aware, it has been my budgetary practice in the past to never allocate fund balance initially unless designated for specific, one-time financial commitments. This year, I have proposed a fund balance allocation of \$211,000 for capital needs in the King Fire Department. These funds are restricted for Fire Department purposes in the first place, as they come from \$0.01 of the annual fire tax revenues accumulated by the City from Forsyth County, which Council began setting aside in 2012 into assigned fund balance to be used for equipment or other purchases to further fire protection efforts. Currently, the City of King maintains a restricted fund balance for the Fire Department of approximately \$249,000. While this allocation would deplete a majority of those funds, there is currently no specified purpose for this fund balance; use of these funds will allow the fire department to move forward with capital requests without using unappropriated fund balance or financing the purchases. It is important to note that barring any other major capital projects, this amount will be replenished in the matter of less than five years. Previously, this restricted fund balance has been used to pay for part of the ladder truck and rescue truck currently in service.

## **B. EXPENDITURES - MAJOR PROJECTS**

The following major projects are proposed expenditures for FY 18-19 in the City of King's General Fund:

1. Resurfacing of a portion of the following eight (8) streets at a total estimated cost of \$252,107 to be financed over 5 years:

Northridge Drive - \$78,844

Cotswold Lane - \$45,765

Ingram Drive - \$20,000

Culler Way - \$23,765

Bradberry Court - \$20,787

Amberleigh Court - \$9,900

Tremont Drive - \$23,340

Jefferson Woods Drive - \$29,706

As in the past, subsequent streets on the City’s Capital Improvement Plan will be addressed if funds are available.

2. Paving of walking trail at Recreation Acres at a cost of approximately \$38,600

**C. EXPENDITURES - MAJOR EQUIPMENT & OTHER CAPITAL**

The following major items are proposed as expenditures in FY 18-19 in the General Fund:

1. YVEDDI funding commitment	\$	4,500
2. Four patrol cars for Police Department (2 replacement, 2 additional)	\$	155,000
3. Evidence Lockers for Police Department	\$	8,600
4. Indoor vehicle storage/processing garage facility for Police Dept	\$	18,000
5. Six (6) replacement bulletproof vests for Police Department	\$	6,275
6. Two new K-9s for Police Department	\$	\$24,500
7. Replacement bay doors for Fire Department	\$	19,000
8. (2) replacement narrowband radios for Fire Department	\$	13,000
9. (48) sections of 2.5” fire hose for Fire Department	\$	8,500
10. Brush Truck/Rescue Truck Purchase/Refurbish	\$	160,000
11. (3) SCBA Airpacks for Fire Department	\$	10,500
12. Construction documents for downtown King gateway/facelift	\$	18,000
13. F550 Truck with dump bed for Streets Department	\$	49,000
14. Tractor with loader for Streets Department	\$	68,800
15. Recreation Acres – pavement of walking trail	\$	38,600
16. New drag and aerator for Recreation Acres	\$	4, 650
17. Central Park – pavement of entrance/playground base	\$	6,200
18. New floor in Shelton Room at Library and track lighting	\$	7,685

#### **D. SALARY ADJUSTMENTS**

A cost of living adjustment, or COLA, of 3% has been included in the proposed budget to help our employees meet the costs of living in the current economy. The annual employee bonus has been included in the proposed budget at the same rate as in the previous year.

#### **E. PERSONNEL EXPENSES**

Three new full-time positions have been included in the proposed General Fund budget for FY 18-19. The Police Department is requesting the addition of one new position in the FY 18-19 budget to mitigate the increased demand on the Department with residential and commercial growth in our community, and I concur with this request. Additionally, Chief May and I met with Stokes County Schools officials in mid-March of this year, and discussed the need for increased school safety. With King Elementary School being in our City limits, and given its numerous points of entrance, the desire of the City of King to ensure the safety of students and staff, and the fact that our Police Department is typically the first response to any incident on campus, I am recommending an additional position for a School Resource Officer. This would be a police officer primarily dedicated to King Elementary School, who would also be available to respond to major incidents as needed. This officer would also help to promote a better relationship between families and law enforcement, and would help to ensure protection of the King Elementary campus at all times.

I am also requesting the addition of a full-time Parks and Recreation Director for the City of King. For many years, our Public Works staff has handled the responsibility of managing the City's involvement with youth sports leagues, as well as the logistics for City events and activities at our two City Parks. While our staff has done an amazing job with this, we are missing the opportunity to provide additional programs, and the opportunity to better promote and coordinate existing programs due to other staff responsibilities. For several years now, there has been discussion among the Parks and Recreation Advisory Committee about the added benefit of a dedicated Parks and Recreation Director. This person would assume responsibility for all current recreational activities and programs, as well as coordinating and promoting additional activities for citizens and other participants. The Parks and Recreation Committee feels strongly that this position will be a great benefit to the City of King, and that eventually, programs and recreation offerings will generate enough revenue to pay for the position and ultimately generate additional revenue for the City.

Group Health Insurance expenses are again projected to increase by as much as 10% in all departments, and this increase appears to be primarily attributable to changes in insurance trends and practices, as well as the insurance providers' response to uncertainty in health care and insurance regulations. We are still awaiting final quotes from our broker, and once we know actual rates, it may be possible to reduce allocations in each department's health insurance line accordingly. For the time being, however, I have budgeted each of these lines adequately to absorb the highest likely increase.

Finally, I have included funds in this budget to provide wellness opportunities for our City officials and employees through a membership to the Stokes Family YMCA. The City of King has enjoyed a long partnership with the YMCA, and since its inception, we have provided the opportunity for Public Safety employees to use the Y free of charge. Through a corporate membership, each of our

employees will be provided with this additional benefit, and the City stands to benefit from each employee's improved and continued wellness.

## **F. DEPARTMENT BUDGETS**

**Governing Body** – Decrease of \$16,599. Decrease is primarily attributable to items in the previous year's budget that were non-recurring expenses, as well as this being a non-election year with no election expense required. Funds are included to honor the Council's commitment to help fund YVEDDI's King Connector public transportation route. Legal fees incurred by the City are also projected to be lower in the coming fiscal year.

**Administration** – Decrease of \$31,425 due primarily to non-recurring expenses associated with the new storage lot on North Main Street adjacent to the Maintenance Shop in the previous year's budget. Operating budget is reduced by \$4,349 from the previous year to reflect anticipated costs for 2018-19.

**Finance** – Increase of \$6,534; this increase is attributable primarily to increased personnel and insurance expenses.

**Public Buildings** – Increase of \$828 due primarily to increased building maintenance expenses.

**Planning** – Increase of \$15,847 due primarily to increased personnel and data processing expenses. Additional funds are also included for additional Planning Board salaries, as the Board is trying to comply with the Council's request to meet on a more regular basis.

**Police** – Increase of \$299,304 due primarily to the inclusion of two new patrol positions to be filled in July of 2018, associated vehicle and equipment expenses, and planned capital expenditures. One new position is added to ensure adequate coverage and officer safety for the City following recent and continuing commercial and residential growth, and another position is included for a dedicated School Resource Officer for King Elementary School. Also included in this department are purchases of two new vehicles and equipment for these positions, as well as two replacement vehicles to replace aging units. The proposed budget includes the purchase of two new K9s, which is offset by grant revenues. Funds are also included for a garage facility to be located in the City's impound lot, which will allow for better storage and searches for vehicles that need to be secured for those purposes.

**Fire and Rescue** – Decrease of \$217,017 due to expense of a new fire truck in previous fiscal year, Funds are budgeted for replacement of four bay doors at the Fire Department, as well as for the purchase/repurposing of a brush truck and current rescue truck. Fire Department expenses are offset by Fire Tax Revenues from Stokes and Forsyth Counties.

**Community Development** – Increase of \$10,618, due primarily to fund construction documents for design work for downtown area that was completed in 2016.

**Streets** – Increase of \$36,759 primarily due to paving of streets, and equipment purchases. Funds are included in this department's budget for the purchase of a walk-behind snow blower, a new truck with dump bed, a tractor with loader, and a tailgate salt spreader.

**Public Works** – Increase of \$8,779 due to increased personnel expenses and anticipated increased fuel cost.

**Solid Waste** – Increase of \$7,482 due primarily to increased fuel costs and increased garbage collection expense in accordance with our agreement with Waste Management.

**Recreation Acres** – Decrease of \$11,552, due primarily to improvements made in previous fiscal year. Funds are included in this department’s budget for paving the walking trail, a recommendation made by the City’s Parks and Recreation Advisory Committee. The running trail would remain sand-based

**Central Park** – Decrease of \$9,958, due primarily to capital purchases in the previous year’s budget not carried over. Funding is proposed for paving the entrance to the park and replacing the ground covering on the playground.

**Library** – Increase of \$7,190 due to replacing the flooring in the Shelton Room, and also to pay for track lighting.

**Senior Center** – Increase of \$18,141 due primarily to increased personnel expense.

**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 \$99,676 due to financing of street repairs and vehicle purchases. The City will retire approximately 85% of its existing debt over the next four fiscal years.

## **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 7% increase for sewer charges from the City of Winston-Salem is the only major increase in projected revenues from the previous fiscal year.

### **B. GENERAL EXPENDITURES**

The Enterprise Fund budget for FY 17-18 is proposed at \$14,439 higher than the current FY 17-18 budget. The primary reasons for this increase include continued infrastructure upgrades, anticipated increased wastewater treatment expenses, proposed capital expenditures, and incurring the second half of the engineering costs for a new wastewater treatment facility, which is proposed to be completed by 2021.

### **C. MAJOR PROJECTS**

The projects included in the proposed FY 18-19 Enterprise Fund budget include the following:

1. \$750,000 to pay for half of the engineering expenses for a new Wastewater Treatment facility. The first half of these expenses was funded in the FY 17-18 budget.
2. Water line replacement program. Lines and water infrastructure are identified by City staff each year for replacement according to repair history and age. It is important to continue to fund infrastructure replacement for our utility system in order to avoid larger expenses related to replacement cost in the future due to line/apparatus failure.
3. Sewer line replacement program. \$75,000 is also budgeted to replace sewer lines and other infrastructure as necessary throughout the City's wastewater collection system.

#### **E. SALARY ADJUSTMENTS**

A cost of living adjustment, or COLA, of 3% has been included in the proposed budget to help our employees meet the costs of living in the current economy. The annual employee bonus has been included in the proposed budget at the same rate as in the previous year.

#### **F. PERSONNEL EXPENSES**

No new positions have been included in the Enterprise Fund budget for FY 18-19.

As in the General Fund, funds are included in this budget to provide wellness opportunities for our City officials and employees through a membership to the Stokes Family YMCA. Through a corporate membership, each of our employees will be provided with this additional benefit, and the City stands to benefit from each employee's improved and continued wellness.

#### **G. DEPARTMENT BUDGETS**

**Governing Body** – Decrease of \$2,018; this is largely due to the coming year not being an election year, as well as eliminating the need for travel and training in this department.

**Administration** – Increase of \$11,367, due primarily to increased personnel expenses and increased data processing costs.

**Finance** – Increase of \$1,145 due to personnel expenses; relatively flat with prior year's budget.

**Engineering** – Increase of \$6,906, due to increased personnel, insurance, and data processing expenses.

**Water Plant** – Increase of \$15,522, primarily due to increased personnel and utilities expenses. Funds are included in this department for improvements to water plant building and grounds, as well as for a new mower and a new truck.

**Water Distribution** – Decrease of \$99,403 due primarily to purchase of a new dump truck in previous year; funds are included for a new truck, and for continuing the City's infrastructure replacement program.

**Wastewater Operations** – Increase of \$114,701 due to anticipated wastewater treatment expense increases from the Winston-Salem/Forsyth County Utilities Commission. \$10,000 is appropriated for Professional Services for unforeseen expenses.

**Wastewater Maintenance** – Decrease of \$12,636 due to second half of engineering fees for wastewater treatment facility being payable in 2017-2018. This expense is offset by a reduction in capital costs, due to Goff Road Pump Station improvements being completed in the current fiscal year.

**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 \$1,233. No new debt is proposed for the Enterprise Fund in FY 18-19.

## **MANAGER’S COMMENTS**

The challenge of meeting the many needs of our general public is great, and does not come without expense. I have proposed a budget that I believe moves the City of King forward over the next year, protecting our citizens, providing services and programs, and meeting the overall needs of our community. 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 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 good 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 excellent work, and the jobs that they do each day to make our City function. Their assistance and support throughout the year, and especially throughout the budget process is invaluable, and I cannot thank our employees enough for their efforts that distinguish the City of King as a top destination to live, work, and visit.

We as government officials have taken oaths of office, and have taken on a responsibility to our citizens to oversee the collection of revenues and to provide them with services that satisfy their basic needs and ensure a quality of life that they expect. This responsibility is not taken lightly, and 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

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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.



City of King employee Gina Calloway receiving the 2017 Spirit of the Chamber award from Chamber of Commerce Director Cathy Loveday on January 4, 2018

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.

## Introduction

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 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.

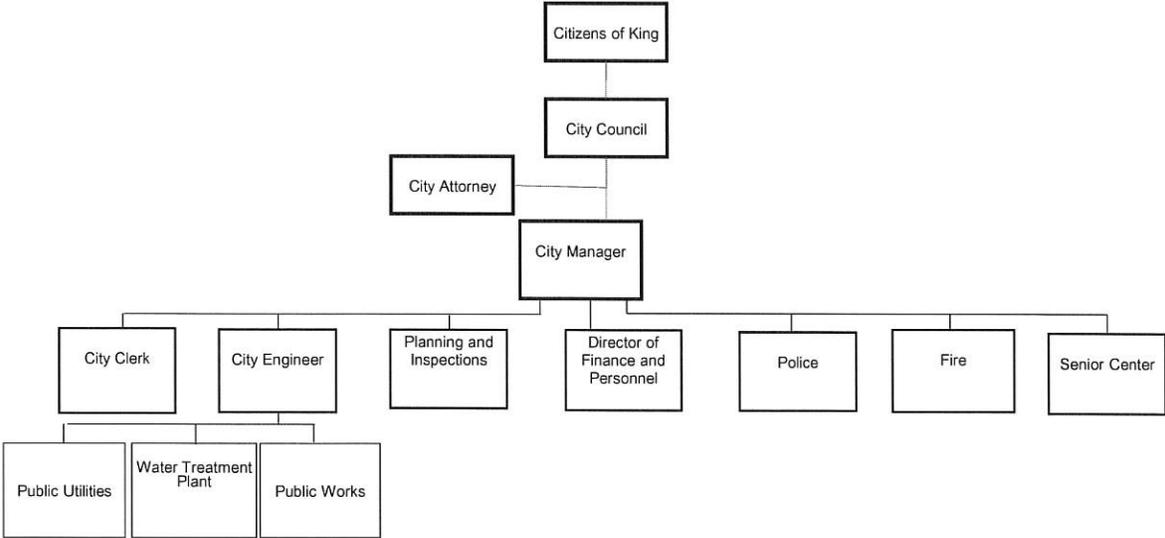
Capital Expenditures: This section summarizes information regarding capital expenditures for the City. Information is provided on capital items contained in the current year budget.

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**



## 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 Frances 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.

## 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".

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.

## About the City of King

### 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 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.

## **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 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.

## About the City of King

### 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.

Recreation Acres is now home to an all-inclusive playground; a non-profit group, Make a Difference in King (MADIK) led the efforts and state grant proceeds provided much of the funding.



#### 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. 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

## About the City of King

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.

## **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.

## About the City of King

### 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.

### 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](http://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](http://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

## Demographic and Economic Statistics

### CITY OF KING, NORTH CAROLINA

#### Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Population <sup>(1)</sup>	Stokes County Personal Income (in thousands) <sup>(2)</sup>	Stokes County Per Capita Income <sup>(3)</sup>	Median Age <sup>(4)</sup>	Stokes County Unemployment Rate <sup>(5)</sup>
2008	6,514	1,343,804	28,372	40	5.9%
2009	6,631	1,327,438	27,992	41	10.5%
2010	6,904	1,369,788	28,936	43	10.8%
2011	6,909	1,418,690	30,063	43	9.7%
2012	6,857	1,451,571	31,046	44	8.9%
2013	6,850	1,412,044	30,310	<sup>(6)</sup>	7.9%
2014	6,863	1,473,413	31,742	<sup>(6)</sup>	5.5%
2015	<sup>(6)</sup>	1,520,821	32,811	<sup>(6)</sup>	5.9%
2016	<sup>(6)</sup>	<sup>(6)</sup>	<sup>(6)</sup>	<sup>(6)</sup>	4.8%
2017	<sup>(6)</sup>	<sup>(6)</sup>	<sup>(6)</sup>	<sup>(6)</sup>	4.0%

<sup>(1)</sup> NC Office of State Budget and Management

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

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

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

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

<sup>(6)</sup> Information not yet available

## Demographic and Economic Statistics

### CITY OF KING, NORTH CAROLINA

2015 Data	Stokes County Population
	46,661
Ages 0-19	10,609
Ages 20-24	2,502
Ages 25-34	4,681
Ages 35-44	5,868
Ages 45-54	7,541
Ages 55-64	6,960
Age 65+	8,500

Educational Attainment 2015	Stokes County
High School Diploma	27,099
Bachelor's Degree	4,550
K – 12 Enrollment 15-16	5,957
2017 Data	
Average SAT Score	1,066
Percent taking SAT	35.2%

2017 Data	
Manufacturing Private Industry	33 644
Self-Employed	1,441
Total Retail Sales	
	\$319.1 million
Total Retail Businesses	218
Average Sales/Business	\$1,463,605

2015 Data	
Total Housing	21,836
Median Value of Owner Occupied Housing	\$116,700
Median Gross Rent Owner Occupied Housing	\$614 14,696
Renter Occupied Housing	4,272
Owner Occupied Housing Vacancy	1.6%
Renter Occupied Housing Vacancy	6.8%

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.

## Budget Overview

The FY 2018-2019 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 2018-2019 approved budget for the General Fund is \$7,194,033 and for the Enterprise Fund is \$6,533,108. This is an increase from the prior year's budget of 5.13% and 1.51%, 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 growth due to the new WalMart store resulted in a higher amount of anticipated revenue for the General Fund and the Enterprise Fund is budgeted for a 6% sewer rate increase and no water rate increase. For FY 2018-2019 we have appropriated \$393,125 of the City's fund balance in the General Fund and \$0 in the Enterprise Fund.

Capital Outlays of \$852,508 are included in the approved General Fund budget and \$228,500 in the Enterprise Fund budget. This represents a decrease of \$165,407 or 16.25% over the previous year's approved budget in the General Fund and a decrease of \$142,700 or 38.45% in the Enterprise Fund. The decrease in the General Fund is primarily due purchase of a new fire truck in the prior year. The decrease in the Enterprise Fund is primarily due to purchase of a dump truck in the prior year.

The major initiatives of the recommended General Fund budget include resurfacing a portion of eight (8) streets, the purchase of 4 patrol vehicles for the Police Department and a truck and a tractor for the Streets Department, and refurbishing a brush truck/rescue truck for the Fire Department.

The major initiatives of the recommended Enterprise Fund budget include purchase of trucks for the Water Distribution Department and the Water Plant. Other Enterprise Fund initiatives include the continuation of a water line replacement program and continuation of a sewer line replacement program.

For FY 2018-2019, the budgeted number of full-time employees will increase by three from the previous year. New positions are two police officers, and a Parks and Recreation Director. 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.

## Strategic Planning

The City Council and Department Heads participated in two workshop meetings in March 2017. These workshops were facilitated by Bear Strategies, Inc. Several areas of emphasis were discussed and these areas were then prioritized.

Priorities and progress (in red) in order are:

1. Economic Development (Mayor Pro Tempore Carter)
  - a. Downtown revitalization
  - b. Market available properties – hired Creative Economic Development Consulting to identify and narrow down sites for development.
  - c. Beautification
  - d. Sidewalk connectivity – project to begin in late April 2018 and be completed by June 30, 2018.
  - e. Market the city
  - f. Determine the need (or not) for an Economic Development Director
2. Development & Land Use Planning (Director of Planning and Inspections)
  - a. Revisit plans drawn in the past – obtained Adobe program to edit existing document, working with Economic Development committee (see above), working on identifying future uses and trends
  - b. Create a King-specific Land Use Plan and Create a committee to develop same  
The committee is recommended to be made up of a member from the Community Appearance Commission, a member of the Planning Board, a member of City Council, and others yet to be determined.
3. Infrastructure Maintenance Planning (City Engineer)
  - a. Prioritize needs – provided prioritized list of streets for resurfacing
  - b. Consider using available fund balance to pay for projects
4. Fund Balance Utilization Policy (Director of Finance and Personnel)

This should be an adjustment to the current policy that will permit council to appropriate amounts exceeding a percentage above the fund balance target.  
Revision to existing policy approved by City Council in May 2017.
5. Technology Improvements (City Manager) – will be included in Capital Improvement Plan.
  - a. Online Payments – merchant services went live in December 2017.
  - b. New city website – went live in November 2017.
  - c. Paperless work orders
  - d. Other paperless processes
  - e. Infrastructure plan
  - f. Efficiency planning
6. Capital Improvement Plan (City Manager)
  - a. Vehicle replacement plan
  - b. Facilities

## Strategic Planning

- c. Equipment
  - d. Dollar value of \$20,000 and more
  - e. **Working on a Capital Improvement Plan**
7. Property for and construction of an additional fire station (Fire Chief)  
The Fire Department has demonstrated the value of an additional fire station to be placed in the Forsyth County portion of the city limits.  
**Available property is being researched. Office of State Fire Marshall has given positive comments concerning a new fire station.**
8. Succession Planning (Councilman McCraw, Water Treatment Plant Superintendent, Director of Finance and Personnel, Police Lieutenant)
- a. Determine potential departmental retirements within the next five years
  - b. Identify the number of staff needed for replacements
  - c. Consider internal talent versus external recruitment
  - d. Identify training and education needs for potential vacancies
  - e. Identify/consider cross-training opportunities
  - f. Consider a retention plan including incentives
  - g. **All of the above were discussed; current and future proposed departmental flow charts will be provided for discussion at a later date following the anticipated pay study in FY 2017-2018.**

The above items were assigned to volunteers, noted in parenthesis, and quarterly progress reports were received by council. The work plan will be revisited annually at additional strategic planning workshops.

Other areas noted for improvement included curb appeal, beautification of city entrances, traffic flow, drug education, recreational opportunities, and a desire for additional businesses such as a movie theater, restaurants, bowling alley, motel, and arts/music.

Available resources for assistance in achieving the priorities are: King Chamber of Commerce, North Carolina League of Municipalities, Stokes Family YMCA, City of King Parks & Recreation Board, Community Appearance Commission and Planning Board, local churches, high school groups/clubs, social and traditional media, previous city design plans, citizens, King Little League and Northwest Triad Soccer Association, local civic organizations, Forsyth Technical Community College in King, and the Piedmont Regional Council of Governments.

Additionally, until a more formal plan is approved, council and departments continue to use the "Council Priorities and Capital Planning" in this document.

## 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.

<b>Economic Development</b>			
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		2016-2017	<p>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. The project was completed in March 2017.</p> <p>Taco Bell moved into a free-standing, newly-constructed building near Wal-Mart in December 2016.</p> <p>Zaxby's constructed and opened a restaurant in Fall 2017.</p>
Downtown Revitalization Program	<p>\$3,675 in FY 16-17 budget</p> <p>\$80,000</p>		<p>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.</p> <p>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.</p>
Encourage high quality development and work with development community to provide needed public amenities	<p>\$70,000</p> <p>\$89,700</p>	<p>FY 15-16</p> <p>FY 16-17</p>	<p>In late 2015, the City purchased a vacant lot across the street from City Hall.</p> <p>This project was completed in Spring 2017.</p>

## Council Priorities and Capital Planning

<b>Economic Development (cont.)</b>			
Design work for a downtown “gateway”	\$10,000 \$12,500 \$19,310	FY 16-17 FY 17-18 FY 18-19	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			

<b>Inter-governmental Relations</b>			
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.

<b>Public Communications</b>			
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.

## Council Priorities and Capital Planning

<b>Public Works &amp; Utilities</b>			
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 \$250,000 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.
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	\$25,000 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.

<b>Public Safety</b>			
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.
Fire Truck	\$525,000	FY 17-18	The fire truck is expected to be delivered in summer 2017 and will replace an aging unit.

## Council Priorities and Capital Planning

<b>Public Safety (cont.)</b>			
Fire Brush Truck/Rescue Truck Refurbish	\$160,000	FY 18-19	Move existing rescue truck box to a new chassis and use rescue truck chassis for a brush truck
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.
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, FY 15-16, and FY 16-17.

<b>Planning and Growth</b>			
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	2018	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.

## Council Priorities and Capital Planning

<b>Administration/Finance</b>			
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 19-20	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 2017-2018 fiscal year as the process of formulating a strategic plan began in March 2017. See "Strategic Planning" section in this document.

## 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, sales tax revenues have been budgeted conservatively as the full financial impact of the new WalMart Supercenter and potential new businesses surrounding the new facility is unknown. Major capital projects and equipment proposed include resurfacing a portion of eight (8) streets, four (4) police vehicles, a truck and tractor for streets, refurbishment of brush truck/rescue truck for fire, a portion of the engineering expenses for a new Wastewater Treatment facility, and trucks for water distribution and water plant. In addition is a 3.0% COLA (Cost of Living Adjustment) for all employees.

Two new full-time positions in the Police Department are included. Another newly created position is a Parks and Recreation Director.

Continuing from FY 2014-2015 and all succeeding years, the Budget Ordinance for FY 2018-2019 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.

If Available Fund Balance as calculated at the close of a fiscal year exceeds 40%, the City Council may appropriate or designate the excess for one-time capital expenditures.

### **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](http://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 in FY 2016-2017 for resurfacing and downtown projects, once again in FY 2017-2018 for resurfacing projects, a new fire truck, and new police vehicles, and once again in FY 2018-2019 for resurfacing projects and purchase of a truck and tractor for streets.

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 annual payment for the Water Plant and the construction of a new Wastewater Treatment Facility. At the current time, Council felt it appropriate to increase sewer rates by 6%.

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 seven (7) 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, 2019.

Monday, February 24, 2018	Departmental budget worksheets due to City Manager
Month of February 2018	City Manager and Director of Finance and Personnel work with departmental requests, revenues, non-major funds
Month of March 2018	City Manager begins meetings with Department Heads to review departmental requests
March 26, 2018	City Manager submits draft budget to Council
April 2018	City Council holds budget work sessions
June 4, 2018	City holds a public hearing on the FY 2018-2019 budget
June 4, 2018	City Council adopts the FY 2018-2019 budget
Month of June 2018	City Manager distributes budget to Finance Department and Department Heads; City Clerk publishes final budget for the public
Sunday, July 1, 2018	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 April. Council will hold one or more work sessions and conduct a public hearing on the budget proposal to allow for public comment. Before June 30<sup>th</sup> 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.

## **Budget Format**

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. 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.

### 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 2018-02**  
**AN ORDINANCE APPROPRIATING FUNDS FOR FISCAL YEAR 2018-19**

**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:**

2018-19 Ad Valorem & Prior Years Taxes	\$2,606,000
Other Taxes	482,000
Unrestricted Intergovernmental Revenue	1,636,350
Restricted Intergovernmental Revenue	683,608
Penalty and Interest	27,200
Other General Revenues	14,000
Functionally Related Revenues	1,351,750
Fund Balance Appropriated	393,125
<hr/>	
Total General Fund Revenues	7,194,033

**The expenditures for the GENERAL FUND be appropriated as follows:**

Governing Body	58,669
Administration	139,534
Finance	180,604
Public Buildings	24,922
Police	2,286,998
Fire	2,192,714
Planning & Inspections	214,000
Street	603,794
Public Works	235,712
Solid Waste	357,087
Community Development	31,943
Library	23,816
Recreation Acres	163,178
Senior Center	107,798

Central Park	96,616
Non-Departmental	10,612
<u>GF Debt Service</u>	<u>466,036</u>
Total	7,194,033

**Section 2.** That there is hereby levied a tax rate of forty-two and 2/10 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 \$629,765,511 and an estimated collection rate of 97.41% through June 30, 2018.

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

Operations	\$6,438,108
Penalties and Interest	95,000
<u>Fund Balance Appropriated</u>	<u>0</u>
Total Enterprise Fund Revenues	6,533,108

That expenditures for the ENTERPRISE FUND be appropriated as follows:

EF Governing Body	49,388
EF Administration	213,285
EF Finance and Personnel	350,128
EF Engineering	149,337
Water Operations	1,208,887
Water Distribution	1,124,092
Wastewater Operations	1,581,804
Wastewater Maintenance	1,000,109
EF Debt Service	843,351
<u>Non-Departmental</u>	<u>12,727</u>
Total	6,533,108

**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>
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Total Law Enforcement Forfeiture - Federal Fund Expenditures	3,390
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**Section 5. That revenues for the Law Enforcement Forfeiture - State Fund be established as follows:**

Revenue	300
<u>Fund Balance Appropriated</u>	<u>12,008</u>
Total Law Enforcement Forfeiture Fund Revenues	12,308

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

<u>Law Enforcement Forfeiture - State Fund Expenditures</u>	<u>12,308</u>
Total Law Enforcement Forfeiture - State Fund Expenditures	12,308

**Section 6. 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."**

**The budgeted balance of the PUBLIC SAFETY CAPITAL RESERVE FUND is to be amended as follows:**

<u>Beginning Balance at July 1, 2018</u>	<u>2</u>
Totals	2

**The budgeted transfers in to the PUBLIC SAFETY CAPITAL RESERVE FUND be amended as follows:**

<u>Interfund Transfer from General Fund in FY 18-19</u>	<u>0</u>
Totals	0

**The budgeted transfers out of the PUBLIC SAFETY CAPITAL RESERVE FUND be amended as follows:**

<u>Interfund Transfer to the General Fund in FY 18-19</u>	<u>0</u>
Totals	0

**Section 7. 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 and 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."**

**The budgeted balance of the WATER/SEWER CAPITAL RESERVE FUND is to be amended as follows:**

<u>Beginning Balance at July 1, 2018</u>	<u>14,558</u>
Totals	14,558

**The budgeted transfers out of the WATER/SEWER CAPITAL RESERVE FUND be amended as follows:**

<u>Interfund Transfer from the Enterprise Fund in FY 18-19</u>	<u>0</u>
Totals	0

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

Interfund Transfer to the Enterprise Fund in FY 18-19	0
<hr/>	
Totals	0

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

Reserve for Water/Sewer Capital Purchases	14,558
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**Section 8.** That the Schedule of Fees and Charges for Fiscal Year 2018-19 is herein adopted by reference.

**Section 9.** 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 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.
- c. He may not transfer any amounts between funds.

**Section 10.** 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 4th day of June, 2018.

Attest:

\_\_\_\_\_  
Jack Warren, Mayor

\_\_\_\_\_  
Tamara 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 2018-2019 is \$7,194,033, an increase of 5.13% over the previous year's budget. The largest increases in projected revenues are 2.31% for Ad Valorem Taxes and 2.94 for projected local option sales tax; these increases are expected due to increases in property values and sales tax for WalMart. The budget includes an increase in capital outlays for resurfacing a portion of eight (8) City streets, refurbishment of rescue/brush truck for the fire department, purchase of a truck and tractor for streets, and purchase of four (4) 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 2013-2014 Actual	FY 2014-2015 Actual	FY 2015-2016 Actual	FY 2016-2017 Actual	FY 2017-2018 Budgeted
Operating Revenues	\$ 5,065,016	\$ 5,364,890	\$ 5,290,138	\$ 5,764,869	\$ 6,207,450
Operating Expenditures	\$ 4,992,583	\$ 5,601,788	\$ 5,850,164	\$ 6,157,355	\$ 6,454,594
Revenues Over (Under) Expenditures	\$ 72,433	\$ (236,898)	\$ (560,026)	\$ (392,486)	\$ (247,144)

Ad Valorem revenues are expected to increase by 2.31% in the FY 2018-2019 budget. Operating expenditures include the purchase of four police vehicles at a cost of \$155,000, resurfacing a portion of eight (8) streets at a cost of \$292,058, refurbishment of rescue/brush truck at \$160,000, and purchase of a truck at a cost of \$49,000 and a tractor at a cost of \$68,800. 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
- Information on property tax growth or reduction from the Stokes and Forsyth County Tax Offices

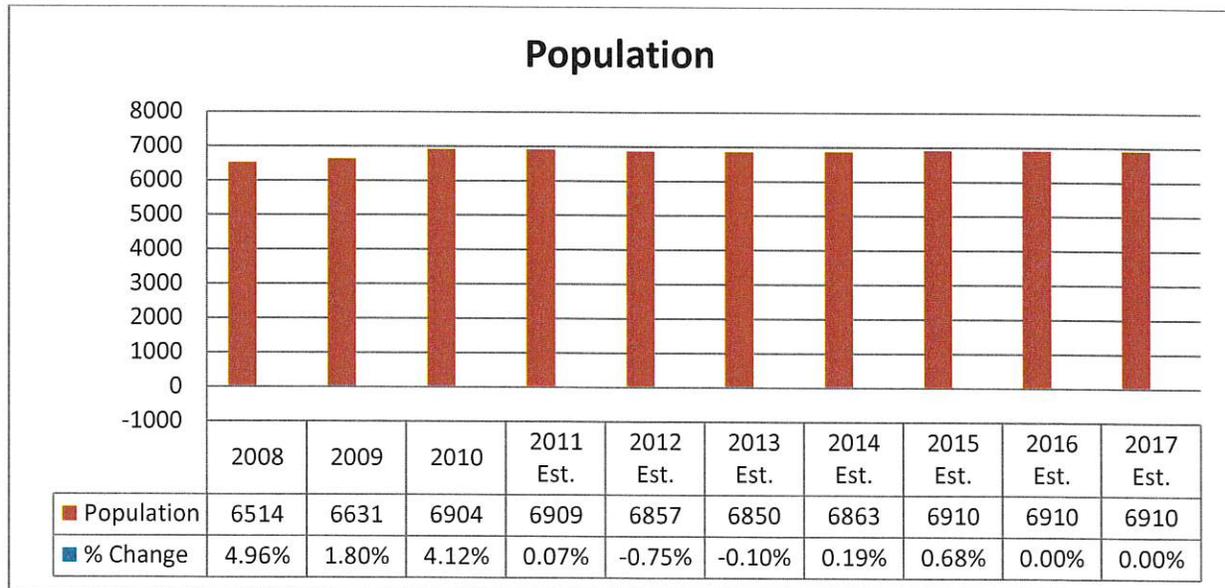
## Budget Summary for Major Governmental Funds

- 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 2018-2019 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.



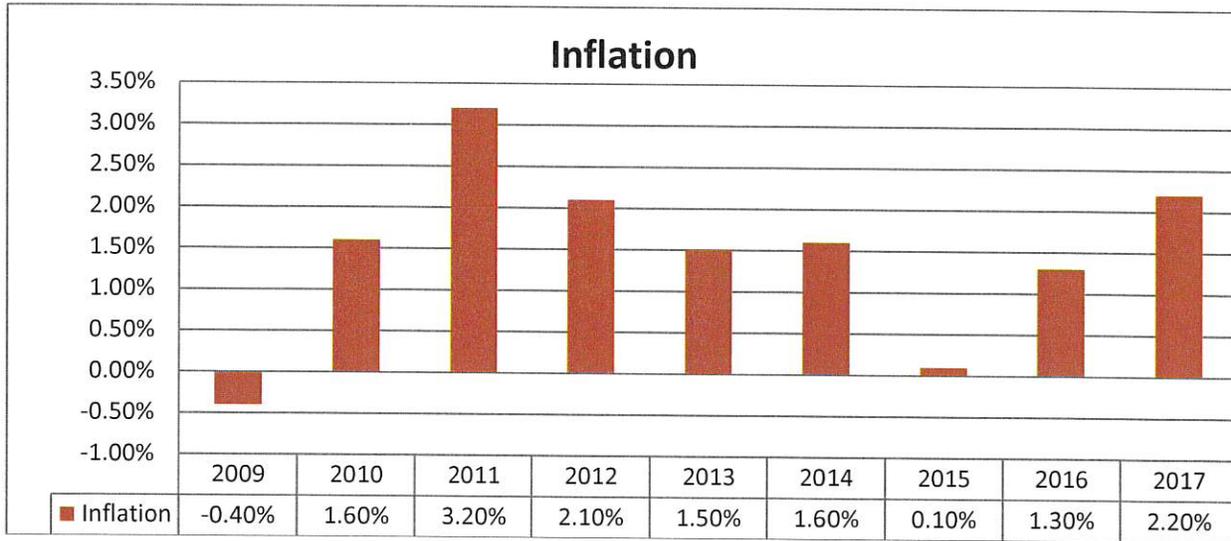
### Analysis

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 2016. 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 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.

## Budget Summary for Major Governmental Funds



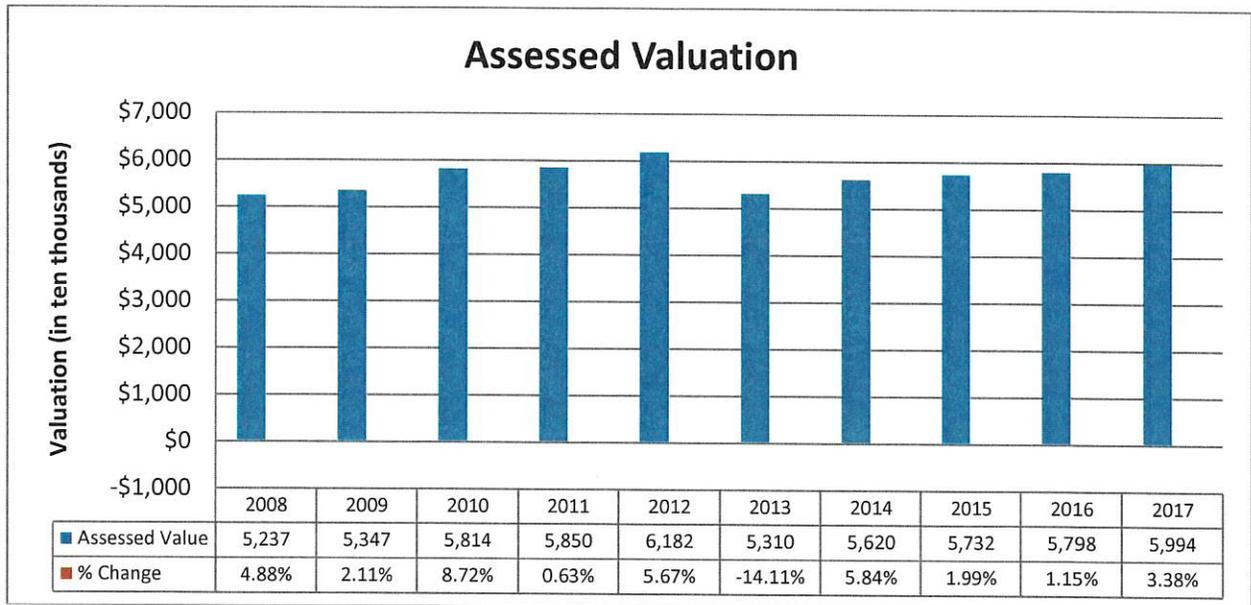
### Analysis

The average change in the CPI from 2008 – 2017 is a decrease of .06% 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. 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, another .25% in December 2016, another .25% in March 2017, another .25% in June 2017, and another .25% in December 2017, making the Fed Funds Rate 1.50%.

### 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 42.48% of the City's total FY 2018-2019 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, 2013 and 2017, 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 4.40 decrease in property valuation and increased property taxes to offset the revenue loss. Property values continued to decrease slightly until 2016.

### 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

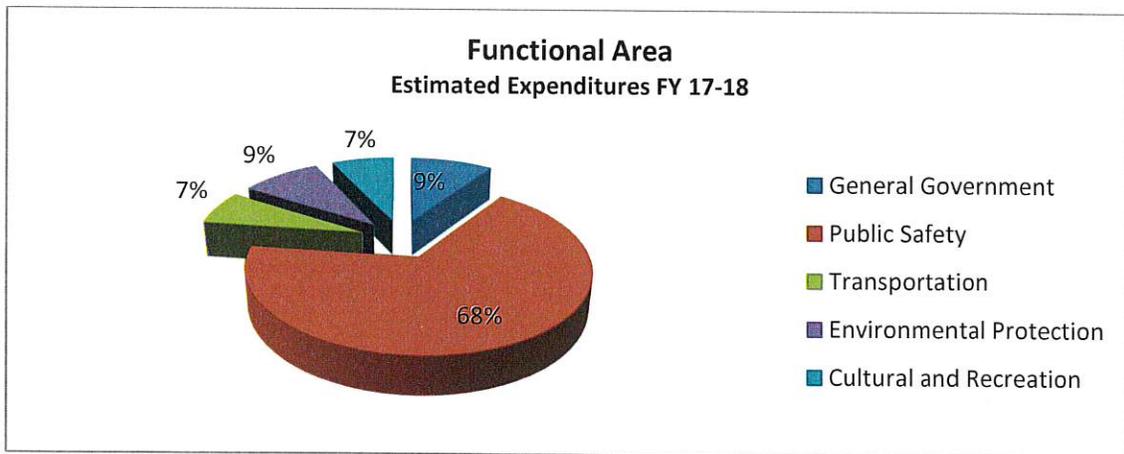
Fund balance is the net position of a governmental fund. The specific categories of fund balance are: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually 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

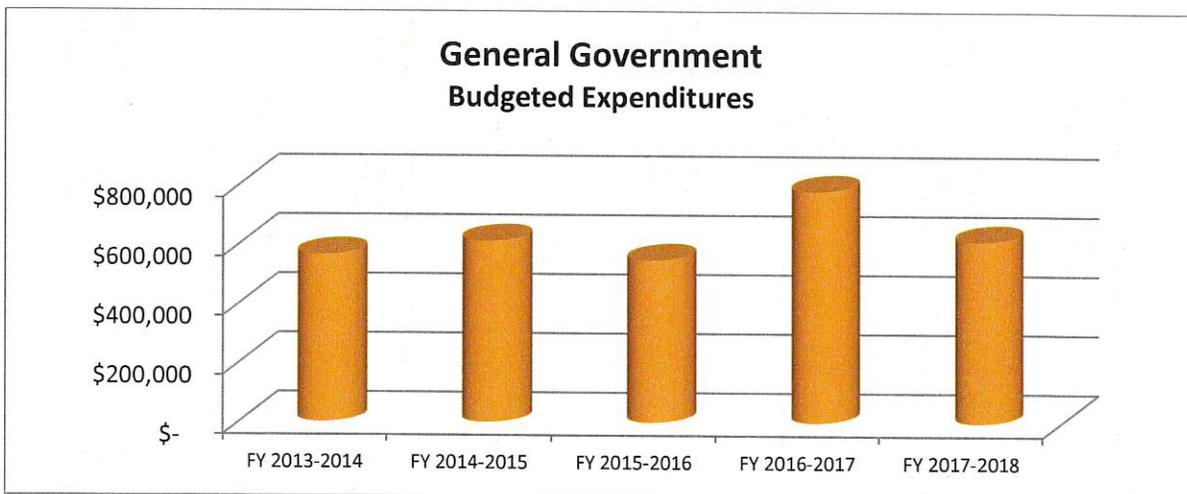
While the City of King’s budget contains multiple departments and divisions, each conducts City government activities as part of a functional area. For example, the Fire Department and the Police Department are part of the functional area known as Public Safety, as both share the common theme of protecting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

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



## General Government

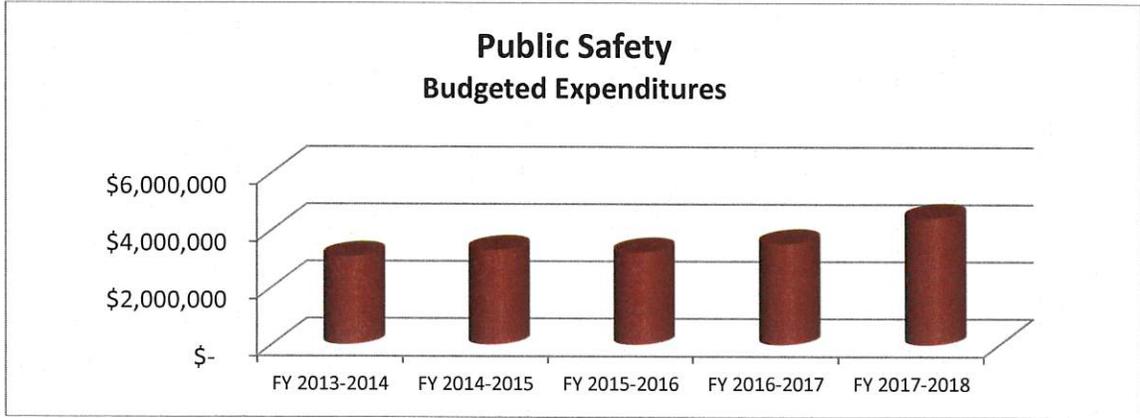
Included in the General Government functional area are the departments for Governing Body, Administration, Finance, Planning and Inspections, Engineering and Public Buildings.



# Budget Summary for Major Governmental Funds

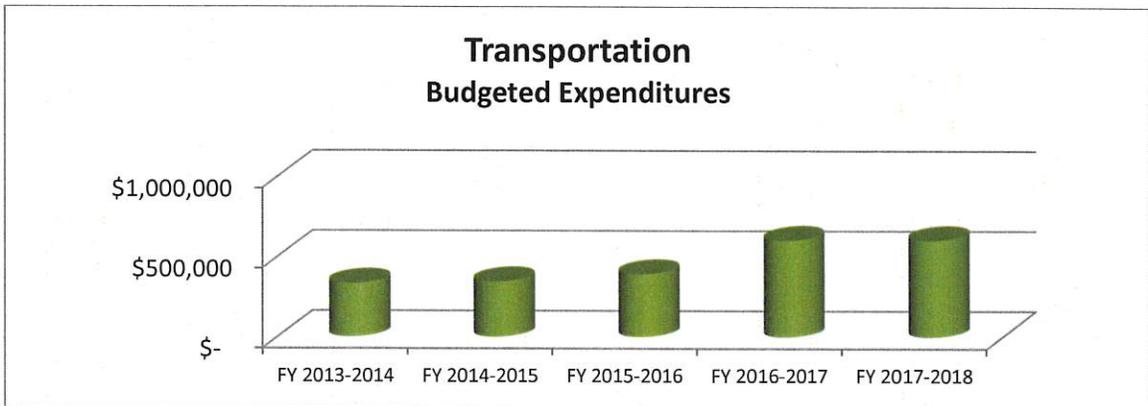
## Public Safety

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



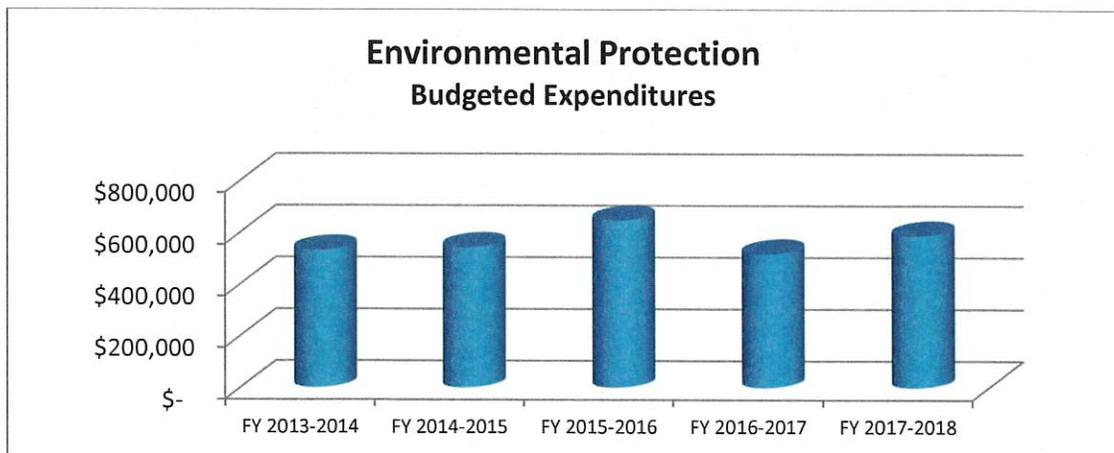
## Transportation

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



## Environmental Protection

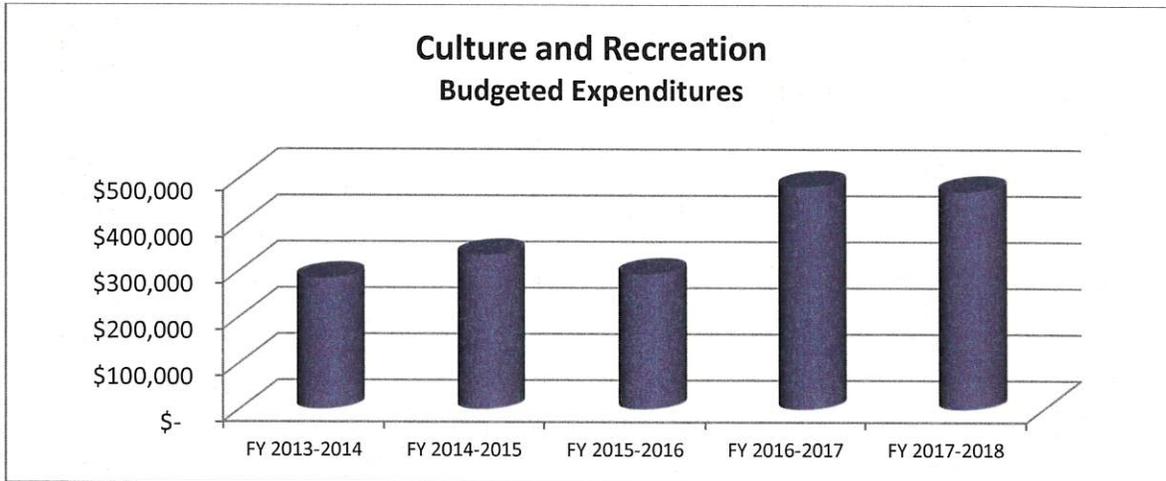
Included in the Environmental Protection functional area are the departments for Solid Waste and Public Works.



## Budget Summary for Major Governmental Funds

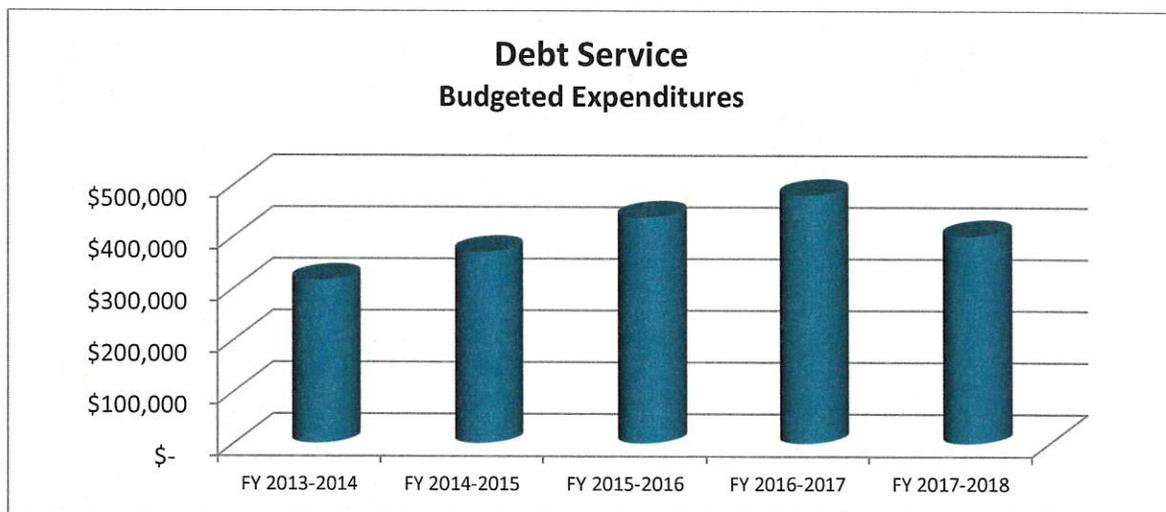
### Culture and Recreation

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

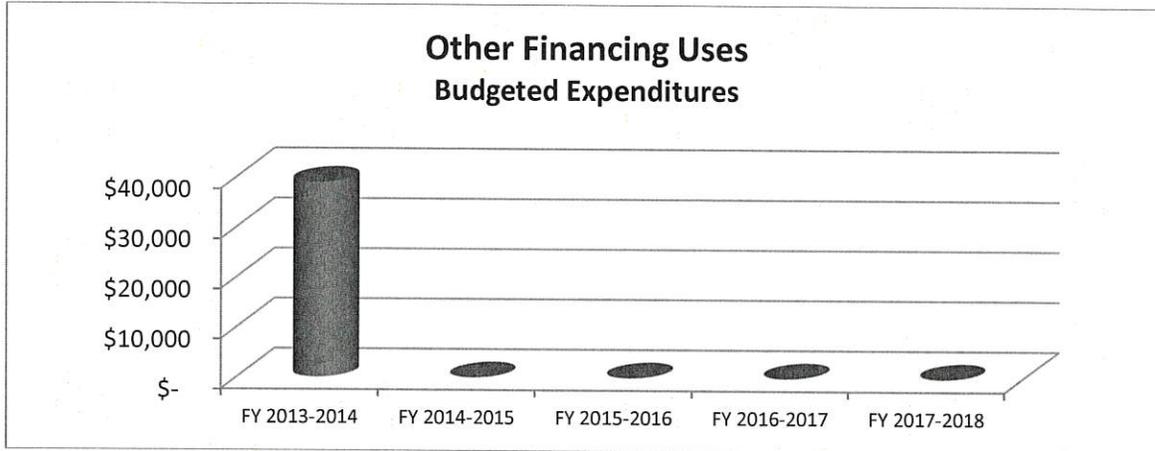
Debt service includes the principal and interest payments on bonds, lease purchase agreements and installment financing. Currently, the City's General Fund has only installment financing. The City added a department for Debt Service in FY 13-14; in prior years, the payments for installment purchases 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.

Employment in Stokes County is still approximately 1% above the 2015 level. Per capita income is projected to rise 9.69% by 2019 from 2014, or from \$23,305 to \$25,563. Sixty-five percent (65%) of Stokes County residents work outside the county and the largest majority, 14%, travel between 20-24 minutes one way to work. Slightly below the equivalent of the population of King, 7,826 people, or 17%, in Stokes County live in poverty.

Healthcare finds Stokes County lower than the state as a whole with 5.6 physicians, 39.3 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. The county school system K-12 enrollment is hopefully stabilizing; the system saw an 11.34% decrease in Average Daily Membership in the 15-16 school year but only a 2.91% decrease for the 16-17 school year..

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 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, FY 2015-2016, FY 2016-2017, and for FY 2018-2019. For examples of statewide distributions, the North Carolina League of Municipalities has projected the statewide sales tax distributions to increase by 4.5%, distributions for beer and wine taxes to remain flat, and electricity sales tax to increase by 1%; all increases are from the FY 2017-2018 levels. The Fed Funds Rate is now at 1.5% with projections for two more increases by the end of 2018.

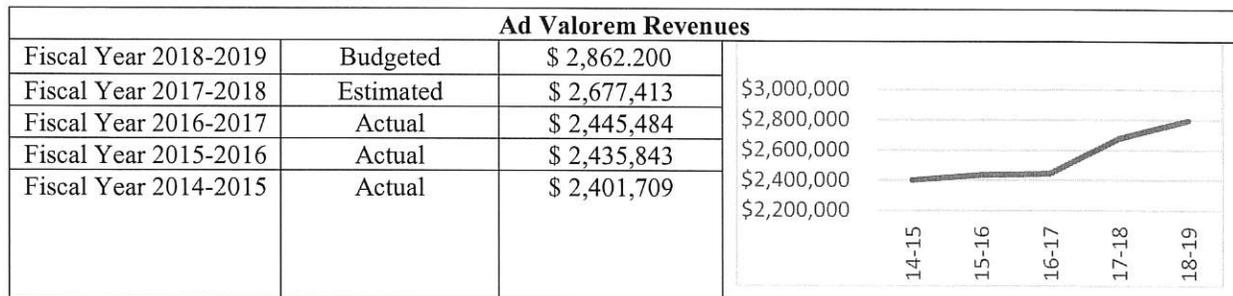
Based on the slow growth but continuing low-income in Stokes County, the City of King will begin FY 2018-2019 with Fund Balance Appropriated of \$393,125. Committed Public Safety Fund Balance of \$211,000 is planned for fire department capital needs, \$155,000 of Unassigned Fund Balance is planned for police vehicles, and \$27,125 is planned to assist with other capital projects. 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 2017 effective in the FY 2017-2018 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.



#### Analysis

Property values are estimated higher at \$629,765,511 for FY 2018-2019 than \$599,435,875 for FY 2017-2018, than \$576,656,853 in FY 2016-2017, than \$573,177,273 in FY 2015-2016 and FY 2014-2015 in \$561,992,823. Projected revenues are increased by 2.31% for FY 2018-2019 due to increased values.

#### **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.

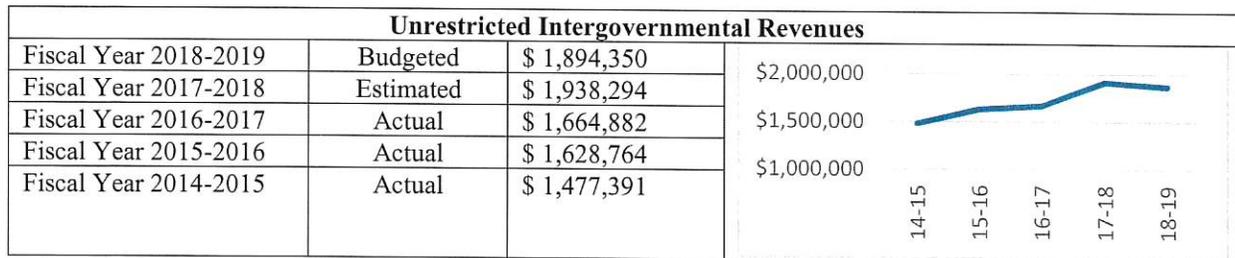
## General Fund Revenue Assumptions and Analysis

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 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 14-15, FY 15-16, and FY 16-17 with an estimate for FY 17-18 and budgeted for FY 18-19.



### Analysis

The North Carolina League of Municipalities (NCLM) indicates that statewide sales tax Article 39 and 40 distributions to local governments for the first six months of FY 17-18 were 5.% above the comparable period in FY 16-17 and is expected to come in at 4.75% above FY 15-16 for the year. NCLM projects a statewide local sales tax at 4.5% growth above the FY 17-18 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 1.0% growth in for Electricity Sales Tax, a 4% decrease for Telecommunications Sales Tax, a 1% increase for Piped Natural Gas Excise Tax, and a 1.0% 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 is projected to remain flat for FY 18-19, compared to an increase of 1% for FY 17-18. 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

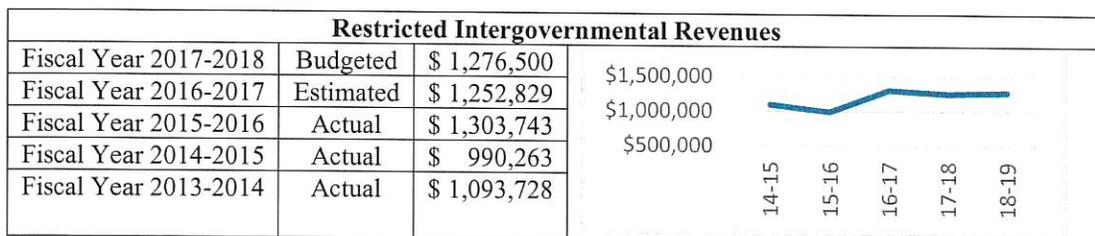
Major revenue sources for Restricted Intergovernmental Revenues include Powell Bill funding, Fire District revenue and Motor Vehicle fee.

Powell Bill revenue is no longer an annual appropriation from the State Highway Fund for the proceeds from a one and three-fourth (1 <sup>3</sup>/<sub>4</sub>) 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 in Forsyth County is \$0.075 cents per \$100 of valuation, increased in FY 2017-2016 from \$0.065. The current tax rate in Stokes County is \$0.080 cents per \$100 valuation, increased by \$0.005 cent increments in FY 15-16, FY 16-17, and FY 17-18. These funds are restricted for fire service only and the tax is levied and collected by the counties with monthly remittance to the City.

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.

The chart below shows the amount of revenue for this category in FY 14-15, FY 15-16, and FY 16-17 with an estimate for FY 17-18 and budgeted for FY 18-19.



### Analysis

The projected per capital allocation for the FY 2018-2019 Powell Bill distribution is \$19.80 and the projected value of the mileage-based allocation is \$1,609.84 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 tax have been relatively stable.

## General Fund Revenue Assumptions and Analysis

### Permits and Fees

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

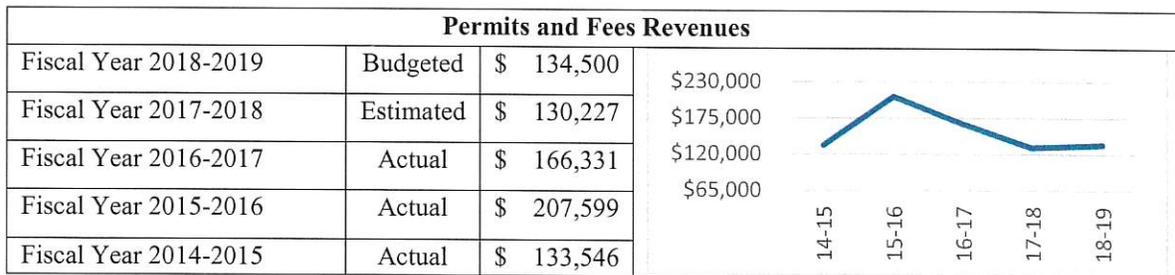
The fire inspection schedule currently runs on an annual basis in an effort to improve safety for businesses subject to fire inspections. This revenue item has seen an increase due to increased frequency of inspections and better billing/collection efforts by the Fire Department.

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 14-15, FY 15-16, and FY 16-17 with an estimate for FY 17-18 and budgeted for FY 18-19.



### 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 February 2018 were at 347 while previous years were increasing. March 2017 decreased to 411 as compared to 445 through March 2016 as compared to 484 through March 2015, 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 to return to a more normal state following the increases for WalMart, Zaxby's, Dollar Tree, and other business remodelings.

## General Fund Revenue Assumptions and Analysis

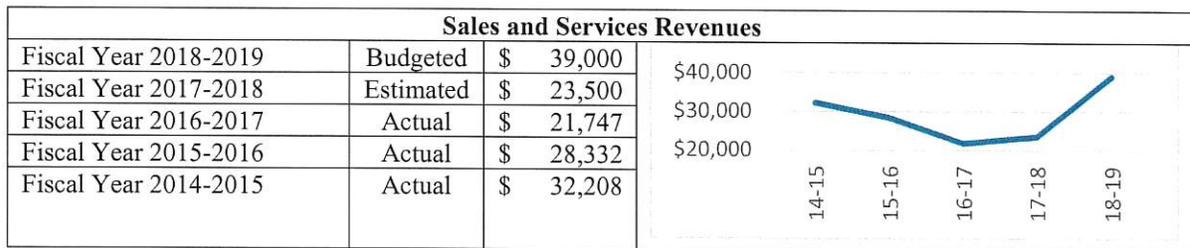
### Sales and Services

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 14-15, FY 15-16, and FY 16-17 with an estimate for FY 17-18 and budgeted for FY 18-19.



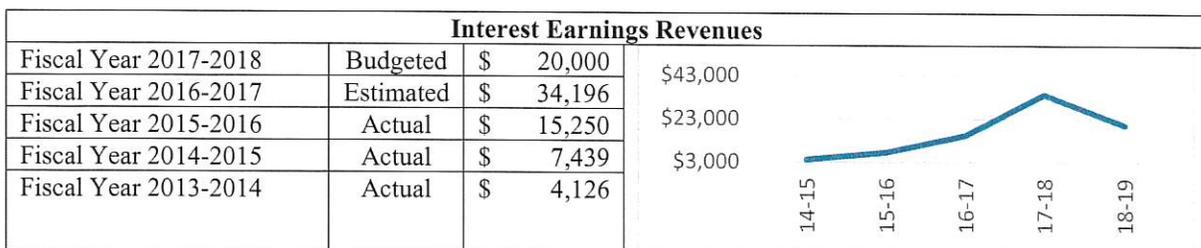
### Analysis

Facility rental income is projected to increase with more picnic shelter rentals due to a new all-inclusive playground at Recreation Acres Park. In addition, revenue had been added for potential programs to be added with the hiring of a Parks and Recreation Director. Conversely, 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 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 Capital Bank.

The chart below shows the amount of revenue for this category in FY 14-15, FY 15-16, and FY 16-17 with an estimate for FY 17-18 and budgeted for FY 18-19.



## 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 anticipated to be more than doubled for FY 2017-2018 over FY 2016-2017. Projections are for the Federal Reserve to increase rates two more times in calendar 2018.

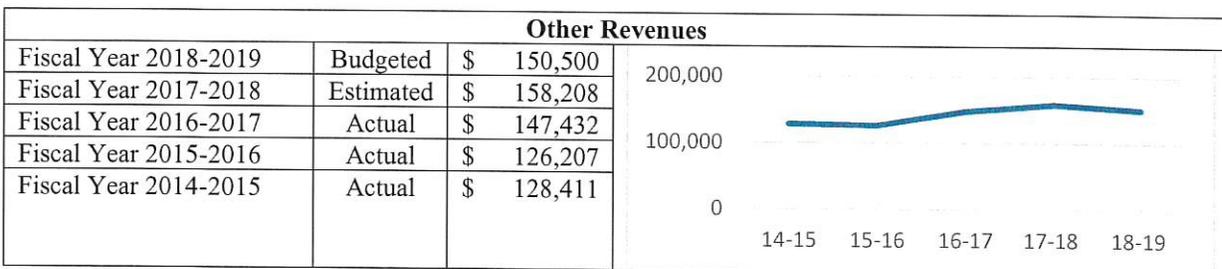
### **Other Revenues**

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 14-15, FY 15-16, and FY 16-17 with an estimate for FY 17-18 and budgeted for FY 18-19.



### Analysis

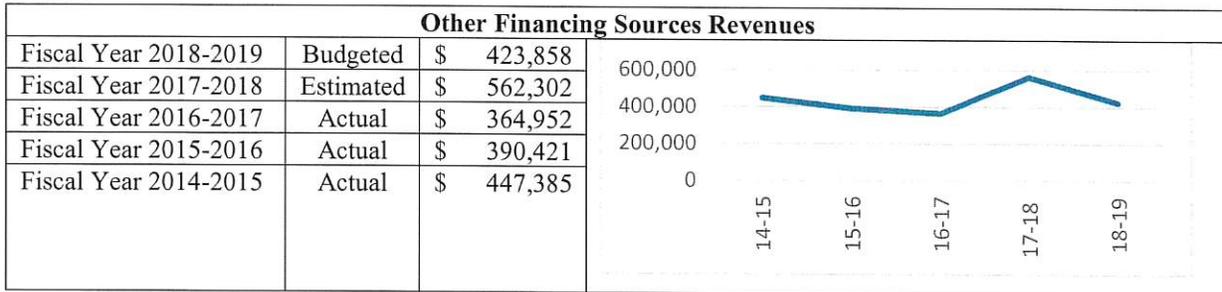
Revenues in this category are expected to remain relatively stable. The rental income is per contracts and the addition of the Verizon lease has helped to offset lower fuel prices. The fuel revenue is subject to fluctuations in fuel prices and demand for the services provided by the purchasers of our fuel.

### **Other Financing Sources**

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

## General Fund Revenue Assumptions and Analysis

The chart below shows the amount of revenue for this category in FY 14-15, FY 15-16, and FY 16-17 with an estimate for FY 17-18 and budgeted for FY 18-19.



### Analysis

The large increase in this category in FY 2017-2018 include a fire truck. Financings for FY 2018-2019 include streets paving and purchase of a truck and tractor for streets.

### 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 14-15, FY 15-16, FY 16-17, FY 17-18, and FY 18-19.

	Fund Balance Appropriated	Budgeted	Appropriated (Used)
Fiscal Year 2018-2019	Budgeted	\$ 393,125	\$ -
Fiscal Year 2017-2018	Estimated	\$ 260,717	\$ -
Fiscal Year 2016-2017	Actual	\$ 89,700	\$ 29,116
Fiscal Year 2015-2016	Actual	\$ -	\$ -
Fiscal Year 2014-2015	Actual	\$ 50,364	\$ 50,364

The chart below illustrates the fund balance available for appropriation along with the amounts restricted by state statute and for Powell Bill. The chart also illustrates amounts committed for public safety and the twenty-five percent (25%) to be maintained per city policy.

	FY 2017-2018 Estimated	FY 2016-2017 Actual	FY 2015-2016 Actual	FY 2014-2015 Actual
Total Fund Balance-General Fund	\$3,206,377	\$ 3,784,597	\$ 3,813,713	\$ 3,436,590
Less:				
Stabilization by state stature	118,112	392,208	410,022	372,455
Streets-Powell Bill	17,867	1,010	61,793	91,145
Appropriated Fund Balance	-	-	-	-
Committed-Public Safety	255,727	187,727	123,445	104,877
Fund Balance per Policy	1,632,182	1,539,339	1,358,043	1,400,065
Unassigned	1,182,489	1,664,313	1,860,410	1,467,948

## General Fund Revenue Assumptions and Analysis

### 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 contained an appropriation for fund balance; the appropriation is specifically for construction of a downtown parking lot. This appropriation was not used due to a grant from the NC Department of Commerce.

The budget for FY 2017-2018 contained a fund balance appropriation of \$110,653 to be used for police vehicles and additional streets resurfacing. Preliminary estimates lead us to believe most of that appropriation will be used.

The budget for FY 2018-2019 contains a fund balance appropriation of \$393,125; committed Public Safety Fund Balance of \$211,000 is planned for fire department capital needs, \$155,000 of Unassigned Fund Balance is planned for police vehicles, and \$27,125 is planned to assist with other capital projects.

**General Fund Summary**  
**City of King, North Carolina**

<u>Revenues</u>	<b>Budgeted FY 18-19</b>	<b>Budgeted FY 17-18</b>	<b>Estimated FY 17-18</b>
Ad valorem taxes	\$ 2,862,200	\$ 2,788,000	\$ 2,677,413
Unrestricted intergovernmental	1,894,350	1,818,700	1,838,294
Restricted intergovernmental	1,276,500	1,352,800	1,252,829
Permits and fees	134,500	66,000	130,227
Sales and services	39,000	17,000	23,500
Interest earnings	20,000	13,700	34,196
Other revenues	150,500	143,250	158,208
Other financing sources	423,858	533,000	562,302
<b>Total</b>	<b>6,800,908</b>	<b>6,732,450</b>	<b>6,676,969</b>
<u>Expenditures</u>			
General Government	617,729	606,172	612,868
Public Safety	4,479,712	4,351,605	4,419,851
Transportation	603,794	529,553	442,458
Environmental protection	592,799	587,588	589,196
Culture and recreation	423,351	369,064	464,355
Debt service	466,036	388,509	404,629
Non-Departmental	10,612	10,612	559
Other financing uses	-	-	-
<b>Total</b>	<b>7,194,033</b>	<b>6,843,102</b>	<b>6,933,916</b>
Fund balance appropriated	393,125	110,653	
Net change in fund balance			\$ (256,947)

<u>Revenues</u>	<b>Budgeted FY 16-17</b>	<b>Actual FY 16-17</b>	<b>Budgeted FY 15-16</b>	<b>Actual FY 15-16</b>
Ad valorem taxes	\$ 2,421,650	\$ 2,445,484	2,453,300	\$ 2,435,843
Unrestricted intergovernmental	1,755,209	1,664,882	1,525,750	1,628,764
Restricted intergovernmental	1,261,990	1,303,743	956,500	990,263
Permits and fees	137,700	166,331	151,525	207,599
Sales and services	27,900	21,747	34,000	28,332
Interest earnings	3,600	15,250	3,601	7,439
Other revenues	139,712	147,432	165,462	126,207
Other financing sources	364,428	364,952	390,421	384,843
<b>Total</b>	<b>6,112,189</b>	<b>6,129,821</b>	<b>5,680,559</b>	<b>5,809,290</b>
<u>Expenditures</u>				
General Government	794,371	724,737	586,814	545,120
Public Safety	3,555,568	3,491,130	3,289,314	3,085,152
Transportation	583,243	503,500	569,263	448,375
Environmental protection	525,118	510,405	651,610	633,038
Culture and recreation	485,943	445,978	310,463	286,003
Debt service	477,822	476,851	434,288	434,252
Non-Departmental	5,612	4,754	8,412	230
Other financing uses	-	-	-	-
<b>Total</b>	<b>6,427,677</b>	<b>6,157,355</b>	<b>5,850,164</b>	<b>5,432,170</b>
Fund balance appropriated	315,488		169,605	
Net change in fund balance		\$ (27,534)		\$ 377,120

## 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 16.87% decrease. The decrease is primarily due to items such as election fees, funds allocated for a strategic planning workshop and salary study and funds budgeted for assistance with a public playground planned at Recreation Acres Park from the FY 2017-2018 not being carried over to the FY 2018-2019 budget.

### GOVERNING BODY HIGHLIGHTS FOR FY 2017-2018

- Sponsored Fourth of July Fireworks at Recreation Acres Park
- Co-sponsored *Meet Me on Main* Downtown Street Celebration in June 2018
- Co-Sponsored KingFest in October 2017
- 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 2017
- Approved FY 2018-2019 Budget on June 4, 2018

### PERFORMANCE MEASURES

Governing Body	2017	2016	2015	2014	2013	2012
Number of City Council Meetings	17	15	15	24	27	23

### PROGRAM SUMMARY

	FY 2016-2017 Prior Year Actual	FY 2017-2018 Current Year Original	FY 2017-2018 Current Year Estimate	Request	FY 2018-2019 Continuation Recommended	Adopted
Governing Body	\$51,521	\$70,568	\$60,493	\$63,761	\$58,669	\$58,669

## 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 ( both 50% split with the Enterprise Fund portion of the Administration Department).

### BUDGET BRIEF

The adopted budget for the Administration Department reflects an 18.89% decrease from the amended budget of \$171,972. The amended increase was due to construction of a storage lot on North Main Street. The adopted budget is basically flat with the prior adopted budget; increases are due to salary increases that combine with reductions in some expenditure lines including contracted services.

### ADMINISTRATION HIGHLIGHTS FOR FY 2017-2018

- City Manager Homer Dearmin prepared and presented the proposed budget for FY 18-19 to the City Council in March 2018
- Implemented Code Red, a citizen notification service in November 2017

### PERFORMANCE MEASURES

		2017	2016	2015	2014
City Manager	Balanced budget presented to City Council by April	Yes	Yes	Yes	Yes
	Explore social media options for community outreach	Yes	Yes	Yes	Yes
City Clerk	Complete draft minutes of prior council meeting(s) for approval at the next meeting	100%	100%	100%	100%
	Scan documents into the City's Laserfiche system within 30 days of the date they become effective	100%	100%	100%	100%

### PROGRAM SUMMARY

	FY 2016-2017 Prior Year Actual	FY 2017-2018 Current Year Original	FY 2017-2018 Current Year Estimate	Request	FY 2018-2019 Continuation Recommended	Adopted
General Fund Administration	\$182,859	\$139,499	\$163,355	\$143,212	\$140,547	\$139,534

## 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 (paid 100% Enterprise Fund), Accounts Payable Technician, and Payroll Technician (both paid 100% General Fund).

### BUDGET BRIEF

The adopted budget for the Finance Department reflects a 2.77% increase which is primarily due to personnel expenditures.

### FINANCE HIGHLIGHTS FOR FY 2017-2018

- Held annual employee Health & Benefits Fair in May 2018
- Received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the eighth year
- Received the Certificate of Recognition for Budget Preparation from the Government Finance Officers Association for the fifth year
- Received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for the fourth year

### PERFORMANCE MEASURES

Finance	2017	2016	2015	2014	2013
Receive unqualified (clean) audit opinion	Yes	Yes	Yes	Yes	Yes
Dollar Amount of AP Checks	\$12,270,196	\$11,801,499	\$16,318,739	\$9,173,524	\$5,223,826
Purchase Orders Processed	965	468 <sup>(1)</sup>			
Number of W-2's Printed	121	123	119	120	120

## General Fund Finance Department

### PROGRAM SUMMARY

	FY 2016-2017 Prior Year <u>Actual</u>	FY 2017-2018 Current Year <u>Original</u>	FY 2017-2018 Current Year <u>Estimate</u>	<u>Request</u>	FY 2018-2019 Continuation <u>Recommended</u>	<u>Adopted</u>
General Fund Finance	\$182,625	\$175,744	\$174,097	\$178,809	\$182,277	\$180,604

(1) Data from August 2016 – December 2016; prior unavailable due to software conversion

## 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.

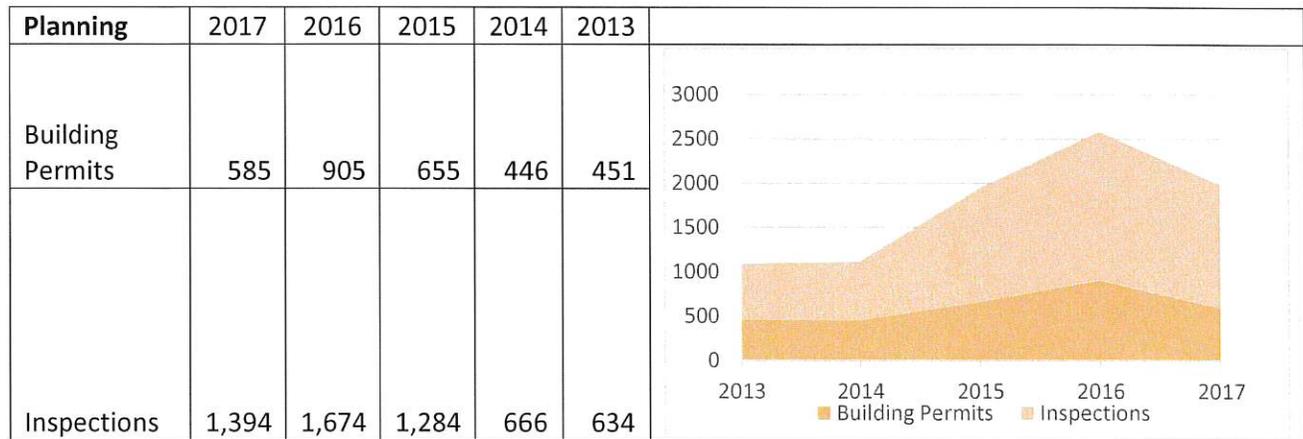
### BUDGET BRIEF

The adopted budget for the Planning and Inspections Department reflects an 6.60% increase. The increase is due primarily to salary increases.

### PLANNING AND INSPECTIONS HIGHLIGHTS FOR FY 2017-2018

- Construction of an apartment complex completed in January 2018
- Construction of a new hardware store to begin in April 2018
- Director of Planning & Inspections attended NCAZO Seminar in July 2017

### PERFORMANCE MEASURES



### PROGRAM SUMMARY

	FY 2016-2017 Prior Year <u>Actual</u>	FY 2017-2018 Current Year <u>Original</u>	FY 2017-2018 Current Year <u>Estimate</u>	<u>Request</u>	FY 2018-2019 Continuation <u>Recommended</u>	<u>Adopted</u>
Planning and Inspections	\$187,260	\$200,767	\$199,297	\$215,267	\$216,615	\$214,000

## 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 27.2% increase. The increase is due to funding added for landscaping and repairs to the exterior of City Hall.

### PUBLIC BUILDINGS HIGHLIGHTS FY 2017-2018

- Routine maintenance/repairs for city buildings

### PROGRAM SUMMARY

	FY 2016-2017 Prior Year <u>Actual</u>	FY 2017-2018 Current Year <u>Original</u>	FY 2017-2018 Current Year <u>Estimate</u>	<u>Request</u>	FY 2018-2019 Continuation <u>Recommended</u>	<u>Adopted</u>
Public Buildings	\$120,472	\$19,594	\$18,626	\$31,422	\$19,922	\$24,922

# 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-two (22) sworn law officers, three (3) civilian administrative staff, and four (4) part-time officers.

## BUDGET BRIEF

The adopted budget for the Police Department reflects a 12.68% increase over the amended budget. The increase is due to salary increases, the addition of two new position, and the purchase of four vehicles. An additional patrol officer will help to ensure adequate coverage and officer safety following anticipated residential growth and the second additional position will be an SRO (School Resource Officer) to be stationed at King Elementary School full-time during the school year.

## POLICE DEPARTMENT HIGHLIGHTS FOR FY 2017-2018

- 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.

## PROGRAM SUMMARY

	FY 2016-2017 Prior Year Actual	FY 2017-2018 Current Year Original	FY 2017-2018 Current Year Estimate	Request	FY 2018-2019 Continuation Recommended	Adopted
Police Department	\$1,825,175	\$1,987,700	\$2,035,559	\$2,230,179	\$2,328,040	\$2,286,998

## GOALS AND PERFORMANCE MEASURES

	2017	2016	2015 <sup>1</sup>	2014	2013
Increase/maintain D.A.R.E. Program Education at King Elementary	21	10	4	N/A	N/A
Increase foot patrols	4,999	3,707	1,710	N/A	N/A
Increase DWI enforcement	2	25	21	N/A	N/A
Increase welfare checks	85	71	50	N/A	N/A
Increase Public service and Police service	665	393	225	N/A	N/A
Number of vehicles replaced	2	2	2	2	3

<sup>1</sup> 2015 data was from a new reporting system; therefore, prior year comparative data is not available.

# 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 nineteen (19) full-time firefighters, three (3) administrative staff, one (1) full-time administrative assistant and approximately twenty-five (25) volunteer firefighters.

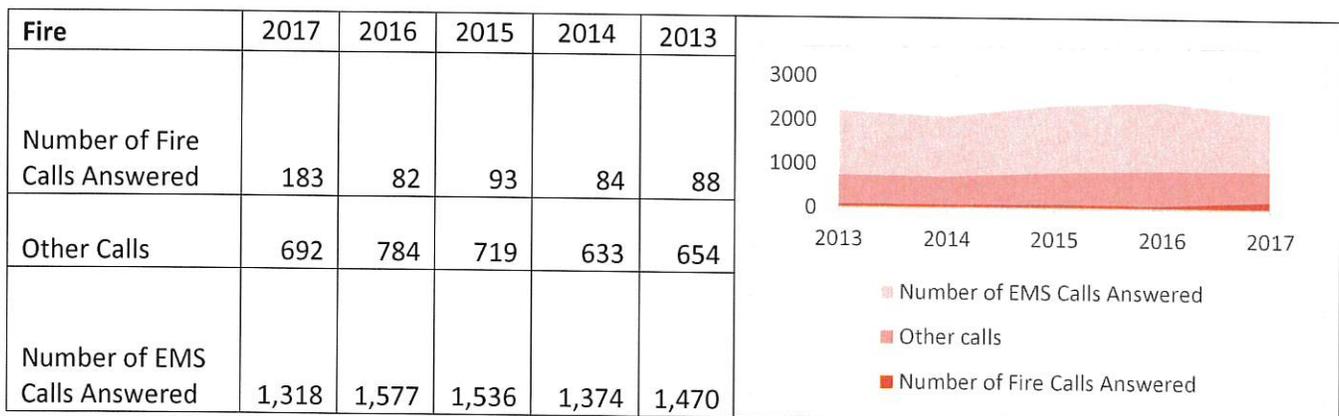
## BUDGET BRIEF

The adopted budget for the Fire Department reflects a 7.24% increase. The decrease is due to the purchase of a fire truck not being carried forward to the new budget year. This significant decrease is offset by the refurbishment of a rescue/brush truck and hiring an additional firefighter during the FY 2017-2018 budget year.

## FIRE DEPARTMENT HIGHLIGHTS FOR FY 2018-2019

- Purchased a new fire truck.
- Improved insurance rating to 3/9e, effective January 1, 2018.
- Firefighters attended mandatory training hours to retain certifications.
- Firefighters completed certifications including Fire and Life Safety Level 1, Fire Officer 3, EMT-Intermediate

## PERFORMANCE MEASURE



Fire calls are defined as structure, vehicle, grass/brush, trash/rubbish or other actual fires. Emergency medical calls include medical calls, motor vehicle accidents, and technical rescue incidents. All other calls typically fall into false alarms, storm response or service calls which include good intent and mutual aid.

## Fire Department

### PROGRAM SUMMARY

	FY 2016-2017 Prior Year <u>Actual</u>	FY 2017-2018 Current Year <u>Original</u>	FY 2017-2018 Current Year <u>Estimate</u>	<u>Request</u>	FY 2018-2019 Continuation <u>Recommended</u>	<u>Adopted</u>
Fire Department	\$1,665,955	\$2,363,815	\$2,384,292	\$2,155,607	\$2,187,356	\$2,192,714
City Share	\$ 730,271	\$1,387,265	\$1,401,292	\$1,157,607	\$1,189,356	\$1,190,714

### GOALS

	2017	2016	2015	2014	2013	2012
Replace 5 sets of PPE annually	100%	100%	100%	100%	100%	100%
Increase hours spent on Public Education			98	85	189	340
Increase fire and life safety inspections	357	345	368	363	345	354
Improve ISO rating	3/9e	6/9e	6/9e	6/9e	6/9e	6/9e

## Streets Department

### DESCRIPTION

The Streets department is responsible for maintaining the City's 39.669 miles of streets. The Streets Department consists of one (1) budgeted employee.

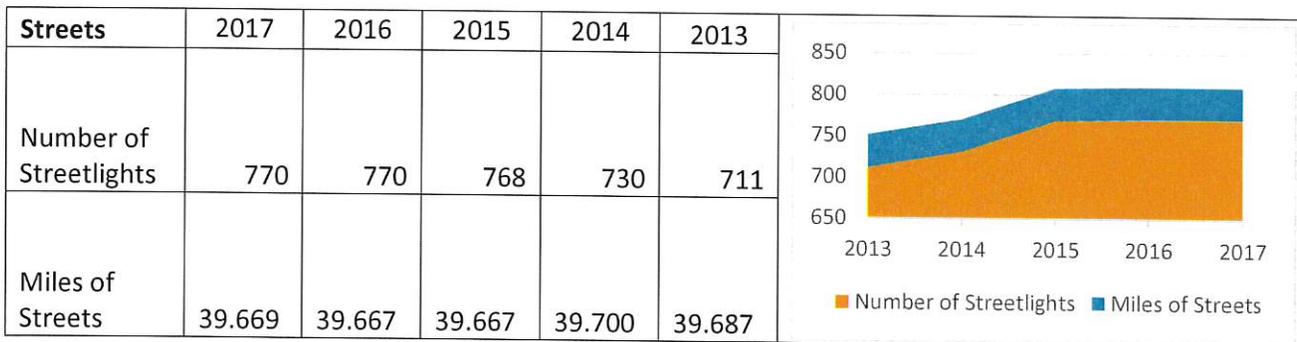
### BUDGET BRIEF

The adopted budget for the Streets Department reflects a 14.02% decrease. This increase is due to additional streets resurfacing costs and purchase of a truck and a tractor.

### STREETS DEPARTMENT HIGHLIGHTS FOR FY 2017-2018

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

### PERFORMANCE MEASURES



### PROGRAM SUMMARY

	FY 2016-2017 Prior Year <u>Actual</u>	FY 2017-2018 Current Year <u>Original</u>	FY 2017-2018 Current Year <u>Estimate</u>	<u>Request</u>	FY 2018-2019 Continuation <u>Recommended</u>	<u>Adopted</u>
Streets	\$503,500	\$529,553	\$442,458	\$569,819	\$566,312	\$603,794

## 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 of one (1) budgeted full-time employee and two (2) part-time employees at the Recycling Center.

### BUDGET BRIEF

The adopted budget for the Solid Waste Department remains basically flat for FY 2018-2019. Projected salary increases were offset by a budgeted slight reduction in garbage collection costs.

### SOLID WASTE DEPARTMENT HIGHLIGHTS FOR FY 2017-2018

- Sold 152 annual yard cart annual permits
- Contracted for garbage service to an estimated 2,533 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	2017	2016	2015	2014	2013	2012	2011
Number of garbage customers	2,533	2,525	2,505	2,496	2,482	2,472	2,446
Garbage Service Cost	\$262,764	\$297,327	\$293,541	\$292,319	\$291,930	\$289,407	-
Yard Cart Permits sold	152	173	158	158	146	155	-
Revenue from Yard Cart Permits	\$7,400	\$8,674	\$7,908	\$7,900	\$7,350	\$7,750	-
Revenue from Recycling	\$3,500	\$2,884	\$4,063	\$5,287	\$4,571	\$9,381	-

### PROGRAM SUMMARY

	FY 2016-2017 Prior Year <u>Actual</u>	FY 2017-2018 Current Year <u>Original</u>	FY 2017-2018 Current Year <u>Estimate</u>	<u>Request</u>	FY 2018-2019 Continuation <u>Recommended</u>	<u>Adopted</u>
Solid Waste	\$314,919	\$355,519	\$350,456	\$367,660	\$361,301	\$357,087

## 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) budgeted employees.

### BUDGET BRIEF

The adopted budget for the Public Works Department reflects a 1.57% increase. This increase is due to increases in salaries and projected bulk fuel purchases.

### PUBLIC WORKS DEPARTMENT HIGHLIGHTS FOR FY 2017-2018

- Employees performed routine maintenance tasks

### PERFORMANCE MEASURES

Public Works	2017	2016	2015	2014	2013	2012
Gallons of Diesel Fuel Purchased	44,503	30,391	27,418	25,934	25,421	23,758
Gallons of Gasoline Purchased	55,950	57,447	54,924	48,014	42,725	58,528
Revenue from fuel sales	\$80,347	\$71,495	\$ 90,027	\$101,895	\$94,237	\$124,677

### PROGRAM SUMMARY

	FY 2016-2017 Prior Year <u>Actual</u>	FY 2017-2018 Current Year <u>Original</u>	FY 2017-2018 Current Year <u>Estimate</u>	<u>Request</u>	FY 2018-2019 Continuation <u>Recommended</u>	<u>Adopted</u>
Public Works	\$195,486	\$232,069	\$238,740	\$242,781	\$240,848	\$235,712

## 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 all-inclusive children's playground. The Recreation Acres Park Department consists of two (2) full-time and one (1) part-time employee.

### BUDGET BRIEF

The adopted budget for the Recreation Acres Department reflects a 11.41% increase. The increase is due to salary increases and the addition of a Parks and Recreation Director position to be filled in January 2018.

### RECREATION ACRES PARK HIGHLIGHTS FOR FY 2017-2018

- Host site for the City's annual Fourth of July fireworks display
- Home to King Little League and Northern Triad Soccer Club
- Purchased a utility vehicle for employee use at the park
- The park is now home to an inclusive playground.

### PERFORMANCE MEASURES

Recreation Acres	2017	2016	2015	2014	2013	2012	2011
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 <sup>1</sup>	58	59	83	57	-	-	-
Revenue from rentals <sup>1</sup>	\$7,090	\$9,345	\$9,505	\$8,375	-	-	-

### PROGRAM SUMMARY

	FY 2016-2017 Prior Year Actual	FY 2017-2018 Current Year Original	FY 2017-2018 Current Year Estimate	Request	FY 2018-2019 Continuation Recommended	Adopted
Recreation Acres	\$128,125	\$146,472	\$233,904	\$174,192	\$232,420	\$163,178

<sup>1</sup> FY 13-14 was the first year that 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 9.62% decrease from the prior budget due to the purchase of a utility vehicle in the prior year not carried forward.

### CENTRAL PARK HIGHLIGHTS FOR FY 2017-2018

- Host site for KingFest, Christmas Tree Lighting, Easter Egg Hunt
- Host site for various events produced by the Stokes County Arts Council
- Purchased a utility vehicle for employee use at the park

### PERFORMANCE MEASURES

Central Park	2017	2016	2015	2014	2013	2012	2011
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 <sup>1</sup>	27	35	30	22	-	-	-
Revenue from rentals <sup>1</sup>	\$1,015	\$1,910	\$1,895	\$5,127	-	-	-

### PROGRAM SUMMARY

	FY 2016-2017 Prior Year <u>Actual</u>	FY 2017-2018 Current Year <u>Original</u>	FY 2017-2018 Current Year <u>Estimate</u>	<u>Request</u>	FY 2018-2019 Continuation <u>Recommended</u>	<u>Adopted</u>
Central Park	\$209,569	\$106,895	\$105,026	\$96,573	\$96,938	\$96,616

<sup>1</sup> FY13-14 was the first year that 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 49.80% increase over the amended budget of \$21,325. The increase is due to budgeted expenditures to costing work for a downtown “gateway”.

### COMMUNITY DEVELOPMENT HIGHLIGHTS FOR FY 2016-2017

- Organized the annual Christmas Tree Lighting
- Began work towards the Stokes2035 plan.

### PERFORMANCE MEASURES

Community Appearance	2017	2016	2015	2014	2013	2012
Number of Meetings	6	2	2	1	2	4
Progress towards Stokes2035 plan	Design plan for downtown “gateway”					

### PROGRAM SUMMARY

	FY 2016- 2017 Prior Year <u>Actual</u>	FY 2017- 2018 Current Year <u>Original</u>	FY 2017- 2018 Current Year <u>Estimate</u>	<u>Request</u>	FY 2018-2019 Continuation <u>Recommended</u>	<u>Adopted</u>
Community Development	\$4,293	\$8,825	\$17,847	\$32,443	\$31,943	\$31,943

## 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 reflects a 43.25% increase. The increase is due to a request by the Northwestern Regional Library for track lighting and new flooring in the Shelton Room.

### LIBRARY HIGHLIGHTS FOR FY 2017-2018

- 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	2017	2016	2015	2014	2013	2012	2011	2010
Materials Circulated	N/A <sup>1</sup>	N/A <sup>1</sup>	79,725	80,621	84,396	79,983	86,277	82,055
Internet Use	N/A <sup>1</sup>	N/A <sup>1</sup>	28,671	23,003	24,078	25,085	22,704	22,571

### PROGRAM SUMMARY

	FY 2016-2017 Prior Year Actual	FY 2017-2018 Current Year Original	FY 2017-2018 Current Year Estimate	Request	FY 2018-2019 Continuation Recommended	Adopted
Library	\$16,532	\$16,626	\$16,949	\$30,055	\$23,816	\$23,816

<sup>1</sup> Information requested but not provided

## 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 two (2) part-time employees.

### BUDGET BRIEF

The adopted budget for the Senior Center Department reflects a 19.45% increase. The increase is primarily due to increased salary/benefit costs for increased hours for the part-time activities coordinator position and additional funding for program costs, both needed to better meet certification requirements.

### SENIOR CENTER HIGHLIGHTS FOR FY 2017-2018

- Held the annual Chicken Stew Fundraiser in February 2018
- Director and Activities Coordinator attended required trainings.

### PERFORMANCE MEASURES

Senior Center	2017	2016	2015	2014	2013	2012	2011
Number of Participants (monthly average)	271	293	297	235	165	191	197

### PROGRAM SUMMARY

	FY 2016-2017 Prior Year <u>Actual</u>	FY 2017-2018 Current Year <u>Original</u>	FY 2017-2018 Current Year <u>Estimate</u>	<u>Request</u>	FY 2017-2018 Continuation <u>Recommended</u>	<u>Adopted</u>
Senior Center	\$87,459	\$90,246	\$90,629	\$106,815	\$108,387	\$107,798
City Share	\$59,592	\$64,246	\$64,629	\$ 80,815	\$ 82,387	\$ 81,798

## 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, 2018 will be \$1,180,593.81. All of the City's General Fund debt is in the form of installment purchase agreements. In fiscal year 2018-2019 the City intends to secure new debt of \$409,858 for the purchase of truck and tractor for streets and for streets paving.

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 18-19 budget is \$420,894. The amount of debt service interest budgeted for the General Fund in the FY 18-19 budget is \$45,142. The total amount of debt service budgeted for the General Fund in the FY 18-19 budget is \$466,036.

### Computation of Legal Debt Limit

Net Assessed Value - June 30, 2018	\$ 629,765,511	
Debt Limit - Eight Percent (8.0%) of Assessed Value	\$ 50,381,241	
Gross Debt:		
Total Bonded Debt	-	
Installment Purchase Agreements	<u>1,180,594</u>	
Total Gross Debt:	1,180,594	
Total Amount of Debt Applicable to Debt Limit (Net Debt)	<u>1,180,594</u>	2.35%
Legal Debt Margin	\$ 49,200,647	

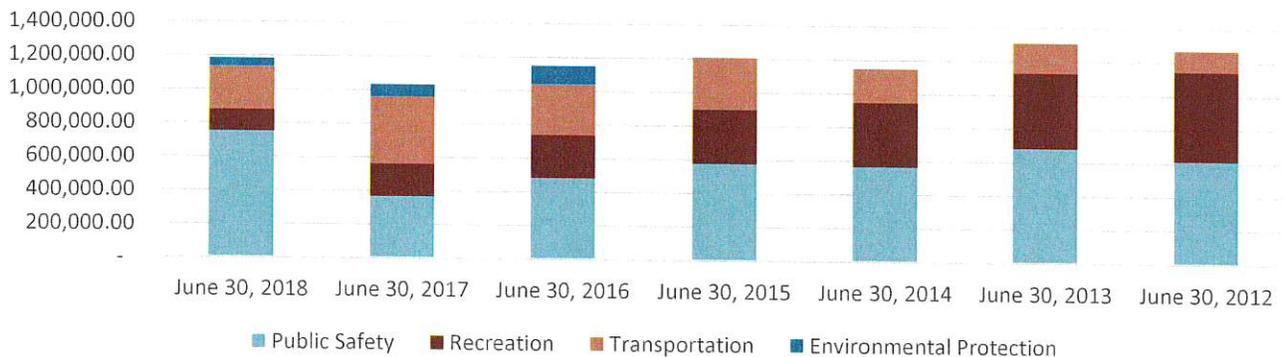
The City is subject to the Local Government Bond Act of North Carolina, which limits the amount of net bonded debt the City may have outstanding to 8% of the assessed value of the property subject to taxation. The City's net debt as a percentage of assessed valuation at June 30, 2018 is 2.35% compared to the legal debt limit of 8%.

## General Fund Debt Service

### Installment Purchases - General Fund As of June 30, 2018

Purpose of Issue	Date of Issue	Interest Rate	Amount Issued	Principal Outstanding June 30, 2018
<b>Governmental Activities</b>				
Recreation Acres Soccer	08/01/2005	4.330%	\$ 957,100.00	\$ 127,609.00
2017 Sutphen S3	08/31/2017	2.29%	\$ 525,000.00	\$ 466,991.64
Brush Truck, Streets Paving, PD Vehicles	10/29/2015	1.650%	\$ 338,692.00	\$ 136,583.55
Sutphen Pumper Fire Truck	08/08/2011	2.910%	\$ 435,000.00	\$ 189,091.63
Streets Paving FY 14-15	09/23/2014	2.160%	\$ 113,639.00	\$ 23,208.10
Two Police Cars and Equipment	11/12/2014	2.380%	\$ 70,000.00	\$ 14,325.29
Resurfacing two parking lots	04/14/2015	2.290%	\$ 107,100.00	\$ 21,899.30
Streets Paving FY 16-17	09/28/2016	1.830%	\$ 253,428.00	\$ 152,253.36
Police Cars FY 16-17	12/01/2016	2.970%	\$ 73,000.00	\$ 48,631.94
<b>Total</b>			<b>\$ 2,872,959.00</b>	<b>\$1,180,593.81</b>

**Outstanding Debt Principal by Service Area**



### PROGRAM SUMMARY

	FY 2016-2017 Prior Year Actual	FY 2017-2018 Current Year Original	FY 2017-2018 Current Year Estimate	Request	FY 2018-2019 Continuation Recommended	Adopted
Debt Service Total	\$476,851	\$388,509	\$400,934	\$500,610	\$500,610	\$466,036
(Principal)	\$444,936	\$342,963	\$373,763	\$449,655	\$449,655	\$420,894
(Interest)	\$ 31,915	\$ 45,546	\$ 27,171	\$ 50,955	\$ 50,955	\$ 45,142

## 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 was closed in FY 16-17.

### OTHER FINANCING USES BUDGET BRIEF

The total amount of Other Financing Uses budgeted for FY 2017-2018 is \$0. See table below for prior years' amounts for Other Financing Uses.

	Other Financing Uses	
Fiscal Year 2018-2019	Budgeted	\$ 0
Fiscal Year 2017-2018	Estimated	\$ 0
Fiscal Year 2016-2017	Actual	\$ 0
Fiscal Year 2015-2016	Actual	\$ 0
Fiscal Year 2014-2015	Actual	\$ 0
Fiscal Year 2013-2014	Actual	\$ 38,850

### 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 2018-2019 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.

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

### **NON-DEPARTMENTAL BUDGET BRIEF**

The total amount of Non-Departmental budgeted for FY 2018-2019 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 2018-2019	Budgeted	\$ 10,612
Fiscal Year 2017-2018	Estimated	\$ 559
Fiscal Year 2016-2017	Actual	\$ 4,754
Fiscal Year 2015-2016	Actual	\$ 230
Fiscal Year 2014-2015	Actual	\$ 0
Fiscal Year 2013-2014	Actual	\$ 10,611

### **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 2018-2019 is \$0. See table below for prior years budgeted amounts for contingency.

	Contingency Budgeted	
Fiscal Year 2018-2019		\$ -
Fiscal Year 2017-2018		\$ -
Fiscal Year 2016-2017		\$ -
Fiscal Year 2015-2016		\$ -
Fiscal Year 2014-2015		\$ -
Fiscal Year 2013-2014		\$ -
Fiscal Year 2012-2013		\$ 21,170

## 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 2017-2018 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 2018-2019	\$ 0	Budgeted	\$ 0
Fiscal Year 2017-2018	\$ 0	Estimated	\$ 0
Fiscal Year 2016-2017	\$ 0	Actual	\$ 1,583
Fiscal Year 2015-2016	\$ 0	Actual	\$ 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 2017-2018

No monies were budgeted to be transferred in or out of this fund for FY 2017-2018. 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 2018-2019 is \$1 for interest earnings. No monies are budgeted to be spent from this fund in FY 2018-2019.

	Revenues	Federal Forfeiture Fund	Expenditures
Fiscal Year 2018-2019	\$ 1	Budgeted	\$ 0
Fiscal Year 2017-2018	\$ 1	Estimated	\$ 0
Fiscal Year 2016-2017	\$ 0	Actual	\$ 0
Fiscal Year 2015-2016	\$ 1	Actual	\$ 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 2017-2018

No monies were spent from this fund in FY 2017-2018.

## 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 2018-2019 is \$300. No monies are budgeted to be spent from this fund in FY 2018-2019.

	Revenues	State Forfeiture Fund	Expenditures
Fiscal Year 2018-2019	\$ 300	Budgeted	\$ 0
Fiscal Year 2017-2018	\$ 1,200	Estimated	\$ 0
Fiscal Year 2016-2017	\$ 1,459	Actual	\$ 0
Fiscal Year 2015-2016	\$ 1,476	Actual	\$ 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 2017-2018

No monies were spent from this fund in FY 2017-2018.

## 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	2020	2021	2022	2023	2024
Population	6,300	6,268	6,300	6,405	6,405
Operating Revenues					
Property Tax	2,604,759	2,665,971	2,728,621	2,792,744	2,858,373
Unrestricted Intergovernmental					
Local Option Sales Tax	965,133	1,003,739	1,043,888	1,085,644	1,129,069
Video programming tax	38,739	37,965	37,205	36,461	35,732
Beer and wine tax	30,000	30,000	30,000	30,000	30,000
Utility Franchise Tax	306,250	307,322	308,398	309,477	310,560
Other	225,741	225,741	225,741	225,741	225,741
Restricted Intergovernmental					
Fire District Tax	665,485	673,005	680,610	688,301	696,079
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	3,670	3,707	3,707	3,707	3,707
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 was completed in March 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 the 2017-2018 fiscal year. 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 significantly 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 15-16 was up by approximately 59%. This line will be inflated in the current year as well due to three grocery store renovations, more construction in the Wal-Mart shopping center, and construction of a new apartment complex. 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%. Interest rates began increasing in calendar 2017; therefore, an increase of 1% per year through calendar 2021 is projected.

### 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, a decrease of another 11.65% from FY 13-14 to FY 14-15 and a decrease of 21% from FY 14-15 to FY 15-16. 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	2020	2021	2022	2023	2023
Operating Expenditures					
Salaries and Benefits	3,472,490	3,576,664	3,683,964	3,794,483	3,908,318
Operating	1,469,260	1,486,451	1,503,842	1,521,437	1,539,238
Other	35,000	35,000	35,000	35,000	35,000
Debt Service	158,469	117,331	117,331	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 is now ten years old in 2018 and the Freightliner leaf truck is now fourteen years old in 2018; both need replacing. Finally, the Fire Department will look to replace the 2007 Sutphen engine truck in Fiscal 2019-2020.

Please see below for potential capital expenditures and the resulting estimated increase in debt service for fiscal years 2020 – 2024.

Capital Outlay Item	Cost	2019	2020	2021	2022	2023
2 police cars per year	65,000	43,998	58,664	73,330	73,330	73,330
Streets Paving	112,000	71,283	95,044	118,805	118,805	118,805
Chevy C-5500 Solid Waste	55,000	11,669	11,669	11,669	11,669	11,669
Freightliner Leaf Truck	110,000	23,337	23,337	23,337	23,337	23,337
Fire Truck	525,000	50,761	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	2020	2021	2022	2023	2024
Operating Expenditures					
Salaries and Benefits	3,371,349	3,472,490	3,576,664	3,683,964	3,794,483
Operating	1,452,269	1,469,260	1,486,451	1,503,842	1,521,437
Other	35,000	35,000	35,000	35,000	35,000
Debt Service	184,790	158,469	117,331	117,331	117,331
Total	5,043,408	5,135,219	5,215,446	5,340,138	5,468,251
Debt Service with additional capital items	385,838	397,944	395,233	395,233	395,233
Total Expenditures with additional capital items	5,429,246	5,533,163	5,610,679	5,735,371	5,863,484
Percentage increase	7.65%	7.75%	7.58%	7.40%	7.23%

### Revised Long-Term Impact

The above reflects purchases based on conditions approximately five years ago. However, streets paving has more than doubled since that time and other costs, including interest expense, have increased. Please see the same charts below that have been updated to reflect additional costs and the increased impact on our budgets.

Capital Outlay Item	Cost	2020	2021	2022	2023	2024
4 police vehicles	155,000	122,996	122,996	93,664	93,664	93,664
Streets Paving	250,000	150,807	182,809	214,811	246,813	223,052
Chevy C-5500 Solid Waste	55,000	12,268	12,268	12,268	12,268	12,268
Freightliner Leaf Truck	110,000	24,536	24,536	24,536	24,536	24,536
Fire Truck	525,000	63,924	63,924	63,924	63,924	63,924

## General Fund Long-Range Financial Forecast

Projected Expenditures	2020	2021	2022	2023	2024
Operating Expenditures					
Salaries and Benefits	3,472,490	3,576,664	3,683,964	3,794,483	3,908,318
Operating	1,469,260	1,486,451	1,503,842	1,521,437	1,539,238
Other	35,000	35,000	35,000	35,000	35,000
Debt Service	158,469	117,331	117,331	117,331	117,331
Total	5,135,219	5,215,446	5,340,138	5,468,251	5,599,887
Debt Service with additional capital items	533,000	523,864	526,534	558,536	534,775
Total Expenditures with additional capital items	5,668,219	5,739,310	5,866,672	6,026,787	6,134,662
Percentage increase	10.38%	10.04%	9.86%	10.21%	9.55%

Please note the significant increase of expenditures, an average of 2.6% each year. Capital items are beginning to take a toll on our budgeted expenditures. Unfortunately, the addition of increased property and sales tax from the new WalMart isn't enough to cover this type of increase. Decisions about making capital purchases, increasing the tax rate, looking for additional revenue sources, etc. will need to be made in the next year or so.

### Non-Recurring Capital Items

As shown above in the second set of charts, the impact of recurring needs would create an average increase in overall expenditures of 9.15%. 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.

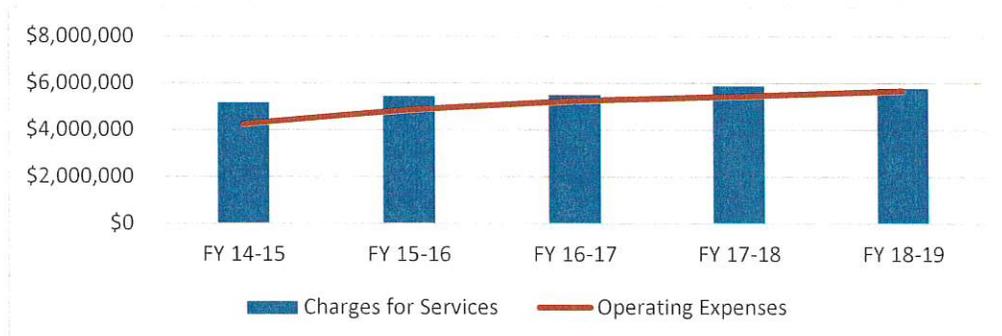
## Enterprise Fund Summary

### 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 2018-2019	\$5,786,650	Budget	\$ 5,677,030
Fiscal Year 2017-2018	\$5,880,177	Estimate	\$ 5,435,009
Fiscal Year 2016-2017	\$5,494,952	Actual	\$ 5,238,656
Fiscal Year 2015-2016	\$5,452,172	Actual	\$ 4,862,722
Fiscal Year 2014-2015	\$5,174,320	Actual	\$ 4,252,261



Enterprise Fund	2019 (Budget)	2018 (Est.)	2017	2016	2015	2014
Change in Net Position	\$109,620	\$516,034	\$386,013	\$489,884	\$884,176	\$842,733

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 \$28.99 with an additional \$3.11 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 \$36.25 with an additional \$3.89 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 \$111.12 with an additional \$6.36 per thousand gallons for usage in excess of 4,000 gallons. Rates were increased by 6% for FY 2018-2019.

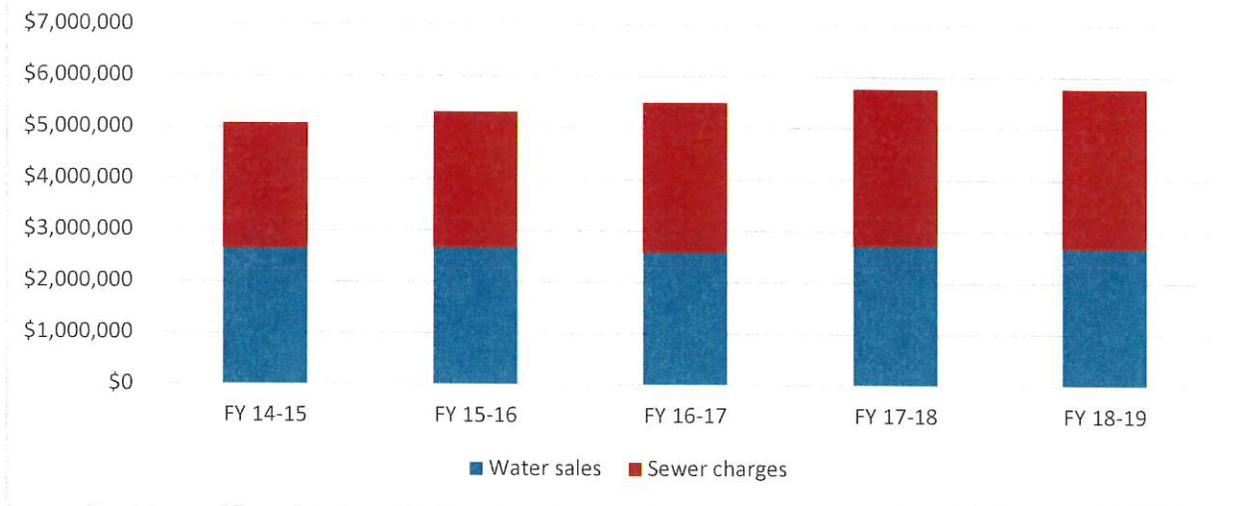
The bi-monthly base rate sewer for residents living outside the City limits is \$138.89 with an additional \$7.95 per thousand gallons for usage in excess of 4,000 gallons. Rates were increased by 6% for FY 2018-2019.

Additional sewer fees include Sewer Biochemical Oxygen Demand/Total Suspended Solid Usage. Residents and non-food establishments are charged \$7.25 bi-monthly and food service establishments are billed \$29.00 bi-monthly. Rates were increased by 6.31% for FY 2018-2019.

### Operating Revenues (Charges for Services)

		Water Sales	Sewer Charges
Fiscal Year 2018-2019	Budgeted	\$ 2,675,000	\$ 3,099,750
Fiscal Year 2017-2018	Estimated	\$ 2,717,452	\$ 3,052,276
Fiscal Year 2016-2017	Actual	\$ 2,581,017	\$ 2,913,935
Fiscal Year 2015-2016	Actual	\$ 2,669,982	\$ 2,628,428
Fiscal Year 2014-2015	Actual	\$ 2,741,261	\$ 2,529,370

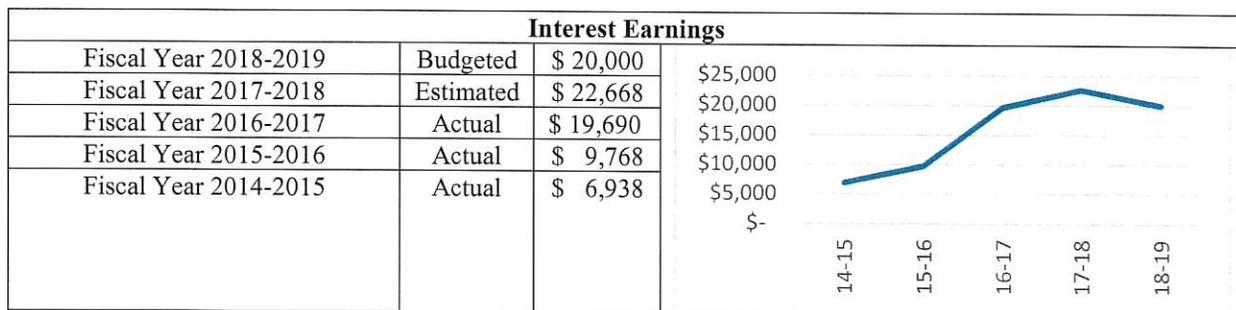
## Water and Sewer Fund Revenues



### 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 Capital Bank.

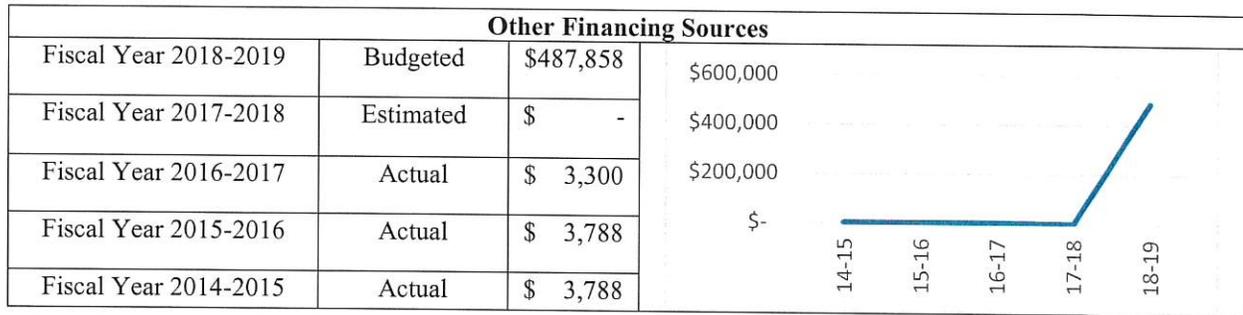
The average interest annual yield has decreased from 1.65% in FY 2008-2009 to 0.16% for FY 2014-2015. Earnings are expected to significantly increase for FY 2017-2018 over FY 2016-2017. Projections are for the Federal Reserve to increase rates two more times in calendar 2018.



### 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 and FY 2015-2016. The budgeted amount for FY 2018-2019 is an anticipated draw from state revolving funds to offset the engineering fees for the new wastewater treatment facility.

## Water and Sewer Fund Revenues



### 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. The fund balance appropriation for FY 2017-2018 will be used to purchase a dump truck; the cost above the FBA will be offset by revenue increases. No fund balance appropriated is included in the budget for FY 2018-2019.

	Fund Balance Appropriated	Budgeted	Appropriated (Used)
Fiscal Year 2018-2019	Budgeted	\$ -	\$ -
Fiscal Year 2017-2018	Estimated	\$117,247	\$ -
Fiscal Year 2016-2017	Actual	\$ -	\$ -
Fiscal Year 2015-2016	Actual	\$ -	\$ -
Fiscal Year 2014-2015	Actual	\$ 80,298	\$ 67,988

# 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 3.93% decrease. The decrease is primarily due to FY 2018-2019 not being an election year; therefore, no funds are budgeted for elections expense..

## GOVERNING BODY HIGHLIGHTS FOR FY 2017-2018

- Sponsored Fourth of July Fireworks at Recreation Acres Park
- Co-sponsored *Meet Me on Main* Downtown Street Celebration in June 2018
- Co-Sponsored KingFest in October 2017
- 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 2017
- Approved FY 2018-2019 Budget on June 4, 2018

## PERFORMANCE MEASURES

Governing Body	2017	2016	2015	2014	2013	2012
Number of City Council Meetings	17	15	15	24	27	23

## PROGRAM SUMMARY

	FY 2016-2017 Prior Year <u>Actual</u>	FY 2017-2018 Current Year <u>Original</u>	FY 2017-2018 Current Year <u>Estimate</u>	<u>Request</u>	FY 2018-2019 Continuation <u>Recommended</u>	<u>Adopted</u>
Governing Body	\$48,784	\$51,406	\$45,601	\$47,138	\$49,388	\$49,388

## 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 General Fund portion of the Administration Department consists of the City Manager and the City Clerk (both 50% split with the Enterprise 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 7.74% increase. The increase is primarily due to salary increases.

### ADMINISTRATION HIGHLIGHTS FOR FY 2017-2018

- City Manager Homer Dearmin prepared and presented the proposed budget for FY 18-19 to the City Council in March 2018.
- Implemented Code Red, a citizen notification service in November 2017

### PERFORMANCE MEASURES

		2017	2016	2015	2014
City Manager	Balanced budget presented to City Council	Yes	Yes	Yes	Yes
	Explore social media options for community outreach	Yes	Yes	Yes	Yes
City Clerk	Complete draft minutes of prior council meeting(s) for approval at the next meeting	100%	100%	100%	100%
	Scan documents into the City's Laserfiche system within 30 days of the date they become effective	100%	100%	100%	100%

### PROGRAM SUMMARY

	FY 2016-2017 Prior Year <u>Actual</u>	FY 2017-2018 Current Year <u>Original</u>	FY 2017-2018 Current Year <u>Estimate</u>	<u>Request</u>	FY 2018-2019 Continuation <u>Recommended</u>	<u>Adopted</u>
General Fund Administration	\$186,168	\$197,977	\$198,100	\$204,313	\$212,945	\$213,285

## 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 (paid 100% Enterprise Fund), Accounts Payable Technician, and Payroll Technician (both paid 100% General Fund), the Collections Supervisor, and two Collections Clerks.

### BUDGET BRIEF

The adopted budget for the Finance Department reflects a .46% increase primarily due to increased salary expenses.

### FINANCE HIGHLIGHTS FOR FY 2017-2018

- Added health vendors to annual employee Benefits Fair in May 2018
- Began using a smart phone app for reading utility meters in September 2017
- Began accepting debit/credit cards for utility payments in January 2018
- Received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the eighth year
- Received the Certificate of Recognition for Budget Preparation from the Government Finance Officers Association for the fifth year
- Received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for the fourth year

### PERFORMANCE MEASURES

Finance	2017	2016	2015	2014	2013
Receive unqualified (clean) audit opinion	Yes	Yes	Yes	Yes	Yes
Dollar Amount of AP Checks	\$12,270,196	\$11,801,499	\$16,318,739	\$9,173,524	\$5,223,826
Purchase Orders Processed	965	468 <sup>(1)</sup>			
Number of W-2's Printed	121	123	119	120	120
Number of utility bills	51,043	21,175 <sup>(1)</sup>	NA	NA	NA
Number of utility payments processed	48,008	17,502 <sup>(1)</sup>			
Percentage of work orders completed <sup>(1)</sup>	98.81%	92.12%			

## Enterprise Fund Finance Department

### PROGRAM SUMMARY

	FY 2016-2017 Prior Year <u>Actual</u>	FY 2017-2018 Current Year <u>Original</u>	FY 2017-2018 Current Year <u>Estimate</u>	<u>Request</u>	FY 2017-2018 Continuation <u>Recommended</u>	<u>Adopted</u>
General Fund Finance	\$339,286	\$348,531	\$344,678	\$341,275	\$349,676	\$350,128

(1) Data from August 2016 – December 2016; prior unavailable due to software conversion

## 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 4.24% increase. The increase is primarily due to projected salary increase.

### ENGINEERING HIGHLIGHTS FOR FY 2017-2018

- City Engineer completed all necessary recertification credits.
- City Engineer began preliminary work towards a wastewater treatment plant.
- 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 2016-2017 Prior Year <u>Actual</u>	FY 2017-2018 Current Year <u>Original</u>	FY 2017-2018 Current Year <u>Estimate</u>	<u>Request</u>	FY 2018-2019 Continuation <u>Recommended</u>	<u>Adopted</u>
Engineering	\$134,811	\$143,276	\$141,544	\$146,535	\$150,182	\$149,337

## 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 an 1.26% increase. The increase is primarily due to increased salary expense. Additional costs for a truck and a mower are offset by purchase of a new generator in the prior year budget.

### WATER OPERATIONS HIGHLIGHTS FOR FY 2017-2018

- Employees attended mandatory training hours to maintain required certifications.
- The water plant was featured in the January 2018 issue of TPO (Treatment Plant Operator) magazine.

### PERFORMANCE MEASURES

Water Operations	2017	2016	2015	2014	2013	2012
Water Plant Capacity (millions of gallons per day)	3	3	3	3	3	3
Number of water customers	8,088	8,089	8,009	7,956	8,508	8,557

### PROGRAM SUMMARY

	FY 2016-2017 Prior Year <u>Actual</u>	FY 2017-2018 Current Year <u>Original</u>	FY 2017-2018 Current Year <u>Estimate</u>	<u>Request</u>	FY 2018-2019 Continuation <u>Recommended</u>	<u>Adopted</u>
Water Operations	\$991,513	\$1,193,905	\$1,142,212	\$1,199,709	\$1,209,427	\$1,208,867

## 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 5.57 % decrease. The decrease is due to purchase of a new dump truck not carried forward.

### WATER DISTRIBUTION HIGHLIGHTS FOR FY 2017-2018

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

### PROGRAM SUMMARY

	FY 2016-2017 Prior Year <u>Actual</u>	FY 2017-2018 Current Year <u>Original</u>	FY 2017-2018 Current Year <u>Estimate</u>	<u>Request</u>	FY 2018-2019 Continuation <u>Recommended</u>	<u>Adopted</u>
Water Distribution	\$1,015,318	\$1,190,355	\$1,216,160	\$1,111,436	\$1,126,625	\$1,124,092

## 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 7.46% increase. The increase is due to the projected increased cost for sewer treatment by the City of Winston-Salem.

### WASTEWATER OPERATIONS HIGHLIGHTS FOR FY 2017-2018

- Employees attended mandatory training hours to retain certifications

### PERFORMANCE MEASURES

Wastewater Operations	2017	2016	2015	2014	2013	2012
Number of sewer customers	2,695	2,699	3,023	2,859	3,015	2,692
Average gallons of sewer treated per day	70,615	71,264	67,693	66,481	66,539	64,434

### PROGRAM SUMMARY

	FY 2016-2017 Prior Year <u>Actual</u>	FY 2017-2018 Current Year <u>Original</u>	FY 2017-2018 Current Year <u>Estimate</u>	<u>Request</u>	FY 2017-2018 Continuation <u>Recommended</u>	<u>Adopted</u>
Wastewater Operations	\$1,409,030	\$1,472,103	\$1,349,928	\$1,591,804	\$1,586,804	\$1,581,804

## 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 1.21% decrease due to completion of the Goff Road Pump Station project.

### WASTEWATER MAINTENANCE HIGHLIGHTS FOR FY 2017-2018

- Employees attended mandatory training hours to retain certifications
- Funds were expended for preliminary design work on a proposed wastewater treatment plant.

### PROGRAM SUMMARY

	FY 2016-2017 Prior Year <u>Actual</u>	FY 2017-2018 Current Year <u>Original</u>	FY 2017-2018 Current Year <u>Estimate</u>	<u>Request</u>	FY 2018-2019 Continuation <u>Recommended</u>	<u>Adopted</u>
Wastewater Maintenance	\$717,216	\$1,012,311	\$996,785	\$996,464	\$999,675	\$1,000,109

## 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, 2018 will be \$12,503,172.42. In fiscal year 2018-2019 the City has no plans to secure new debt for the Enterprise Fund. The FY 18-19 budget includes the fourth payment on the loan for the water plant.

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 18-19 budget is \$843,351; of this, \$801,695 is for principal, \$41,656 is for interest.

#### Installment Purchases - Enterprise Fund As of June 30, 2018

Purpose of Issue	Date of Issue	Interest Rate	Amount Issued	Principal Outstanding June 30, 2018
<u>Business Type Activities</u>				
Belt Filter Press	9/20/2010	3.927%	\$ 1,600,000.00	\$1,118,929.77
Goff Road Pump Station	9/28/2016	1.830%	\$ 253,428.00	\$ 179,741.56
Total			\$ 1,853,428.00	\$1,298,671.33

#### Bonds - Enterprise Fund As of June 30, 2018

Purpose of Issue	Date of Issue	Interest Rate	Amount Issued	Principal Outstanding June 30, 2018
Rebuild Farm Pumping Station	3/14/2001	2.870%	\$635,800.00	\$158,950.00
Farm Pumping Station	6/2/2000	2.470%	\$258,859.00	\$ 25,885.90
Total			\$894,659.00	\$184,835.90

## Enterprise Fund Debt Service

<b>NC DENR – Water Plant Project</b>				
<b>As of June 30, 2018</b>				
Purpose of Issue	Date of Issue	Interest Rate	Amount Issued	Principal Outstanding June 30, 2018
Water Plant Improvements	11/5/2014	0.00%	\$12,964,312.00	\$11,019,665.20

### PROGRAM SUMMARY

	FY 2016-2017 Prior Year <u>Actual</u>	FY 2017-2018 Current Year <u>Original</u>	FY 2017-2018 Current Year <u>Estimate</u>	<u>Request</u>	FY 2018-2019 Continuation <u>Recommended</u>	<u>Adopted</u>
Debt Service Total	\$853,396	\$844,584	\$844,584	\$843,351	\$ 843,351	\$843,351
(Principal)	\$803,098	\$798,665	\$798,665	\$801,695	\$ 801,695	\$801,695
(Interest)	\$ 50,298	\$ 45,919	\$ 45,919	\$ 41,656	\$ 41,656	\$ 41,656

## 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 2018-2019 is \$0. See table below for prior years' amounts for Other Financing Uses.

	Other Financing Uses	
Fiscal Year 2018-2019	Budgeted	\$ 0
Fiscal Year 2017-2018	Estimated	\$ 0
Fiscal Year 2016-2017	Actual	\$ 0
Fiscal Year 2015-2016	Actual	\$ 20,000
Fiscal Year 2014-2015	Actual	\$ 63,365
Fiscal Year 2013-2014	Actual	\$ 44,763

### 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 2018-2019 is \$5,035. The City's account was determined to be fully funded for the FY 14-15 year.

	Non-Departmental	
Fiscal Year 2018-2019	Budgeted	\$ 5,035
Fiscal Year 2017-2018	Estimated	\$ 0
Fiscal Year 2016-2017	Actual	\$ 0
Fiscal Year 2015-2016	Actual	\$ 0
Fiscal Year 2014-2015	Actual	\$ 0

## 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 2018-2019 is \$7,692. See table below for prior years budgeted amounts for contingency.

	Contingency Budgeted	
Fiscal Year 2018-2019		\$ 7,692
Fiscal Year 2017-2018		\$ -
Fiscal Year 2016-2017		\$ -
Fiscal Year 2015-2016		\$ -
Fiscal Year 2014-2015		\$ -
Fiscal Year 2013-2014		\$ -

## 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, FY 14-15, and FY 13-14 in the amount of \$3,788 annually to assist the Water-Sewer Fund with the purchase of new Motorola radios.

Current balance in the fund is budgeted at \$14,558 for FY 18-18.

	Transfers In (Revenue)	Water-Sewer Capital Reserve	Transfers Out (Expenses)
Fiscal Year 2018-2019	\$ 0	Budgeted	\$ 0
Fiscal Year 2017-2018	\$ 0	Estimated	\$ 0
Fiscal Year 2016-2017	\$ 0	Actual	\$ 0
Fiscal Year 2015-2016	\$ 36	Actual	\$ 3,788
Fiscal Year 2014-2015	\$ 47	Actual	\$ 3,788
Fiscal Year 2013-2014	\$ 41	Actual	\$ 3,788
Fiscal Year 2012-2013	\$ 68	Actual	\$ 0
Fiscal Year 2011-2012	\$ 141	Actual	\$ 0

**Enterprise Fund Summary**  
**City of King, North Carolina**

<b>Revenues</b>	<b>Budgeted FY 18-19</b>	<b>Budgeted FY 17-18</b>	<b>Estimated FY 17-18</b>
Water sales	2,675,000	2,644,000	2,717,452
Sewer charges	3,099,750	2,715,000	3,052,276
Other charges	250,500	115,000	209,602
Interest earnings	20,000	10,000	22,668
Other financing sources	487,858	750,000	-
<b>Total</b>	6,533,108	6,234,000	6,001,998
<b>Expenditures</b>			
Administration	762,138	741,191	729,923
Water operations	1,208,887	1,193,304	1,142,212
Water distribution	1,124,092	1,190,335	1,216,160
Waste collection and treatment	2,581,913	2,461,543	2,346,713
Debt service	843,351	844,584	844,583
Capital outlay	-	-	-
Non-Departmental	12,727	5,035	-
Net adjustments for depreciation and GASB entries	-	-	-
Other financing uses	-	-	-
<b>Total</b>	6,533,108	6,435,992	6,279,591
Fund balance appropriated	-	182,930	-
Change in net position (est.)		-	\$ (277,593)

<b>Revenues</b>	<b>Budgeted FY 16-17</b>	<b>Actual FY 16-17</b>	<b>Budgeted FY 15-16</b>	<b>Actual FY 15-16</b>
Water sales	2,693,500	2,581,017	2,692,950	2,669,982
Sewer charges	2,671,600	2,913,935	2,583,428	2,628,428
Other charges	97,000	156,905	70,500	150,307
Interest earnings	5,000	19,690	4,560	11,838
Other financing sources	-	3,300	263,288	7,254
<b>Total</b>	5,467,100	5,674,847	5,614,726	5,467,809
<b>Expenditures</b>				
Administration	717,051	691,784	698,726	690,870
Water operations	1,075,844	948,690	1,112,779	818,339
Water distribution	1,032,402	946,756	962,569	915,545
Waste collection and treatment	1,683,769	1,646,287	1,630,829	1,637,683
Debt service	853,399	853,396	872,588	915,937
Capital outlay	99,600	301,941	312,200	117,805
Non-Departmental	5,035	-	5,035	-
Net adjustments for depreciation and GASB entries	-	(100,020)	-	(138,254)
Other financing uses	-	-	20,000	20,000
<b>Total</b>	5,467,100	5,288,834	5,614,726	4,977,925
Fund balance appropriated	92,756	-	92,756	-
Change in net position	-	\$ 386,013	-	\$ 489,884

## 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	2020	2021	2022	2023	2024
Population	6,300	6,268	6,300	6,300	6,300
Operating Revenues					
Water sales	2,881,536	2,939,455	2,998,538	3,058,808	3,120,290
Sewer charges	3,064,776	3,254,792	3,456,589	3,670,897	3,898,493
Other charges	73,946	81,757	90,683	100,914	112,674
Other revenues					
Interest Earnings	5,152	5,203	5,203	5,203	5,203
Other Financing Sources	2,000	2,000	2,000	2,000	2,000
Operating Revenues	6,027,409	6,283,206	6,553,012	6,837,822	7,138,660

### 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 was completed in March 2017. 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-Salem for sewer treatment, the City of King doesn't receive an exact percentage match in revenue. Construction of a Wal-Mart Supercenter was completed in March 2017. As utility usage by Wal-Mart is unknown and assuming the city will continue to receive similar increases

## Enterprise Fund Long-Range Financial Forecast

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%.

### 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%. Interest rates began increasing in calendar 2017; therefore, an increase of 1% per year through calendar 2021 is projected.

### 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.

<b>Projected Expenditures</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Operating Expenditures</b>					
Salaries and Benefits	1,706,220	1,757,406	1,810,128	1,864,432	1,920,365
Operating	4,154,675	4,694,783	5,305,105	5,994,768	6,774,088
Other	35,000	35,000	35,000	35,000	35,000
Debt Service	815,121	813,889	813,889	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 contained \$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 \$26,000,000. The FY 2018-2019 budget contains an appropriation for \$750,000, one-half (1/2) of the engineering fees for a wastewater plant. As other sewer pump stations are aging, estimates for replacements in 2020 are included below.

Please see below for potential capital expenditures and the resulting estimated increase in debt service for fiscal years 2020 – 2024.

## Enterprise Fund Long-Range Financial Forecast

Capital Outlay Item	Cost	Debt Service for Fiscal Year				
		2020	2021	2022	2023	2024
WW Plant	26,000,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Sewer Pump Station	450,000	31,652	31,652	31,652	31,652	31,652
Sewer Pump Station	450,000	33,528	33,528	33,528	33,528	33,528
		1,365,180	1,365,180	1,365,180	1,365,180	1,365,180

### Long Term Impact

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

Projected Expenditures	2020	2021	2022	2023	2024
Operating Expenditures					
Salaries and Benefits	1,706,220	1,757,406	1,810,128	1,864,432	1,920,365
Operating	4,154,675	4,694,783	5,305,105	5,994,768	6,774,088
Other	35,000	35,000	35,000	35,000	35,000
Debt Service	815,121	813,889	813,889	813,889	813,889
Capital Expenditures					
Total	6,711,016	7,301,078	7,964,122	8,708,089	9,543,342
Debt Service with additional capital items					
Total Expenditures with additional capital items	8,076,196	8,666,258	9,329,302	10,073,269	10,908,522
Percentage increase	20.34%	18.70%	17.14%	15.68%	14.31%

### 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	2016	2017
<b>Public Safety</b>							
<b>Police</b>							
Number of Arrests	400	183	410	451	675	313 <sup>(5)</sup>	N/A
Number of Citations	901	317	545	520	679	345 <sup>(5)</sup>	N/A
Foot Patrol						2,076	2,397
Security Check						2,341	2,239
<b>Fire</b>							
Number of Fire Calls Answered	952	691	742	717	812	866	N/A
Number of EMS Calls Answered	1,301	1,376	1,470	1,374	1,536	1,577	N/A
<b>Planning and Inspections</b>							
<b>Planning</b>							
Zoning Permits issued	3	2	0	5	24	11	14
<b>Inspections</b>							
Building Permits Issued	595	423	451	446	655	678	575
Inspections performed	719	867	634	666	1,284	1,234	882
<b>Cultural and Recreational</b>							
<b>Recreation and Parks</b>							
<b>Central Park</b>							
Number of Acres	26	26	26	26	26	26	26
Number of Picnic Shelters	2	2	2	2	2	2	2
<b>Recreation Acres</b>							
Number of Acres	55	55	55	55	55	55	55
Number of Ballfields	11	11	11	11	11	11	11
<b>Senior Center<sup>(2)</sup></b>							
Number of Participants (monthly average)	197	191	165	235	297	293	271
<b>Library</b>							
Material Circulated	86,277	79,983	84,396	80,621	79,725	N/A	N/A
Internet use <sup>(1)</sup>	22,704	25,085	24,078	23,003	28,671	N/A	N/A
E-books and E-audio books <sup>(4)</sup>		2,242	N/A	N/A	N/A	N/A	N/A
<b>Streets</b>							
Number of streetlights	702	705	711	730	768	770	770
Miles of streets	38.767	39.687	39.687	39.700	39.667	39.667	39.669
<b>Solid Waste</b>							
Number of customers	2,446	2,472	2,482	2,496	2,505	2,525	2,546
Yard cart permits sold			146	158	150	173	173
<b>Water/sewer (Business activity)</b>							
Water Plant Capacity (millions of gallons per day)	3	3	3	3	3	3	3
Number of water customers <sup>(3)</sup>	8,044	8,557	8,508	7,956	8,009	8,089	8,088
Number of sewer customers <sup>(3)</sup>	2,677	2,692	3,015	2,859	3,023	2,699	2,695
Average gallons of sewer treated per day	60,084	64,434	66,539	66,481	67,693	71,264	69,493

<sup>(1)</sup> Library internet use not available prior to 2005

<sup>(2)</sup> King Senior Center opened in Fall 2007

<sup>(3)</sup> Data not available prior to Fiscal 2007

<sup>(4)</sup> Offered by Library since January 2012

<sup>(5)</sup> Jan-June

Source: City of King Finance Department

**CITY OF KING, NORTH CAROLINA**

**Principal Taxpayers**

Current Year and Seven Years Ago

City of King		2017 <sup>(1)(2)</sup>		
Taxpayer	Type of Business	2017 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
RJ Reynolds Inc	Tobacco	\$ 7,909,617	1	1.35%
Cres Tobacco Company Inc	Tobacco	6,206,427	2	1.06%
Duke Energy Corp	Utility	5,504,813	3	0.94%
PCI Development Company LLC	Real Estate Development	4,162,300	4	0.71%
Grandview Inc	Real Estate Development	3,842,400	5	0.65%
Mountainview Properties	Real Estate Development	3,682,900	6	0.63%
CW Hills King LLC	Real Estate Development	3,439,500	7	0.59%
Priddy Manor	Retirement Home	3,277,837	9	0.56%
Christian Village	Real Estate	3,043,900	8	0.52%
Universal Properties	Real Estate Development	2,664,628	10	0.45%
Glenwood King Company LLC	Real Estate Development	3,362,700		
Windstream North Carolina Inc	Telecommunications			
CSE King LP	Utility			
Time Warner NY Cable	Utility			
		2010 <sup>(1)</sup>		
Taxpayer	Type of Business	2010 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
RJ Reynolds Inc	Tobacco	\$ 8,140,300	2	1.40%
Duke Energy Corp	Utility	3,172,428	9	0.55%
Cres Tobacco Company Inc	Tobacco	7,526,650	3	1.29%
PCI Development Company LLC	Real Estate Development	4,304,100	4	0.74%
Grandview Inc	Real Estate Development	-	-	0.00%
Mountainview Properties	Real Estate Development	3,732,000	6	0.64%
Glenwood King Company LLC	Real Estate Development	3,540,300	7	0.61%
Christian Village	Real Estate	2,686,600	10	0.46%
Priddy Manor	Retirement Home	-	-	0.00%
Universal Properties	Real Estate Development	-	-	0.00%
Windstream North Carolina Inc	Telecommunications	8,257,400	1	1.42%
CSE King LP	Utility	2,686,600	8	0.46%
Time Warner NY Cable	Utility	4,005,780	5	0.69%

<sup>(1)</sup> Year 2003 data not available

<sup>(2)</sup> 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 2017	Current 2018	Budget 2019
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 <sup>(2)</sup>	3	3	4
Public Safety			
Police	21	22	24
Fire <sup>(1)</sup>	20	22	22
Water/sewer (Business activity)	17	18	18
Total	79	83	86

<sup>(1)</sup> Does not include volunteer personnel

<sup>(2)</sup> Does not include seasonal temporary part-time employees

Source: City of King Finance Department