

Five Year Financial Plan

The Five Year Financial Plan is a forecast of revenues and expenditures spanning a five year period beginning with the proposed annual budget for the upcoming fiscal year. By using a five year planning window, the County ensures that commitments, obligations and anticipated needs are met in a fiscally sound manner. The five year plan encompasses both operating and capital budgets.

The forecast uses the FY 2007 budget as a starting point for both revenues and expenditures in 2008. Similarly, forecasts for subsequent years rely on the previous year's revenues and expenditures for their starting points. Increases and decreases in revenues and expenditures are itemized for each year.

The General Fund

Proceeds from ad valorem (property) taxes provide over half the revenue in the general fund. Projections are based on a tax rate of \$0.63 per \$100 of assessed valuation for years 2008 and 2009, a slight increase over the \$0.6289 rate in effect in FY 2007. In years 2010, 2011, and 2012, the tax rate increases \$.08, \$.045, and \$.06, respectively. Total revenues in this category have been budgeted at \$101,047,434 for FY 2008, which represents a 6.05% increase over FY 2007. Proceeds in subsequent years are estimated to grow at a rate of approximately 4%, except in FY 2009, when a countywide property revaluation is expected to increase the tax base by an additional 18%. Revenue for the North Carolina Research Campus (excluding personal property values) are projected and included in the plan based on valuation estimates found in the Tax Increment Projection Study.

Fiscal Year 2008 sales tax revenue is budgeted at \$37.2 million, a 9.8% increase above FY 2007 estimates. The increase is attributable to two factors. The first is growth in retail sales. The second is the method of distribution. Sales tax revenues are distributed among the local governments and fire districts based on their respective property tax levies as a proportion of the whole. In subsequent years, sales tax growth is projected at 4%.

From an expenditure perspective, increases are driven primarily by increased school current expense spending and increased debt service.

Current expense is increasing due to the ever increasing student population and the start up cost for newly constructed schools. In FY 2008, an additional \$3.3 million in current expense is included for increased operational costs associated with three new elementary schools and one new high school slated to open in August 2007.

New debt service is added in each of the five years of this plan. The first full year of debt service on the Sheriff's Office and Jail Annex, as well as that of the final issue of the \$98 million School Bond Package of 2004, all appear in FY 2008. In FY 2009, new debt service is added for about \$151 million in new school construction projects and about \$59 million for the construction of a detention center. In 2010 and 2011, additional debt service is added on an estimated \$94.7 and \$101 million respectively for school construction. In 2012, the debt payment reflects borrowing approximately \$5 million for a parking deck in the downtown area to serve the courthouse.

Other annual expenditure increases are attributed to salary and benefit costs, along with expected growth in operating expenses. The FY 2008 budget includes funding for a vehicle replacement program to offset the ever increasing fuel and repair cost for high mileage vehicles. Action is expected in the General Assembly to cap Medicaid expenses, so the only increase shown is \$731,333 in FY 2008.

The Five Year Plan calls for increased capital improvement funding for necessary and long-overdue projects. A detailed schedule and description of these projects is found in the CIP located behind the Capital Improvement Plan tab of this document.

The spending levels specified in the Five Year Financial Plan are prudent and meet the needs of the County and the school systems while still maintaining adequate general fund reserves.

The plan anticipates several tax rate increases to meet the demands of the debt service on new school construction, associated operational costs and the continuing influx of new students.

Board policy calls for a minimum unreserved fund balance equal to 15% of general fund expenses.

Five Year Financial Plan

This financial plan adheres to that policy. (Board policy also calls for excess fund balance above 15% to be transferred to the capital reserve fund to aid in more pay-as-go projects and reduce the reliance on debt financing).

The Solid Waste Fund

Landfill and Waste Reduction programs constitute the Solid Waste Fund. For FY 2008, the disposal tax on white goods remains flat, as do tire disposal fees. Recycling revenues are projected to increase by 6.7%. Tipping fees budgeted are decreasing by 14.7%, some of which is due to completion of the demolition of the former Pillowtex site which has brought in more debris over the past several years.

Revenues are projected to increase after 2008 by 2-3% per year. Operating expenses are budgeted to increase approximately 4-5% after 2008. In ensuing fiscal years, small increases have been projected in salaries and benefits, as well as operational costs. Capital items budgeted in FY 2008 include improvements to the scale house and entrance to the landfill and a recycling truck for school recycling. In FY 2009, a replacement for a 20-year old bulldozer is planned.

Current projections indicate that a surplus will be generated in each of fiscal years from 2009 to 2012.

The Arena and Events Center Fund

This fund accounts for revenues and expenditures related to the Arena and Events Center and the Cabarrus County Fair. Expenditures in the Arena and Events Center Fund are expected to

decrease by approximately 2.5% over the amended budget, to \$1,604,331.

In May 2005, SMG, an arena management company, was hired to oversee and manage the Arena and Events Center (excluding the County Fair). In FY 2006, all costs related to the Arena and Events center were consolidated into one cost center.

For FY 2008, expenses include the County Fair, a contribution to SMG, and several building improvements to be made by the County's General Services Department. Revenues for the County Fair are projected to increase by approximately 3% each year from FY 2009 until FY 2012, resulting in a surplus of revenues over expenditures. In addition to the proceeds from the County Fair, the Arena and Events Center will receive a contribution of \$100,000 from the Tourism Fund and an \$852,221 contribution from the General Fund during FY 2008. The General Fund contribution amount is \$43,774 higher than in FY 2007, due to building improvements of \$74,100 which have been budgeted in this fund rather than in General Services as in the past. The excess revenue over operations typically generated from the County Fair reduces the annual contribution required from the General Fund. The amount for the management contract with SMG is actually reduced by \$23,253.

In subsequent years, the General Fund contribution to the Arena decreases by an estimated \$25,000 per year, as the operating deficit for the Arena is anticipated to decrease.

Five Year Financial Plan

GENERAL FUND

Budgeted Revenues for:

	2008	2009	2010	2011	2012
Estimated operating revenues from previous fiscal year	\$ 170,410,751	\$ 176,183,892	\$ 198,546,913	\$ 222,769,850	\$ 242,230,426
Growth due to Revaluation (18%)	-	14,269,040	-	-	-
Annual Growth in Property Taxes for New Construction	3,775,253	5,103,621	5,625,189	6,984,074	6,517,344
Increase in Property Tax (3, 4.5, and 6 cents respectively)	-	-	15,379,448	9,007,236	12,525,588
Growth in Register of Deeds Fees (~10%)	325,535	358,089	393,897	433,287	476,616
Growth in Other Revenues, DSS reductions in FY08	308,085	200,000	210,000	220,000	230,000
Growth in Building Inspection Revenues (~15%)	549,569	632,004	726,805	835,826	961,200
Growth in Ambulance Revenues (~10%)	262,422	288,664	317,531	349,284	384,212
Change in Interest on Investments	(1,500,000)	50,000	50,000	50,000	50,000
Growth in Sales Tax Revenues (~4%)	2,052,277	1,461,603	1,520,067	1,580,869	1,644,104
Total Revenues	176,183,892	198,546,913	222,769,850	242,230,426	265,019,489

changes in revenues

Budgeted Expenditures for:

Estimated operating expenditures from previous fiscal year	150,334,627	170,788,508	187,395,588	214,099,940	235,373,988
RCCC Current Expense Funding	287,531	81,261	85,324	89,590	94,070
School Current Expense Funding:					
Current Operations	2,596,360	3,743,163	3,812,446	4,174,387	4,670,855
Building and Grounds Maintenance	715,101	753,900	829,290	912,219	1,003,441
Opening New Schools	3,300,000	-	2,000,000	3,000,000	2,000,000
New Debt Service (estimated)					
Sheriff's Office and Annex	3,870,282	-	-	-	-
Final Issue of \$98 mil GO Bond - Education	2,352,125	-	-	-	-
School Debt Issue - High School/Land Purchase	-	3,550,000	3,220,000	(155,075)	(168,750)
Housing Unit for Detention Center	-	2,259,000	3,737,000	(136,787)	(149,500)
School Debt Issue - Future Projects	-	2,791,000	8,205,000	9,878,200	7,393,700
Parking Deck	-	-	-	-	500,000
Retirement of Debt Service	(602,290)	(570,106)	(442,756)	(1,080,064)	(640,628)
Fulfilled/Added Econ Dev Incentive Grants	433,330	463,770	464,648	(41,746)	(803,364)
Salaries and Benefits:					
COLA (2.5%) and Merits (FY 08 includes comp study)	2,605,350	2,442,204	2,573,436	2,718,234	2,867,737
Avg Growth in New Positions inclusive of all benefits	997,026	552,000	690,000	690,000	690,000
New Positions inclusive of all benefits - EMS Shift (1/2 yr)	138,291	138,291	-	-	-
New Positions inclusive of all benefits - Inspections(NCR)	-	314,138	-	-	-
New Positions inclusive of all benefits - Detention Unit	-	-	1,150,000	-	-
Misc. Increases in Operational Expenditures	2,406,530	200,000	500,000	1,000,000	500,000
Transportation Grant Expenditures	429,679	(429,679)	-	-	-
Vehicles New & Replacements - General Govt	498,000	-	-	-	-
Building Maintenance Repairs	(169,482)	200,000	100,000	100,000	100,000
Increase in Medicaid	731,333	-	-	-	-
Change in Contribution to Cabarrus Arena & Events Center	43,774	-	-	-	-
Jail Inmate Transportation Cost Increase (Decrease)	(397,400)	-	(341,600)	-	-
Additional Cabarrus Health Alliance contribution due to population growth	218,341	118,138	121,564	125,090	128,717
Total Operating Expenditures	170,788,508	187,395,588	214,099,940	235,373,988	253,560,266

changes in expenditures

Funding for Capital Projects

Capital Improvement Plan	5,395,384	4,921,000	7,462,000	3,805,030	7,115,395
Contribution to Capital Reserve Fund	-	5,700,000	-	-	-
Total Expenditures	\$ 176,183,892	\$ 198,016,588	\$ 221,561,940	\$ 239,179,018	\$ 260,675,661

Separate document which assesses these figures

Revenues over (under) Expenditures	-	530,325	1,207,910	3,051,408	4,343,828
Estimated Unreserved Fund Balance	\$ 33,547,505	\$ 34,077,830	\$ 35,285,740	\$ 38,337,147	\$ 42,680,976
as a % of Current Budget	19.0%	17.2%	15.9%	16.0%	16.4%
Property Tax Rate	.63/100	.63/100	.71/100	.755/100	.815/100
Total Debt Service Payments	\$ 30,062,158	\$ 38,092,051	\$ 45,854,295	\$ 54,652,431	\$ 61,905,503
Total Debt Service Payments as a % of Budget	17.06%	19.24%	20.70%	22.85%	23.75%

Five Year Financial Plan

SOLID WASTE FUND

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Budgeted Revenues for:</u>					
Estimated operating revenues from previous fiscal year	\$ 2,786,834	\$ 2,598,482	\$ 2,654,198	\$ 2,712,699	\$ 2,774,125
Increase(Decrease) in revenues (less Pillowtex disposal revenue from 2007)	(188,352)	55,716	58,501	61,426	61,426
Total Operating Revenues	<u>2,598,482</u>	<u>2,654,198</u>	<u>2,712,699</u>	<u>2,774,125</u>	<u>2,835,551</u>
Retained earnings appropriated	(1,018,926)	-	-	-	-
Total Revenues	<u>1,579,556</u>	<u>2,654,198</u>	<u>2,712,699</u>	<u>2,774,125</u>	<u>2,835,551</u>
<u>Budgeted Expenses for:</u>					
Estimated operating expenses from previous fiscal year	2,802,099	1,009,556	1,058,210	1,108,782	1,161,342
COLA (2.5%) & Merit on Salaries & Benefits	22,733	23,415	24,117	24,841	25,586
Equipment	(828,000)	-	-	-	-
Building/Land Improvements	(1,111,939)	-	-	-	-
Misc changes in operating costs (2.5%)	124,663	25,239	26,455	27,720	29,034
Total Operating Expenses	<u>1,009,556</u>	<u>1,058,210</u>	<u>1,108,782</u>	<u>1,161,342</u>	<u>1,215,962</u>
<u>Funding for Capital Purchases</u>					
Capital Reserve	-	-	-	-	-
Capital Improvement Plan	570,000	425,000	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenses	<u>\$ 1,579,556</u>	<u>\$ 1,483,210</u>	<u>\$ 1,108,782</u>	<u>\$ 1,161,342</u>	<u>\$ 1,215,962</u>
Surplus	-	1,170,988	1,603,917	1,612,783	1,619,589
Estimated Net Assets	\$ 3,928,378	\$ 5,099,366	\$ 6,703,283	\$ 8,316,066	\$ 9,935,655

Five Year Financial Plan

CABARRUS ARENA & EVENTS CENTER FUND

COUNTY FAIR

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Budgeted Revenues for:</u>					
Estimated operating revenues from previous fiscal year	\$ 611,360	\$ 652,110	\$ 671,673	\$ 691,823	\$ 712,578
Increase in revenues (~3%)	40,750	19,563	20,150	20,755	21,377
Total Operating Revenues	652,110	671,673	691,823	712,578	733,956
Fund Balance Appropriated	-	-	-	-	-
Total Revenues	652,110	671,673	691,823	712,578	733,956
<u>Budgeted Expenditures for:</u>					
Estimated operating expenditures from previous fiscal year	504,900	631,636	653,686	676,631	700,513
COLA (2.5%) & Merit on Salary & Benefits	4,296	6,259	6,603	6,966	7,349
Increase (decrease) in operational expenditures:	122,440	15,791	16,342	16,916	17,513
Total Operating Expenditures	631,636	653,686	676,631	700,513	725,375
<u>Funding for Capital Purchases</u>					
Capital Outlay	-	-	-	-	-
Total Expenditures	\$ 631,636	\$ 653,686	\$ 676,631	\$ 700,513	\$ 725,375
Surplus	20,474	17,988	15,193	12,066	8,581

ARENA & EVENTS CENTER

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Budgeted Revenues for:</u>					
Contribution to the Arena from the General Fund	852,221	827,221	802,221	777,221	752,221
Contribution to the Arena from the CVB	100,000	100,000	100,000	100,000	100,000
Total Contribution Revenues	952,221	927,221	902,221	877,221	852,221
Surplus from the County Fair (shown above)	20,474	17,988	15,193	12,066	8,581
Total Revenues	972,695	945,209	917,414	889,287	860,802
<u>Budgeted Expenditures for:</u>					
Building Improvements - General Services	74,100	-	-	-	-
Contribution to the Arena - SMG	898,595	945,209	917,414	889,287	860,802
Total Expenditures	972,695	945,209	917,414	889,287	860,802
Total Fund Surplus	-	-	-	-	-
Estimated Unreserved Fund Balance	\$ 416,379	\$ 416,379	\$ 416,379	\$ 416,379	\$ 416,379

Cash Projects Utilizing Lottery/APFO - 2010

Mount Pleasant High Addition	2,810,808
Boger Addition	2,428,538
	<u>5,239,346</u>
Funding for 2010	(6,333,296)
Excess Funds	<u>(1,093,950)</u>

Phase 3	LAND	AVE	CONSTRUCTION SITE/ETC	TOTAL NEEDED
Cabarrus	9,760,137	5,777,862	91,455,599	106,993,598
FY 2011 Lottery/APFO				(6,446,630)
Total to Be Financed August 2010				100,546,968

101,340,000 Rounded First Payment February 2011
w/closing cost

Total Debt Issue	\$	280,790,000
Pay as you go	\$	25,879,753
Jan 2008 Issue	\$	66,760,000
Grand Total	\$	373,429,753

CABARRUS COUNTY SCHOOLS CRITICAL PROJECT LIST ~ 2007 - 2012

Projects that Add Seats

DATE	Order	NAME & LOCATION	SEATS ADDED	ESTIMATED COST	Acresage Land			Architect/		Total
					Land	Engineering	Other	Engineering	Other	
2008	2	ATA Replacement - East of Rt. 601	506	\$18,211,814	25	1,378,125	-	1,221,800	15,611,889	18,211,814
2008	2	Middle - Southwest	1200	33,345,824	-	-	-	2,275,258	28,314,317	30,589,574
2008	3	Lower Rocky River Area Elem.	700	17,906,980	20	1,102,500	-	1,219,680	15,584,800	17,906,980
2009	4	Northwest Elem (Odell area)	700	20,381,952	25	2,494,800	-	1,028,312	16,860,840	20,381,952
		Phase 1				4,975,425	-	5,743,050	76,371,846	
2009	5	Northwest Area Middle	1200	38,845,433	50	4,989,600	-	2,457,278	31,398,555	38,845,433
2009	5	Renovation & Addition to Mt. Pleasant Middle	250	18,022,435	-	-	-	1,297,615	16,724,820	18,022,435
2009	6	Furr Elem. Addition	200	2,248,646	-	-	-	155,676	2,092,971	2,248,646
2009	6	Tech., Testing/Acct. & Staff Dev. Addition to Ed. C.	N/A	6,735,960	-	-	-	-	-	-
2009	7	Elementary - South of Harrisburg	700	19,592,553	30	1,736,438	-	1,024,531	16,831,584	19,592,553
		Phase 2				6,726,038	-	4,935,100	67,047,930	
2009	7	Glenn Center Replacement (Alt. Program Center)	0	39,790,454	-	-	-	-	-	-
2008	8	Remodel ATA for PreK center & staff dev. Rooms	N/A	5,847,774	-	-	-	-	-	-
2008	9	Cafeteria hood venting replacement [13 locations]		635,641	-	-	-	-	-	-
2009	9	Mount Pleasant High Addition	250	2,810,808	-	-	-	194,594	2,616,214	2,810,808
2008	10	Athletic fields & facilities; bleachers for middle schools	N/A	3,160,080	-	-	-	-	-	-
2009	99	Rebuild Long; Add Child Dev. C next to Alt. Center	N/A	10,105,976	-	-	-	-	-	-
2010	99	Boger Addition	200	2,428,538	-	-	-	168,130	2,260,409	2,428,538
		Cash using Lottery/APFO - 2010			-	-	-	362,724	4,876,622	
2010	99	Coltrane-Webb Renovation	0	9,634,600	-	-	-	-	-	-
2010	99	JN Fries Addition & Cafeteria Renovation	200	3,134,682	-	-	-	217,016	2,917,666	3,134,682
2010	99	Mt. Pleasant/Irvin/Royal Oaks Area Elementary	700	22,520,049	30	2,155,507	-	1,168,457	19,196,085	22,520,049
2010	99	NWHS Field Facilities, Gym, Cafeteria replacement	N/A	2,793,178	-	-	-	-	-	-
2011	99	Beverly Hills Addition	150	1,936,853	-	-	-	136,185	1,800,668	1,936,853
2011	99	CGHS Addition & Cafeteria Replacement	175	6,634,651	-	-	-	-	6,634,651	6,634,651
2011	99	PreK Centers at JRRHS & HRHS	N/A		-	-	-	-	-	-
2011	99	West/Central High	1500	69,357,447	70	7,604,629	-	4,016,443	57,736,374	69,357,447
2012	99	Beverly Hills Renovation	0	9,577,229	-	-	-	239,760	3,170,155	3,409,915
2012	99	Northwest Middle Addition & Cafeteria Renovation	175	3,409,914	-	-	-	5,777,862	91,455,599	
		Phase 3				9,760,137	-			
					21,461,599	16,818,736	239,751,997	278,032,331		
TOTAL COS1					\$369,069,471					

DATE	Order	NAME & LOCATION	SEATS ADDED	ESTIMATED COST
2009	1	Northwest Area High	1500	56,370,765

Fast Track Project - Debt Issue Projected January 2008

Kannapolis City Schools
 Forecast 5 Year Projects for FY 2008 Budget

Date Order	Project Description	Seats Added	Total Estimated Cost	Projects that Add Seats	
				Architect/Engineering	Construction, Site, Etc
2008 1. Adds Seats	AL Brown High School Wing Addition	500	10,227,779	726,448	9,501,331
2008 2. Renovation	AL Brown Vocational Building Renovation	-	3,426,308	-	-
	Phase 1			726,448	9,501,331
2009 3. Adds Seats	Kannapolis Middle School Wing Addition	160	1,888,776	135,992	1,752,784
2008 4. Other	Greenhouse	-	400,000	-	-
2010 5. Adds Seats	New School	500	17,751,414	1,288,410	16,463,004
2010 6. Other	Woodrow Wilson Gym	-	3,118,500	-	-
2009 7. Other	Jackson Park Gym	-	3,118,500	-	-
2011 8. Adds Seats	Shady Brook Wing Addition	160	2,202,882	158,607	2,044,275
	Phase 2			1,583,009	20,260,063
	Fast Track Project - Debt Issue Projected January 2008				
	Fast Track Project Land for New School	-	42,134,159	2,309,457	29,761,394
			2,850,000	-	2,850,000
					32,070,851
					2,850,000