

# OPERATING BUDGET SUMMARY: ALL FUNDS

## BUDGET SUMMARY BY FUND

### FUND SUMMARY

|                             | 2008-09<br>Actual  | 2009-10<br>Actual  | 2010-11<br>Budget  | 2011-12<br>Adopted |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|
| <b><u>Revenues:</u></b>     |                    |                    |                    |                    |
| General Fund                | 88,727,807         | 87,182,637         | 88,082,962         | 87,645,955         |
| Water Resources Fund        | 31,442,595         | 31,618,015         | 33,011,200         | 32,890,252         |
| Transit Services Fund       | 5,109,216          | 5,311,505          | 5,736,596          | 5,718,906          |
| Civic Center Fund           | 2,177,511          | 1,823,941          | 2,114,544          | 2,105,854          |
| Parking Services Fund       | 2,890,410          | 2,825,498          | 2,911,500          | 3,118,247          |
| Golf Fund                   | 944,942            | 727,559            | 920,000            | 920,000            |
| Stormwater Fund             | 2,929,146          | 3,222,881          | 3,095,218          | 4,116,218          |
| Street Cut Utility Fund     | 0                  | 0                  | 1,578,280          | 1,618,280          |
| Festivals Fund*             | <u>946,949</u>     | <u>761,406</u>     | <u>709,894</u>     | <u>0</u>           |
| Total                       | 135,168,576        | 133,473,442        | 138,160,194        | 138,133,712        |
| Less Interfund Transactions | (4,701,098)        | (4,824,415)        | (5,617,428)        | (5,677,164)        |
| Net Revenue                 | <u>130,467,478</u> | <u>128,649,027</u> | <u>132,542,766</u> | <u>132,456,548</u> |
| <b><u>Expenditures:</u></b> |                    |                    |                    |                    |
| General Fund                | 87,955,930         | 92,894,640         | 88,082,962         | 87,645,955         |
| Water Resources Fund        | 35,080,011         | 31,677,854         | 33,011,200         | 32,890,252         |
| Transit Services Fund       | 5,211,463          | 5,168,576          | 5,736,596          | 5,718,906          |
| Civic Center Fund           | 2,136,626          | 1,852,244          | 2,114,544          | 2,105,854          |
| Parking Services Fund       | 3,454,642          | 1,574,909          | 2,911,500          | 3,118,247          |
| Golf Fund                   | 1,049,188          | 925,104            | 920,000            | 920,000            |
| Stormwater Fund             | 3,233,775          | 2,652,241          | 3,095,218          | 4,116,218          |
| Street Cut Utility Fund     | 0                  | 0                  | 1,578,280          | 1,618,280          |
| Festivals Fund*             | <u>1,082,444</u>   | <u>760,653</u>     | <u>709,894</u>     | <u>0</u>           |
| Total                       | 139,204,079        | 137,506,221        | 138,160,194        | 138,133,712        |
| Less Interfund Transactions | (4,701,098)        | (4,824,415)        | (5,617,428)        | (5,677,164)        |
| Net Expenditure             | <u>134,502,981</u> | <u>132,681,806</u> | <u>132,542,766</u> | <u>132,456,548</u> |

\* Beginning in FY 2011-12, programs previously accounted for in the Festivals Fund are being moved to the General Fund.

# OPERATING BUDGET SUMMARY: ALL FUNDS

## BUDGET SUMMARY BY FUND

**Sources of Funds:**

|                         | General Fund      | Water Resources   | Transit Services | Civic Center     | Stormwater Utility | Parking Services | Golf Course    | Street Cut Utility |
|-------------------------|-------------------|-------------------|------------------|------------------|--------------------|------------------|----------------|--------------------|
| Property Taxes          | 46,602,746        | 0                 | 0                | 0                | 0                  | 0                | 0              | 0                  |
| Intergovernmental       | 10,963,573        | 0                 | 3,094,611        | 0                | 0                  | 0                | 0              | 0                  |
| Sales & Other Taxes     | 15,439,305        | 0                 | 0                | 0                | 0                  | 0                | 0              | 0                  |
| Charges For Service     | 5,587,654         | 32,289,928        | 819,000          | 1,618,860        | 2,775,218          | 500              | 920,000        | 671,312            |
| Licenses & Permits      | 5,070,977         | 0                 | 320,000          | 0                | 180,000            | 0                | 0              | 0                  |
| Investment Earnings     | 239,700           | 225,000           | 0                | 20,000           | 11,000             | 20,000           | 0              | 0                  |
| Miscellaneous           | 1,334,680         | 16,000            | 0                | 74,400           | 20,000             | 3,097,747        | 0              | 0                  |
| Other Financing Sources | 2,407,320         | 359,324           | 1,485,295        | 392,594          | 1,130,000          | 0                | 0              | 946,968            |
| <b>Total Revenue</b>    | <b>87,645,955</b> | <b>32,890,252</b> | <b>5,718,906</b> | <b>2,105,854</b> | <b>4,116,218</b>   | <b>3,118,247</b> | <b>920,000</b> | <b>1,618,280</b>   |

**Uses of Funds:**

|                          | General Fund      | Water Resources   | Transit Services | Civic Center     | Stormwater Utility | Parking Services | Golf Course    | Street Cut Utility |
|--------------------------|-------------------|-------------------|------------------|------------------|--------------------|------------------|----------------|--------------------|
| Salaries & Wages         | 39,788,082        | 6,200,824         | 145,588          | 915,955          | 1,286,262          | 590,778          | 382,524        | 564,542            |
| Fringe Benefits          | 17,224,120        | 2,756,548         | 55,080           | 350,473          | 609,777            | 316,965          | 171,103        | 267,635            |
| Operating Costs          | 20,488,101        | 10,358,403        | 5,518,238        | 839,426          | 953,362            | 756,433          | 366,373        | 569,460            |
| Interfund Transfers      | 1,677,889         | 0                 | 0                | 0                | 0                  | 500,000          | 0              | 0                  |
| Debt Service             | 4,393,832         | 6,202,580         | 0                | 0                | 88,684             | 522,811          | 0              | 0                  |
| Capital Outlay           | 4,073,931         | 7,371,897         | 0                | 0                | 1,178,133          | 431,260          | 0              | 216,643            |
| <b>Total Expenditure</b> | <b>87,645,955</b> | <b>32,890,252</b> | <b>5,718,906</b> | <b>2,105,854</b> | <b>4,116,218</b>   | <b>3,118,247</b> | <b>920,000</b> | <b>1,618,280</b>   |

## BUDGET SUMMARY - EXPENDITURES

| <u>Service Area</u>                            | 2008-09            | 2009-10            | 2010-11            | 2011-12            |
|--|--------------------|--------------------|--------------------|--------------------|
| Departments                                    | Actual             | Actual             | Budget             | Adopted            |
| <b><u>General Government</u></b>               |                    |                    |                    |                    |
| Finance & Management Services                  | 3,921,486          | 4,470,361          | 4,395,479          | 4,434,843          |
| Information Technology Services                | 2,317,256          | 2,550,454          | 2,441,732          | 2,269,412          |
| Economic Development                           | 662,950            | 403,458            | 464,505            | 442,446            |
| Legal Services                                 | 618,808            | 682,907            | 607,413            | 639,852            |
| Human Resources                                | 1,456,300          | 1,487,197          | 1,556,908          | 1,203,936          |
| Health Care Tran. (Employee Share)             | 3,088,522          | 3,370,899          | 0                  | 0                  |
| Nondepartmental                                | 1,105,191          | 1,333,263          | 1,158,262          | 1,360,762          |
| Total General Government                       | 13,170,513         | 14,328,539         | 10,624,299         | 10,351,251         |
| <b><u>Public Safety</u></b>                    |                    |                    |                    |                    |
| Police   | 19,485,554         | 18,849,570         | 20,131,654         | 20,065,236         |
| Fire & Rescue                                  | 17,014,221         | 18,217,271         | 17,849,548         | 17,799,409         |
| Nondepartmental                                | 451,489            | 363,064            | 400,170            | 426,958            |
| Total Public Safety                            | 36,951,264         | 37,429,905         | 38,381,372         | 38,291,603         |
| <b><u>Environment &amp; Transportation</u></b> |                    |                    |                    |                    |
| Water Resources Fund                           | 35,080,011         | 31,677,854         | 33,011,200         | 32,890,252         |
| Public Works                                   | 12,020,335         | 12,409,491         | 12,949,125         | 12,072,508         |
| Transportation                                 | 1,587,236          | 1,347,785          | 1,149,338          | 965,963            |
| Transit Services Fund                          | 5,211,463          | 5,168,576          | 5,736,596          | 5,718,906          |
| Parking Services Fund                          | 3,454,642          | 1,574,909          | 2,911,500          | 3,118,247          |
| Stormwater Fund                                | 3,233,775          | 2,652,241          | 3,095,218          | 4,116,218          |
| Street Cut Utility Fund                        | 0                  | 0                  | 1,578,280          | 1,618,280          |
| Nondepartmental                                | 1,066,197          | 872,831            | 642,196            | 985,295            |
| Total Environ. & Transportation                | 61,653,658         | 55,703,687         | 61,073,453         | 61,485,669         |
| <b><u>Culture &amp; Recreation</u></b>         |                    |                    |                    |                    |
| Parks, Rec. & Cultural Arts                    | 9,791,275          | 9,100,184          | 9,318,812          | 9,716,042          |
| Civic Center Fund                              | 2,136,626          | 1,852,244          | 2,114,544          | 2,105,854          |
| Golf Fund                                      | 1,049,188          | 925,104            | 920,000            | 920,000            |
| Festivals Fund                                 | 1,082,444          | 760,653            | 709,894            | 0                  |
| Nondepartmental                                | 666,990            | 579,791            | 555,246            | 392,594            |
| Total Culture & Recreation                     | 14,726,523         | 13,217,976         | 13,618,496         | 13,134,490         |
| <b><u>Community Development</u></b>            |                    |                    |                    |                    |
| Building Safety                                | 2,543,757          | 3,170,084          | 3,676,929          | 3,640,680          |
| Planning & Development                         | 1,727,981          | 1,781,021          | 1,790,273          | 1,760,172          |
| Housing Trust Fund                             | 600,000            | 300,000            | 300,000            | 300,000            |
| Nondepartmental                                | 251,191            | 678,208            | 828,150            | 766,400            |
| Total Community Development                    | 5,122,929          | 5,929,313          | 6,595,352          | 6,467,252          |
| Capital Pay-Go/Debt                            | 7,579,192          | 10,894,316         | 7,867,222          | 8,403,447          |
| <b>TOTAL EXPENDITURES</b>                      | 139,204,079        | 137,506,221        | 138,160,194        | 138,133,712        |
| <b>Less: Interfund Transactions</b>            | (4,701,098)        | (4,824,415)        | (5,617,428)        | (5,677,164)        |
| <b>NET EXPENDITURES</b>                        | <u>134,502,981</u> | <u>132,681,806</u> | <u>132,542,766</u> | <u>132,456,548</u> |

## BUDGET SUMMARY - EXPENDITURES

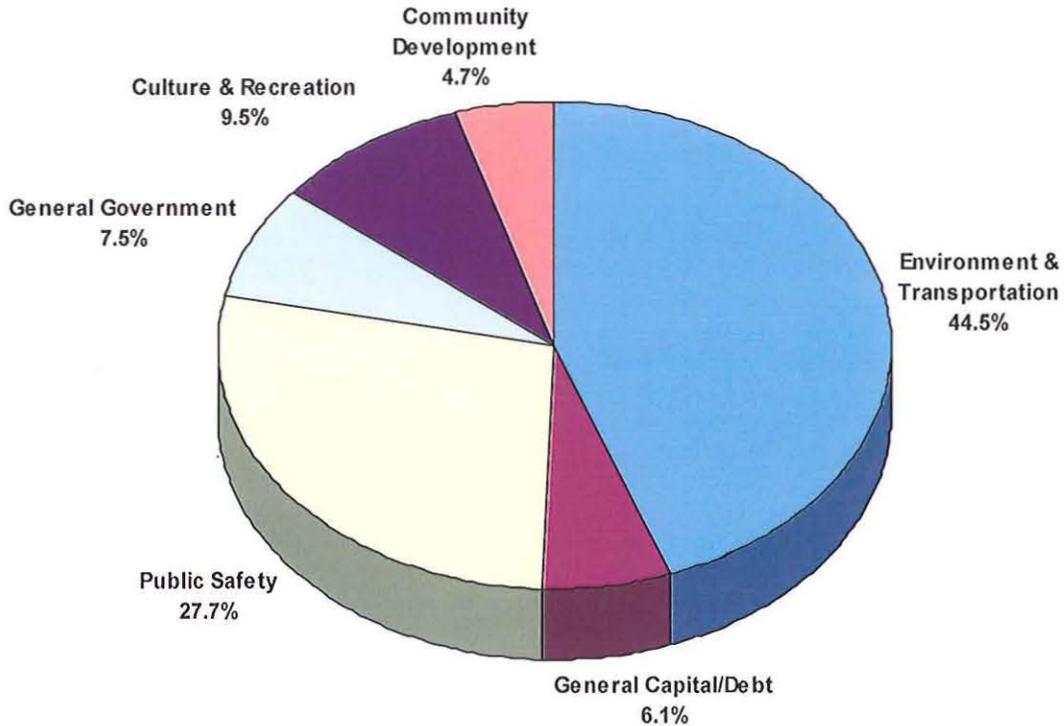
| <u>Expenditures by Category</u> | 2008-09<br>Actual  | 2009-10<br>Actual  | 2010-11<br>Budget  | 2011-12<br>Adopted |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|
| Salaries & Wages                | 52,247,513         | 52,078,596         | 51,268,540         | 49,874,555         |
| Fringe Benefits                 | 17,324,479         | 18,583,874         | 21,069,236         | 21,751,701         |
| Operating Costs                 | 36,984,679         | 36,189,172         | 36,869,041         | 36,160,521         |
| Debt Service                    | 13,471,496         | 12,904,650         | 13,957,227         | 11,207,907         |
| Capital Outlay                  | <u>14,474,814</u>  | <u>12,925,514</u>  | <u>9,378,722</u>   | <u>13,461,864</u>  |
| <b>NET EXPENDITURES</b>         | <u>134,502,981</u> | <u>132,681,806</u> | <u>132,542,766</u> | <u>132,456,548</u> |

### BUDGET HIGHLIGHTS

- Overall, the City's FY 2011-12 adopted budget shows a 0.1% decrease compared to the FY 2010-11 budget.
- The FY 2011-12 adopted budget for salaries and wages shows a \$1.3 million or 2.7% decrease. 15 positions in the General Fund will be frozen or eliminated in FY 2011-12, which will save approximately \$800,000. In addition, the \$190,000 that was included in the FY 2010-11 budget to fund a one-time \$300 payment to all full-time employees earning at or below the Asheville area median income is removed from the FY 2011-12 adopted budget. The budget includes no funding for merit or market-based pay increases for City employees.
- The adopted FY 2011-12 fringe benefits budget shows a 3.2% increase. For the second consecutive year, the North Carolina state retirement system is requiring local governments to increase the amount that they are contributing to the retirement system. In FY 2011-12, the contribution rate will increase by 0.53 percent of payroll. This brings the LGERS employer rate for general employees to 6.88 percent, and to 7.35 percent for law enforcement. This increase added approximately \$300,000 to the City's fringe benefit budget for FY 2011-12.
- The growth in the fringe benefit budget is less in FY 2011-12 than in recent years due to the fact that there is no increase in the City's contribution to the employee health insurance program. The City implemented a number of changes to the health care program in the current fiscal year that have been successful in slowing the growth in expenses. For the FY 2011-12, staff will also implement recommendations made by the Blue Ribbon Task Force, which include expansion of the Employee Health Clinic and implementation of a Wellness Program with incentives. There will also be increases to premiums, co-payments and co-insurance for employees. In FY 2011-12, the City will also begin offering health insurance to same-sex domestic partners as directed by City Council. The anticipated cost impact of this new program is around 1% or less of total claims cost.
- In order to balance the adopted budget, citywide operating costs for FY 2011-12 are reduced by 1.9% or \$708,000. Most of this reduction is in the General Fund where departments trimmed \$650,000 or from their budgets, which equates to 3.1% of the General Fund operating budget. These savings were accomplished by further limiting discretionary spending with expenses like training, supplies, uniforms, small capital purchases, and temporary and seasonal staffing.
- The City will see a significant decrease in debt service expenses in FY 2011-12 in both the General Fund and the Water Resources Fund. In the General Fund, staff has re-programmed all of the \$1.16 million in debt savings back into the General Capital Improvement, and is proposing that the City borrow \$13.6 million in FY 2011-12 for its capital program. In the Water Resources Fund, the debt savings is being used to increase the pay-go capital contribution by \$1.0 million.

# BUDGET SUMMARY - EXPENDITURES

## CITY OF ASHEVILLE FY 2011-12 EXPENDITURES BY SERVICE AREA NET TOTAL \$132,456,548



### Budget-to-Budget Expenditure Comparison

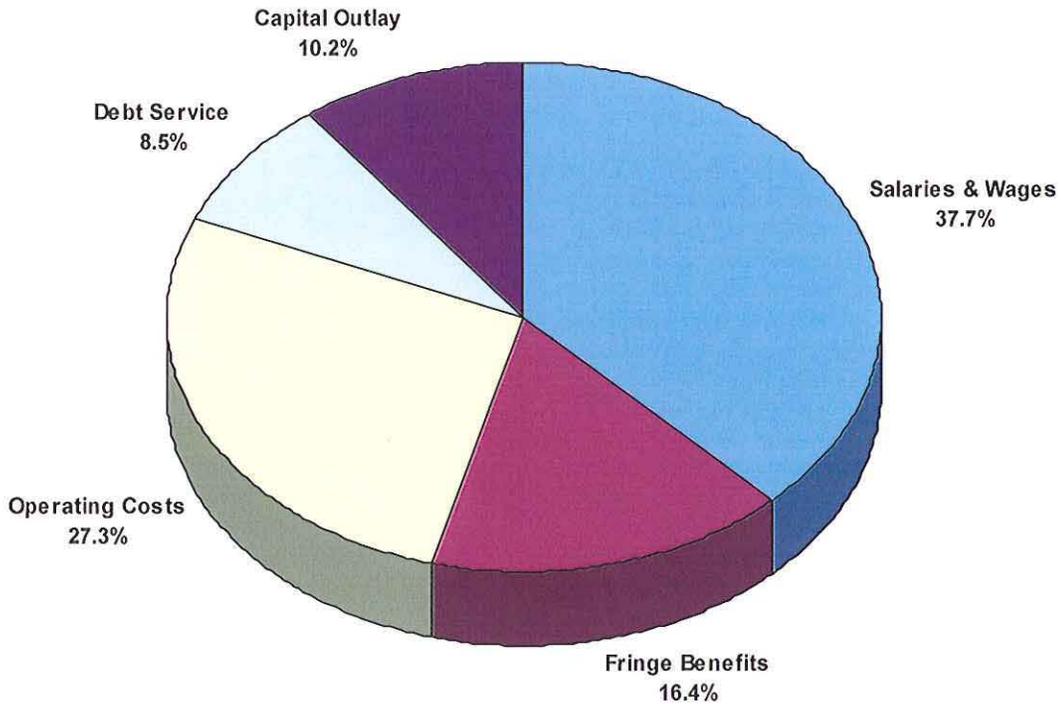
| <u>Service Areas:</u>            | 2010-11                   | 2011-12                   | Change From Prior Year |                     |
|----------------------------------|---------------------------|---------------------------|------------------------|---------------------|
|                                  | <u>Budget</u>             | <u>Adopted</u>            | <u>in \$</u>           | <u>in %</u>         |
| Environment & Transportation     | 61,073,453                | 61,485,669                | 412,216                | 0.7%                |
| Public Safety                    | 38,381,372                | 38,291,603                | (89,769)               | -0.2%               |
| Culture & Recreation             | 13,618,496                | 13,134,490                | (484,006)              | -3.6%               |
| General Government               | 10,624,299                | 10,351,251                | (273,048)              | -2.6%               |
| General Capital Pay-Go           | 7,867,222                 | 8,403,447                 | 536,225                | 6.8%                |
| Community Development            | 6,595,352                 | 6,467,252                 | (128,100)              | -1.9%               |
| <b>Total Expenditures</b>        | <b>138,160,194</b>        | <b>138,133,712</b>        | <b>(26,482)</b>        | <b>0.0%</b>         |
| <b>Less: Interfund Transfers</b> | <b>(5,617,428)</b>        | <b>(5,677,164)</b>        | <b>(59,736)</b>        | <b>1.1%</b>         |
| <b>Net Expenditures</b>          | <b><u>132,542,766</u></b> | <b><u>132,456,548</u></b> | <b><u>(86,218)</u></b> | <b><u>-0.1%</u></b> |

Notes:

- 1) Debt service payments in the enterprise funds are included in the Environment & Transportation service area. All other debt service is included under General Debt Service.

# BUDGET SUMMARY - EXPENDITURES

## CITY OF ASHEVILLE FY 2011-12 EXPENDITURES BY SERVICE AREA NET TOTAL \$132,456,548



### Budget-to-Budget Expenditure Comparison

| <u>Expense Category:</u> | <u>2010-11</u>     | <u>2011-12</u>     | <u>Change From Prior Year</u> |              |
|--------------------------|--------------------|--------------------|-------------------------------|--------------|
|                          | <u>Budget</u>      | <u>Adopted</u>     | <u>in \$</u>                  | <u>in %</u>  |
| Salaries & Wages         | 51,268,540         | 49,874,555         | (1,393,985)                   | -2.7%        |
| Fringe Benefits          | 21,069,236         | 21,751,701         | 682,465                       | 3.2%         |
| Operating Costs          | 36,869,041         | 36,160,521         | (708,520)                     | -1.9%        |
| Debt Service             | 13,957,227         | 11,207,907         | (2,749,320)                   | -19.7%       |
| Capital Outlay           | 9,378,722          | 13,461,864         | 4,083,142                     | 43.5%        |
| <b>Net Expenditures</b>  | <u>132,542,766</u> | <u>132,456,548</u> | <u>(86,218)</u>               | <u>-0.1%</u> |

## BUDGET SUMMARY - REVENUES

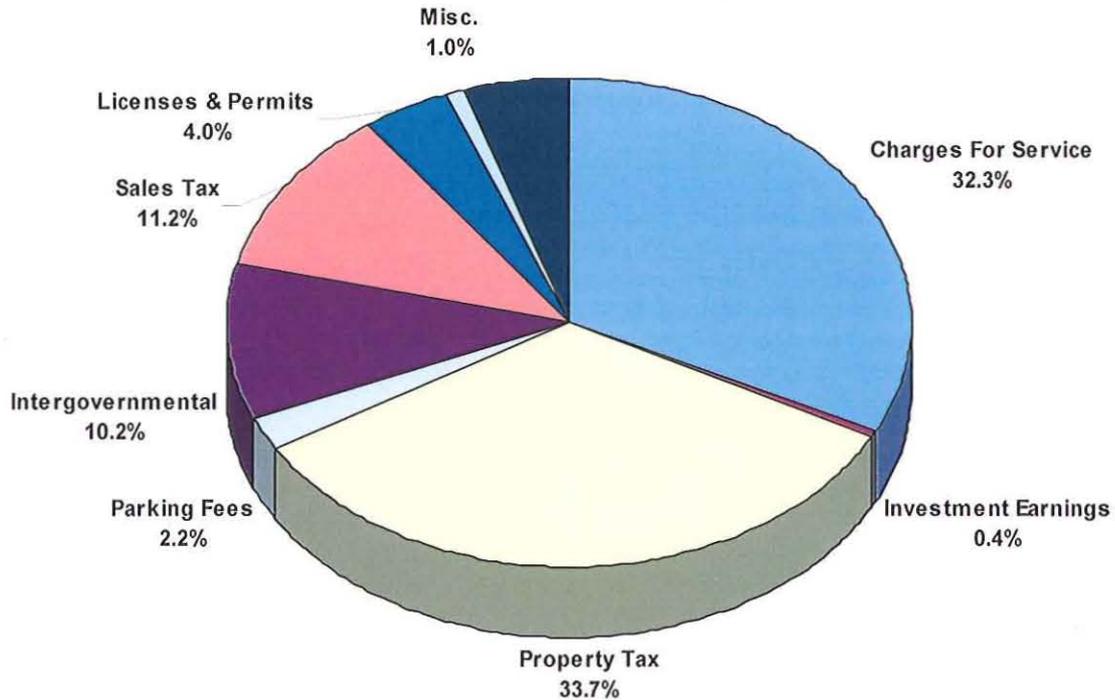
| <u>Revenue Sources:</u>             | 2008-09<br>Actual  | 2009-10<br>Actual  | 2010-11<br>Budget  | 2011-12<br>Adopted |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Property Tax                        | 43,839,812         | 45,252,649         | 46,055,271         | 46,602,746         |
| Charges For Service                 | 47,821,733         | 45,954,308         | 44,981,176         | 44,682,472         |
| Intergovernmental                   | 14,441,114         | 14,061,497         | 14,662,802         | 14,058,184         |
| Sales & Other Taxes                 | 15,337,704         | 14,561,557         | 15,144,688         | 15,439,305         |
| Licenses & Permits                  | 5,992,574          | 4,644,736          | 5,703,066          | 5,570,977          |
| Investment Earnings                 | 1,920,115          | 419,035            | 1,444,700          | 515,700            |
| Parking Fees                        | 2,849,477          | 2,801,666          | 2,774,000          | 3,097,747          |
| Miscellaneous                       | 915,379            | 1,327,768          | 1,569,260          | 1,445,080          |
| Other Financing Sources             | <u>2,050,668</u>   | <u>4,450,226</u>   | <u>5,825,231</u>   | <u>6,721,501</u>   |
| <b>Total Revenue</b>                | 135,168,576        | 133,473,442        | 138,160,194        | 138,133,712        |
| <b>Less: Interfund Transactions</b> | (4,701,098)        | (4,824,415)        | (5,617,428)        | (5,677,164)        |
| <b>Net Revenue</b>                  | <u>130,467,478</u> | <u>128,649,027</u> | <u>132,542,766</u> | <u>132,456,548</u> |

### BUDGET HIGHLIGHTS

- The property tax, which comprises 34% of total revenue, is the single largest source of revenue for the City. In FY 2010-11, the City's tax base grew by just under 1.0%, which was the slowest tax base growth in at least ten years. Prior to FY 2010-11, growth in the City's tax base had averaged 3.4% over the last ten fiscal years. The Buncombe County Tax Assessor is projecting that tax base growth in FY 2011-12 will remain well below historical norms due to the continuing construction slowdown. Staff is projecting property tax revenue growth of only 1.2% in FY 2011-12.
- Citywide, the second largest source of revenue is charges for service, which makes up about 32% of the revenue budget. Most of the revenue in this category, approximately \$32.2 million, comes from water utility charges. For FY 2011-12, there are no changes to the residential water rate, however there are increases to the commercial and multi-family rates and the wholesale rate. These adjustments are designed to create more equitable cost recovery across the water customer classes. Overall, revenue from charges for services is budgeted for a slight decrease in FY 2011-12 based on collection trends in FY 2009-10 and FY 2010-11.
- No revenue has been more impacted by the recession than sales taxes. Between FY 2006-07, when sales tax revenue peaked, and FY 2009-10, the City saw its sales tax revenue decline by \$3.1 million or 18%. Sales tax revenue has finally begun to grow again in the current fiscal year; with revenue through the first ten months of the fiscal year up a modest 2.8% compared to FY 2009-10. The N.C. League of Municipalities predicts that sales tax revenue will not rise quickly without a recovery in the housing market, and such a recovery is not expected during FY 2011-12. As a result, they are projecting the sales tax base to continue to grow slowly in FY 2011-12. Based on this guidance, staff has assumed 2% sales tax growth in FY 2011-12.
- As staff reported to City Council in the quarterly financial report, revenue from investment earnings is down substantially from prior years due to the historically low interest rates currently available in the market. Revenue from investment earnings declined by \$1.5 million between FY 2008-09 and FY 2009-10. With no major changes in interest rates expected next fiscal year, staff is projecting that investment earnings revenue will remain low in FY 2011-12.
- The other financing sources category shows an increase in FY 2011-12 primarily due to the \$340,000 increase in the General Fund operating subsidy to the Transit Fund and the \$700,000 appropriation from reserves in the Stormwater Fund for capital projects.

# BUDGET SUMMARY - REVENUES

## CITY OF ASHEVILLE FY 2011-12 REVENUES BY SOURCE NET TOTAL \$132,456,548



### Budget-to-Budget Revenue Comparison

| Revenue Sources:                    | 2010-11                   | 2011-12                   | Change From Prior Year |                     |
|-------------------------------------|---------------------------|---------------------------|------------------------|---------------------|
|                                     | Budget                    | Adopted                   | in \$                  | in %                |
| Property Tax                        | 46,055,271                | 46,602,746                | 547,475                | 1.2%                |
| Charges For Service                 | 44,981,176                | 44,682,472                | (298,704)              | -0.7%               |
| Intergovernmental                   | 14,662,802                | 14,058,184                | (604,618)              | -4.1%               |
| Sales & Other Taxes                 | 15,144,688                | 15,439,305                | 294,617                | 1.9%                |
| Licenses & Permits                  | 5,703,066                 | 5,570,977                 | (132,089)              | -2.3%               |
| Investment Earnings                 | 1,444,700                 | 515,700                   | (929,000)              | -64.3%              |
| Parking Fees                        | 2,774,000                 | 3,097,747                 | 323,747                | 11.7%               |
| Miscellaneous                       | 1,569,260                 | 1,445,080                 | (124,180)              | -7.9%               |
| Other Financing Sources             | 5,825,231                 | 6,721,501                 | 896,270                | 15.4%               |
| <b>Total Revenue</b>                | <b>138,160,194</b>        | <b>138,133,712</b>        | <b>(26,482)</b>        | <b>0.0%</b>         |
| <b>Less: Interfund Transactions</b> | <b>(5,617,428)</b>        | <b>(5,677,164)</b>        | <b>(59,736)</b>        | <b>1.1%</b>         |
| <b>Net Revenue</b>                  | <b><u>132,542,766</u></b> | <b><u>132,456,548</u></b> | <b><u>(86,218)</u></b> | <b><u>-0.1%</u></b> |

## BUDGET SUMMARY - STAFFING

### FULL-TIME EQUIVALENT POSITIONS BY FUND

|                              | 2008-09<br>Actual | 2009-10<br>Actual | 2010-11<br>Budget | 2011-12<br>Adopted |
|------------------------------|-------------------|-------------------|-------------------|--------------------|
| Environment & Transportation | 344.38            | 338.63            | 339.13            | 338.13             |
| Public Safety                | 494.00            | 497.00            | 499.00            | 499.00             |
| Culture & Recreation         | 161.91            | 137.02            | 132.40            | 129.40             |
| General Government           | 88.76             | 97.13             | 97.13             | 95.13              |
| Community Development        | 71.00             | 78.75             | 74.75             | 73.75              |
| <b>TOTAL CITY WIDE</b>       | 1,160.05          | 1,148.53          | 1,142.41          | 1,135.41           |

### BUDGET HIGHLIGHTS

- The FY 2011-12 budget includes the elimination of 8.0 FTE positions, which will save \$440,000.
- In addition, 7 other positions will be held vacant during FY 2011-12, which will produce budget savings of approximately \$356,000. Since these positions are being frozen instead of eliminated, they remain in the position count for FY 2010-11. As a result, there is a significant reduction in salary and wage costs but the overall position count only shows a slight reduction.
- As a budget balancing strategy in FY 2010-11, the City reduced the frequency of residential brush collection from twice per month to once per month. Based on feedback from citizens and Council, staff is proposing to return to a twice per month collection schedule in FY 2011-12. This change will result in the addition of 3.0 FTE positions in FY 2011-12.
- A Labor Crew Coordinator position in the Stormwater Fund was eliminated from the budget and replaced with a Safety Coordinator position in the Public Works General Fund budget. This position will be jointly funded by the General, Stormwater, and Water Funds.
- Based on a management recommendation from the City's outside auditors, the Festivals Fund has been eliminated and all associated expenses have been moved into the General Fund. As a result, two positions that were formerly reflected in the Festivals Fund are included in the Cultural Arts division of the Parks, Recreation and Cultural Arts Department.
- Based upon information confirmed by HUD, the City is preparing for a 16% reduction in CDBG Entitlement funding from last year, and a 12% reduction in HOME Entitlement funding. Due to these funding cuts, one staff position is being eliminated from the Community Development Program.
- The charts on the following three pages detail the changes in FTE positions by service area, department, and division for each of the last four fiscal years.

## BUDGET SUMMARY - STAFFING

| <u>SERVICE AREAS</u>                         | 2008-09       | 2009-10       | 2010-11       | 2011-12       |
|--|---------------|---------------|---------------|---------------|
| Departments & Divisions                      | Actual        | Actual        | Budget        | Adopted       |
| <b><u>Public Safety</u></b>                  |               |               |               |               |
| Police                                       |               |               |               |               |
| Administration                               | 12.00         | 12.00         | 12.00         | 12.00         |
| Criminal Investigations                      | 38.00         | 41.00         | 39.00         | 39.00         |
| Support Bureau                               | 41.00         | 39.00         | 39.00         | 39.00         |
| Patrol Bureau                                | 170.00        | 166.00        | 170.00        | 170.00        |
| Subtotal Police                              | 261.00        | 258.00        | 260.00        | 260.00        |
| Fire & Rescue                                |               |               |               |               |
| Accountability/Administration                | 5.00          | 4.00          | 9.00          | 9.00          |
| Emergency Response                           | 216.00        | 224.00        | 216.00        | 216.00        |
| Fire Marshal's Office                        | 12.00         | 11.00         | 14.00         | 14.00         |
| Subtotal Fire                                | 233.00        | 239.00        | 239.00        | 239.00        |
| <b><u>Total Public Safety</u></b>            | <u>494.00</u> | <u>497.00</u> | <u>499.00</u> | <u>499.00</u> |
| <b><u>Culture &amp; Recreation</u></b>       |               |               |               |               |
| Parks, Recreation & Cultural Arts            |               |               |               |               |
| Administration                               | 2.00          | 2.00          | 2.00          | 2.00          |
| Planning                                     | 2.00          | 2.00          | 2.00          | 2.00          |
| Cultural Arts                                | 4.75          | 3.00          | 2.00          | 4.75          |
| Recreation Programs                          | 39.15         | 35.02         | 31.90         | 31.90         |
| Business Services                            | 5.00          | 9.50          | 9.00          | 7.00          |
| Specialized Facilities                       | 22.75         | 15.75         | 15.75         | 14.75         |
| Park Maintenance                             | 35.00         | 38.75         | 38.75         | 38.75         |
| Building Maintenance                         | 8.00          | --            | --            | --            |
| City Hall Operations                         | 5.00          | --            | --            | --            |
| Subtotal Parks & Recreation                  | 123.65        | 106.02        | 101.40        | 101.15        |
| Parks & Recreation                           |               |               |               |               |
| Grant Funded Positions                       | 2.00          | 1.00          | 1.00          | 1.00          |
| Festivals Fund                               | 4.75          | 2.75          | 2.75          | --            |
| Golf Fund                                    | 14.00         | 11.00         | 11.00         | 11.00         |
| Civic Center Fund                            | 17.51         | 16.25         | 16.25         | 16.25         |
| <b><u>Total Culture &amp; Recreation</u></b> | <u>161.91</u> | <u>137.02</u> | <u>132.40</u> | <u>129.40</u> |

## BUDGET SUMMARY - STAFFING

| <u>SERVICE AREAS</u>                   | 2008-09      | 2009-10      | 2010-11      | 2011-12      |
|--|--------------|--------------|--------------|--------------|
| Departments & Divisions                | Actual       | Actual       | Budget       | Adopted      |
| <b><u>General Government</u></b>       |              |              |              |              |
| Finance and Management Services        |              |              |              |              |
| Administration                         | --           | --           | 1.00         | 1.00         |
| City Clerk                             | 1.00         | 1.00         | 1.00         | 1.00         |
| City Manager                           | 5.00         | 4.00         | 4.00         | 4.00         |
| Community Relations                    | 7.00         | 7.00         | 4.00         | 4.00         |
| Sustainability                         | --           | 1.00         | 1.00         | 1.00         |
| Purchasing                             | 5.00         | 4.00         | 4.00         | 4.00         |
| Central Stores                         | 2.00         | 2.00         | 2.00         | 2.00         |
| Risk Management Admin                  | 3.00         | 3.00         | 3.00         | 3.00         |
| Budget & Research                      | 3.00         | 3.00         | 2.00         | 2.00         |
| Finance Administration                 | 3.00         | 3.00         | 3.00         | 3.00         |
| Accounting                             | 16.00        | 18.00        | 18.00        | 16.00        |
| City Hall Operations                   | --           | 6.00         | 8.00         | 8.00         |
| Subtotal Administrative Srv.           | 45.00        | 52.00        | 51.00        | 49.00        |
| Administrative Services - Grant Funded | --           | --           | 3.00         | 3.00         |
| Information Technology Services        |              |              |              |              |
| Administration                         | 2.00         | 3.50         | 3.00         | 3.00         |
| GIS & Application Services             | 4.00         | 5.00         | 6.00         | 6.00         |
| IT Support Services                    | 5.00         | 6.00         | 5.00         | 5.00         |
| Technical Services                     | 6.00         | 5.00         | 5.00         | 5.00         |
| Subtotal Information Services          | 17.00        | 19.50        | 19.00        | 19.00        |
| Human Resources                        |              |              |              |              |
| Administration                         | 11.50        | 12.50        | 10.50        | 10.50        |
| CAYLA                                  | 2.00         | 1.00         | 1.00         | 1.00         |
| Health Services                        | 2.26         | 2.13         | 2.13         | 2.13         |
| Subtotal Human Resources               | 15.76        | 15.63        | 13.63        | 13.63        |
| City Attorney                          | 6.00         | 5.50         | 6.00         | 6.00         |
| Economic Development                   | 5.00         | 4.50         | 4.50         | 4.50         |
| <b>Total General Government</b>        | <u>88.76</u> | <u>97.13</u> | <u>97.13</u> | <u>95.13</u> |

## BUDGET SUMMARY - STAFFING

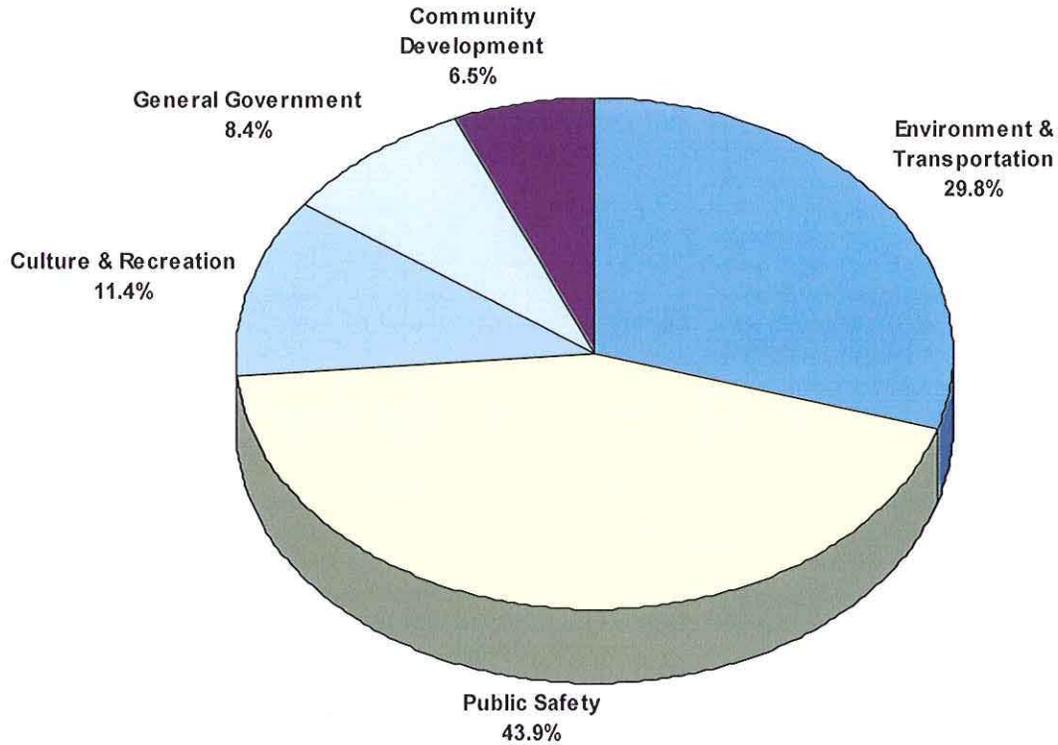
| <u>SERVICE AREAS</u>                           | 2008-09       | 2009-10       | 2010-11       | 2011-12       |
|--|---------------|---------------|---------------|---------------|
| Departments & Divisions                        | Actual        | Actual        | Budget        | Adopted       |
| <b><u>Environment &amp; Transportation</u></b> |               |               |               |               |
| Water Resources Fund                           |               |               |               |               |
| Administration                                 | 8.00          | 7.00          | 7.00          | 7.00          |
| Meter Services                                 | 17.00         | 17.00         | 17.00         | 17.00         |
| Water Education                                | 1.00          | --            | --            | --            |
| Water Maintenance                              | 49.00         | 49.00         | 43.00         | 43.00         |
| Water Production                               | 41.00         | 41.00         | 41.00         | 41.00         |
| Customer Service                               | 22.00         | 22.00         | 22.00         | 22.00         |
| Construction Crew                              | 7.00          | 7.00          | 7.00          | 7.00          |
| Water Engineering Services                     | 8.00          | 9.00          | 9.00          | 9.00          |
| Subtotal Water Resources Fund                  | 153.00        | 152.00        | 146.00        | 146.00        |
| Public Works                                   |               |               |               |               |
| Administration                                 | 4.75          | 4.00          | 5.50          | 6.50          |
| Engineering Services                           | --            | 9.00          | 9.00          | 9.00          |
| Signs & Markings                               | 4.00          | --            | --            | --            |
| Streets & Sidewalks                            | 52.00         | 52.00         | 45.50         | 43.50         |
| Fleet Maintenance                              | 14.00         | 14.00         | 15.00         | 15.00         |
| Sanitation                                     | 37.00         | 35.00         | 30.00         | 32.00         |
| Subtotal Public Works                          | 111.75        | 114.00        | 105.00        | 106.00        |
| Transportation                                 |               |               |               |               |
| City Engineering                               | 11.00         | --            | --            | --            |
| Administration                                 | --            | 3.00          | 2.00          | 2.00          |
| Traffic Engineering                            | 3.00          | 2.00          | 2.00          | 2.00          |
| Signs & Markings                               | --            | 4.00          | 4.00          | 4.00          |
| Traffic Signal Maintenance                     | 2.00          | 2.00          | 2.00          | 2.00          |
| Transportation Planning                        | 3.63          | 1.63          | 1.63          | 1.63          |
| Transportation Demand Mgmt.                    | --            | 1.00          | 1.00          | 0.00          |
| Subtotal Transportation                        | 19.63         | 13.63         | 12.63         | 11.63         |
| Stormwater Fund                                | 38.00         | 37.00         | 35.00         | 34.00         |
| Transit Services Fund                          | 3.00          | 3.00          | 3.00          | 3.00          |
| Parking Services Fund                          | 19.00         | 19.00         | 19.00         | 19.00         |
| Street Cut Utility Fund                        | --            | --            | 18.50         | 18.50         |
| <b>Total Environment &amp; Transportation</b>  | <u>344.38</u> | <u>338.63</u> | <u>339.13</u> | <u>338.13</u> |

## BUDGET SUMMARY - STAFFING

| <u>SERVICE AREAS</u>                 | 2008-09      | 2009-10      | 2010-11      | 2011-12      |
|--------------------------------------|--------------|--------------|--------------|--------------|
| Departments & Divisions              | Actual       | Actual       | Budget       | Adopted      |
| <u>Community Development</u>         |              |              |              |              |
| Planning & Development               |              |              |              |              |
| Planning Services                    | 23.00        | 19.75        | 19.75        | 19.75        |
| Homeless Program                     | 1.00         | 1.00         | 1.00         | 1.00         |
| Historic Resources                   | 2.00         | 2.00         | 2.00         | 2.00         |
| Subtotal Planning & Development      | 26.00        | 22.75        | 22.75        | 22.75        |
| Building Safety                      |              |              |              |              |
| Inspections & Permits                | 39.00        | 40.00        | 37.00        | 37.00        |
| Building Maintenance                 | --           | 10.00        | 9.00         | 9.00         |
| Subtotal Building Safety             | 39.00        | 50.00        | 46.00        | 46.00        |
| Community Development Fund           | 6.00         | 6.00         | 6.00         | 5.00         |
| <b>Total Community Development</b>   | <u>71.00</u> | <u>78.75</u> | <u>74.75</u> | <u>73.75</u> |
| <br>                                 |              |              |              |              |
| <b>TOTAL CITY WIDE FTE POSITIONS</b> | 1,160.05     | 1,148.53     | 1,142.41     | 1,135.41     |

# BUDGET SUMMARY - STAFFING

## CITY OF ASHEVILLE FY 2011-12 FTE POSITIONS BY SERVICE AREA TOTAL: 1,135.41



### Budget-to-Budget Staffing Comparison

| <u>Service Areas:</u>               | 2010-11         | 2011-12         | Change From Prior Year |              |
|-------------------------------------|-----------------|-----------------|------------------------|--------------|
|                                     | <u>Budget</u>   | <u>Adopted</u>  | <u>in #</u>            | <u>in %</u>  |
| Environment & Transportation        | 339.13          | 338.13          | (1.00)                 | -0.3%        |
| Public Safety                       | 499.00          | 499.00          | 0.00                   | 0.0%         |
| Culture & Recreation                | 132.40          | 129.40          | (3.00)                 | -2.3%        |
| General Government                  | 97.13           | 95.13           | (2.00)                 | -2.1%        |
| Community Development               | 74.75           | 73.75           | (1.00)                 | -1.3%        |
| <b>Total Citywide FTE Positions</b> | <u>1,142.41</u> | <u>1,135.41</u> | <u>(7.00)</u>          | <u>-0.6%</u> |

# ANALYSIS OF FUND BALANCE

| <u>GENERAL FUND</u>   | 2010-11<br>Budget* | 2010-11<br>Estimate | 2011-12<br>Adopted |
|---|--------------------|---------------------|--------------------|
| Total Revenues  | 88,553,790         | 87,199,188          | 87,645,955         |
| Total Expenditures  | 89,003,790         | 87,178,790          | 87,645,955         |
| Revenues Over (Under) Expenditures                            | (450,000)          | 20,398              | 0                  |
| Available Fund Balance:                                       |                    |                     |                    |
| Beginning   | 12,319,000         | 12,319,000          | 12,339,398         |
| Ending  | 11,869,000         | 12,339,398          | 12,339,398         |
| Ending Available Fund Balance<br>as a % of Total Expenditures | 13.3%              | 14.2%               | 14.2%              |

\*Budget as of the 3<sup>rd</sup> quarter FY 2009-10 financial report including encumbrances from the prior fiscal year.

One measure of a city's financial strength is the level of its available fund balances. In general, fund balance is excess or surplus money. At the end of a fiscal year, available fund balance is the amount of fund balance that is remaining after reserves of fund balance for inventories, prepaid expenses, employee paid health benefits, and state statute reserve have been made. Reserves of fund balance are amounts required by state statute, or governmental accounting standards that are legally not available for spending. Fund balance that is unappropriated after budget adoption serves as a general operating reserve for the city. This operating reserve is identified as available fund balance in the chart above.

According to the Local Government Commission, cities in North Carolina should have a minimum fund balance of at least 8%. The "industry average" of fund balance, however, is between 10-20% and is preferable. What are the implications when the fund balance falls below the industry average and the state's recommendation? The most costly implication is a decrease in the bond rating which characterizes the risk of the City's bonds. As the bond rating goes down, interest rates on those bonds increase and the faith and trust of the financial position of the City decreases.

If the fund balance drops to 8% or below, the State will issue a letter of warning giving the government a time frame to bring the fund balance back up. Should the government not comply; the State can step in and assume financial management.

When determining the appropriate level of fund balance for an organization, the following factors, in addition to state minimums or industry averages should be considered:

- The predictability of revenues and volatility of expenditures - a higher level of unreserved funds may be needed if significant revenue sources are subject to unpredictable fluctuations.

## ANALYSIS OF FUND BALANCE

- The availability of resources in other funds as well as the potential drain upon general fund resources from other funds may require a higher level of unreserved fund balance.
- Designations by management to compensate for any portion of the fund balance already designated for a specific purpose.
- Liquidity - a disparity between when financial resources actually become available to make payments and the average maturity of the related liabilities may require a higher level of resources be maintained. One measure of a city's financial strength is the level of its available fund balances. In general, fund balance is excess or surplus money. At the end of a fiscal year, unreserved fund balance is that portion of a municipality's money that can be appropriated in the new fiscal year to cover expenditures. Fund balance that is unappropriated after budget adoption serves as a general operating reserve for the city. This operating reserve is identified as unreserved fund balance in the chart above.

The City estimates that for the General Fund, unreserved fund balance will be approximately \$12.3 million at the end of fiscal year 2010-11, which will equal 14.2% of total estimated FY 2010-11 General Fund expenditures. The FY 2011-12 adopted budget includes no appropriation from fund balance. Budget staff estimates that fund balance available for appropriation at the end of FY 2011-12 will therefore remain at 14.2% of General Fund expenditures.

### **Enterprise Funds**

The other funds in the City's adopted budget are all enterprise funds. For these funds, the City calculates a "fund balance equivalent" by taking cash and investments and subtracting out all certain current liabilities and encumbrances. The projected June 30, 2012 fund balance equivalent for the Water Resources Fund and the other Non-Major Enterprise Funds is shown below.

|                            | Fund Balance<br>Equivalent<br>6/30/11 Est. | Fund Balance<br>Usage by<br>6/30/12 | Fund Balance<br>Equivalent<br>6/30/12 Est. |
|----------------------------|--|-------------------------------------|--|
| Water Resources Fund       | 17,238,569                                 | 0                                   | 17,238,569                                 |
| Non-Major Enterprise Funds | 4,534,778                                  | 700,000                             | 3,834,778                                  |