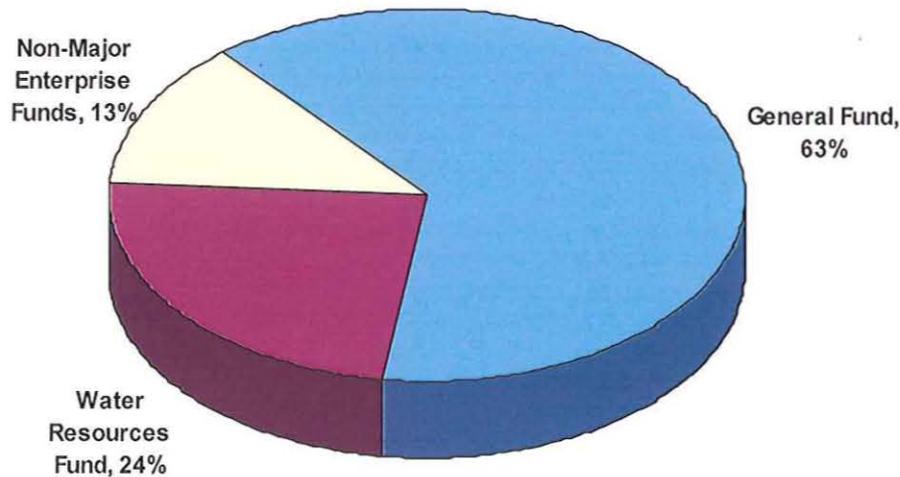


## FUND SUMMARY

<u>FUNDS</u> Service Areas	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<b><u>GENERAL FUND</u></b>				
Public Safety	36,951,264	37,429,905	38,381,372	38,291,603
Environment & Transportation	15,626,068	14,630,107	14,740,659	14,023,766
General Government	13,170,513	14,328,539	10,624,299	10,351,251
Culture & Recreation	10,458,265	9,679,975	9,874,058	10,108,636
Capital Pay-Go/Debt	7,579,192	10,894,316	7,867,222	8,403,447
Community Development	<u>5,122,929</u>	<u>5,929,313</u>	<u>6,595,352</u>	<u>6,467,252</u>
<b>Total General Fund</b>	87,955,930	92,894,640	88,082,962	87,645,955
<b><u>ENTERPRISE FUNDS</u></b>				
Environment & Transportation	46,979,891	41,073,580	46,332,794	47,461,903
Culture & Recreation	<u>4,228,258</u>	<u>3,538,001</u>	<u>3,744,438</u>	<u>3,025,854</u>
<b>Total Enterprise Funds</b>	51,208,149	44,611,581	50,077,232	50,487,757
<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>

**FY 2011-12 EXPENDITURES BY FUND  
TOTAL: \$132,456,548**



## GENERAL FUND SUMMARY

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<b><u>Revenues:</u></b>				
Property Taxes	43,839,812	45,252,649	46,055,271	46,602,746
Intergovernmental	11,863,028	11,012,986	11,175,602	10,963,573
Sales & Other Taxes	15,337,704	14,561,557	15,144,688	15,439,305
Charges For Service	10,447,023	8,477,841	5,387,771	5,587,654
Licenses & Permits	5,496,735	4,139,585	5,206,866	5,070,977
Investment Earnings	1,191,668	74,342	1,014,000	239,700
Miscellaneous	551,837	938,139	1,210,943	1,334,680
Other Financing Sources	0	2,725,539	2,887,821	2,407,320
Subtotal	88,727,807	87,182,637	88,082,962	87,645,955
Appropriated Fund Bal.	--	--	--	
<b>Total Revenues</b>	88,727,807	87,182,637	88,082,962	87,645,955

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<b><u>Appropriations:</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
Public Works	12,020,335	12,409,491	12,949,125	12,072,508
Capital Pay-Go/Debt	7,579,192	10,894,316	7,867,222	8,283,447
Parks, Recreation & Cult. Arts	9,791,275	9,100,184	9,318,812	9,716,042
Finance & Management Srv.	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
Nondepartmental	1,838,495	2,378,285	2,386,582	2,554,120
Building Safety	2,543,757	3,170,084	3,676,929	3,640,680
City Attorney	618,808	682,907	607,413	639,852
Economic Development	662,950	403,458	464,505	442,446
Transportation	1,587,236	1,347,785	1,149,338	965,963
Planning & Development	1,727,981	1,781,021	1,790,273	1,760,172
Transit Fund Transfer	1,066,197	872,831	642,196	985,295
Civic Center Transfer	397,989	391,315	392,594	392,594
Golf Fund Transfer	75,701	0	0	0
Festivals Fund Transfer	162,675	184,726	162,652	0
Human Resources	1,456,300	1,487,197	1,556,908	1,203,936
Health Care (Employee Contr.)	3,088,522	3,370,899	0	0
Housing Trust Fund Transfer	600,000	300,000	300,000	300,000
<b>Total Appropriations</b>	87,955,930	92,894,640	88,082,962	87,645,955

Note: The City implemented a new financial software system in FY 2009-10. As a result, some of the revenue classifications changed and do not match prior year data.

## GENERAL FUND EXPENDITURES

<u>Service Areas</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Public Safety	36,951,264	37,429,905	38,381,372	38,291,603
Environment & Transportation	15,626,068	14,630,107	14,740,659	14,023,766
General Government	13,170,513	14,328,539	10,624,299	10,351,251
Culture & Recreation	10,458,265	9,679,975	9,874,058	10,108,636
Capital Pay-Go/Debt	7,579,192	10,894,316	7,867,222	8,403,447
Community Development	<u>5,122,929</u>	<u>5,929,313</u>	<u>6,595,352</u>	<u>6,467,252</u>
<b>Total General Fund</b>	<u>87,955,930</u>	<u>92,894,640</u>	<u>88,082,962</u>	<u>87,645,955</u>

### BUDGET HIGHLIGHTS

- The FY 2011-12 adopted budget includes general fund expenditures that are 0.5% less than the FY 2010-11 budget.
- Public Safety is the largest general fund service area, accounting for 44% of all general fund expenditures. Operating and small capital costs in the Police and Fire Department were reduced by a total of \$245,000 in the adopted budget. In addition, the Police Department will hold vacant a Telecommunicator position and a Forensics Technician position, which will produce budget savings of \$71,000. In the Fire Department, one Deputy Fire Marshal position stationed at the Development Services Center will be re-assigned to perform periodic fire inspections which is expected to increase the annual revenue from fire inspections by \$40,000. All other essential programs and services in the Police and Fire Departments will be maintained at current levels in the FY 2011-12 budget.
- Environment & Transportation is the second largest service area in the general fund, representing 16% of the FY 2011-12 general fund budget. This service area shows a \$717,000 decrease in FY 2011-12. Almost half of this decrease (\$316,000) is due to a technical budget change in which the costs of the crew that install new sidewalks is moved from the Public Works Department's General Fund budget over to the General Capital Project Fund. Outside of this technical change, actual reductions in the Public Works Department include the elimination of 3 FTE positions for a savings of \$146,000 and a reduction of \$92,000 in the City's streetlighting budget. In the Transportation Department, Transportation Demand Management (TDM) program was eliminated from the budget and operational accounts were reduced by \$82,000. Also as a part of the budget, the City will end loose leaf collection and instead collect only leaves that have been bagged. This service change will produce savings of \$83,000. The City will, however, resume twice monthly brush collection at a cost of \$125,000. Also, as mentioned in the Transmittal Letter, the City will be enhancing its recycling program in FY 2011-12, with the additional cost covered by a 55-cent increase in the monthly recycling fee, which will be effective January 1, 2012. Finally, this service area includes the \$340,000 increase in the General Fund transfer to balance the Transit Services Fund.
- The Culture and Recreation service area shows an increase of \$230,000 due to the merging of the Festivals Fund with the General Fund. Adjusting for this technical change, expenditures in the Culture and Recreation service area show a reduction of just over \$300,000. These reductions include the elimination/freezing of 5 FTE positions in the Parks Department for a savings of \$270,000 as well as \$55,000 in other operating reductions.
- Both the Community Development and General Government service areas also show declines in FY 2011-12 as departments in these areas eliminated and froze positions and cut operating budgets to produce total budget savings of approximately \$400,000.

# GENERAL FUND EXPENDITURES

## GENERAL FUND EXPENDITURES BY EXPENSE CATEGORY

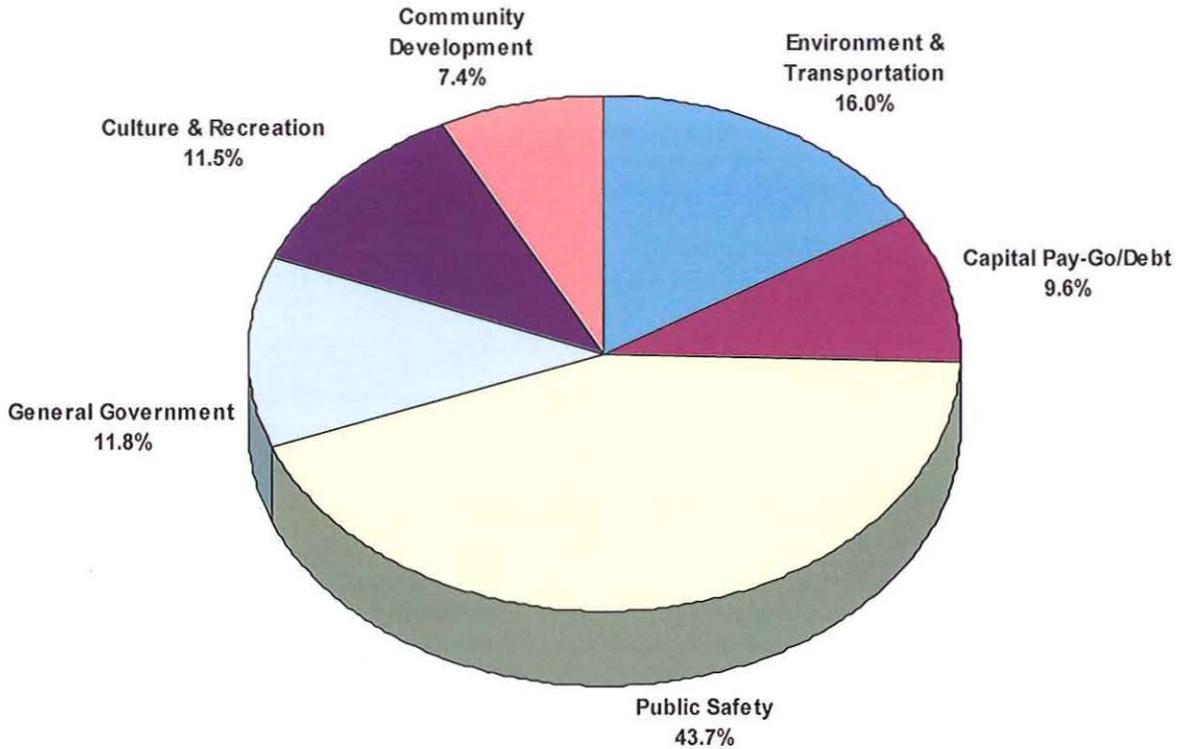
	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Salaries & Wages	42,733,069	42,711,622	40,636,760	39,788,082
Fringe Benefits	13,874,113	15,004,194	16,894,228	17,224,120
Operating Costs	20,738,808	22,278,302	21,040,664	20,488,101
Interfund Transfers	2,302,562	1,748,872	1,497,442	1,677,889
Debt Service	5,097,904	5,210,411	5,434,922	4,393,832
Capital Outlay	<u>3,208,474</u>	<u>5,941,239</u>	<u>2,578,946</u>	<u>4,073,931</u>
<b>TOTAL</b>	<u>87,955,930</u>	<u>92,894,640</u>	<u>88,082,962</u>	<u>87,645,955</u>

## BUDGET HIGHLIGHTS

- Personnel costs, including both salaries and wages and fringe benefits make up 65% of the FY 2011-12 general fund budget. Overall, the adopted personnel budget in the general fund is approximately \$518,000 less than the FY 2010-11 budget. The cost impact to the general fund of the N.C. retirement system increase that was mentioned earlier in the budget document is \$215,000. Factoring out this mandated cost increase, personnel costs show a \$733,000 decrease. Most of this decrease was achieved by eliminating or freezing 15 general fund positions, which will save approximately \$800,000. The general fund personnel budget does include the addition of 3 FTE positions associated with the return to twice monthly brush collection.
- In order to balance the FY 2011-12 adopted budget, general fund operating costs are reduced by \$552,000 or 2.6%. This reduction was achieved by trimming various line items, including contracted services, supplies, and materials, throughout the general fund.
- Interfund transfers are budgeted to increase by a net amount of \$180,000 in FY 2011-12. As noted on the previous page, the festivals fund is being merged with the general fund in FY 2011-12. This technical accounting change results in the elimination of the \$162,000 interfund transfer between those two funds. Ignoring this technical adjustment, the increase in general fund interfund transfers is \$342,000, which represents the change in the general fund transfer to the transit services fund.
- In 2010-11, the City redeemed the final payment on the Certificates of Participation (COPs) Series 1997B, which was issued to fund renovations on the Public Works building. Also in 2010-11, the City made the final payment on the 2006 series installment financing, which was issued to pay for radios and vehicles. In paying off these two debt obligations, the City reduced its annual debt service payments by over \$1.1 million. In FY 2011-12, the City will use this debt capacity to issue \$12.1 million in new debt to fund critical capital improvements, including exterior repairs to City Hall, construction of new sidewalks and greenways, and the replacement of vehicles. Based on the projected timing of this new debt issuance, the City does not anticipate having to make a debt service payment on this issuance until FY 2012-13. Therefore, the \$1.1 million that will go toward debt payments in future years is being directed to the pay-go capital program in FY 2011-12.
- The capital outlay budget, which is comprised of the pay-go capital contribution as well as departmental small capital, shows an increase of approximately \$1.5 million. As mentioned above, \$1.1 million of this increase is the result of shifting the FY 2011-12 debt service savings over to the pay-go capital program. Most of the rest of the increase (\$316,000) is due to the technical budget change mentioned on the previous page in which the costs of the crew that install new sidewalks is moved from the Public Works Department's General Fund budget over to the pay-go capital program. Adjusting for this technical change, the total general fund allocation to capital outlay and debt service in FY 2011-12 is essentially unchanged from the current budget year.

# GENERAL FUND EXPENDITURES

## CITY OF ASHEVILLE FY 2011-12 GENERAL FUND EXPENDITURES BY SERVICE AREA TOTAL \$87,645,955

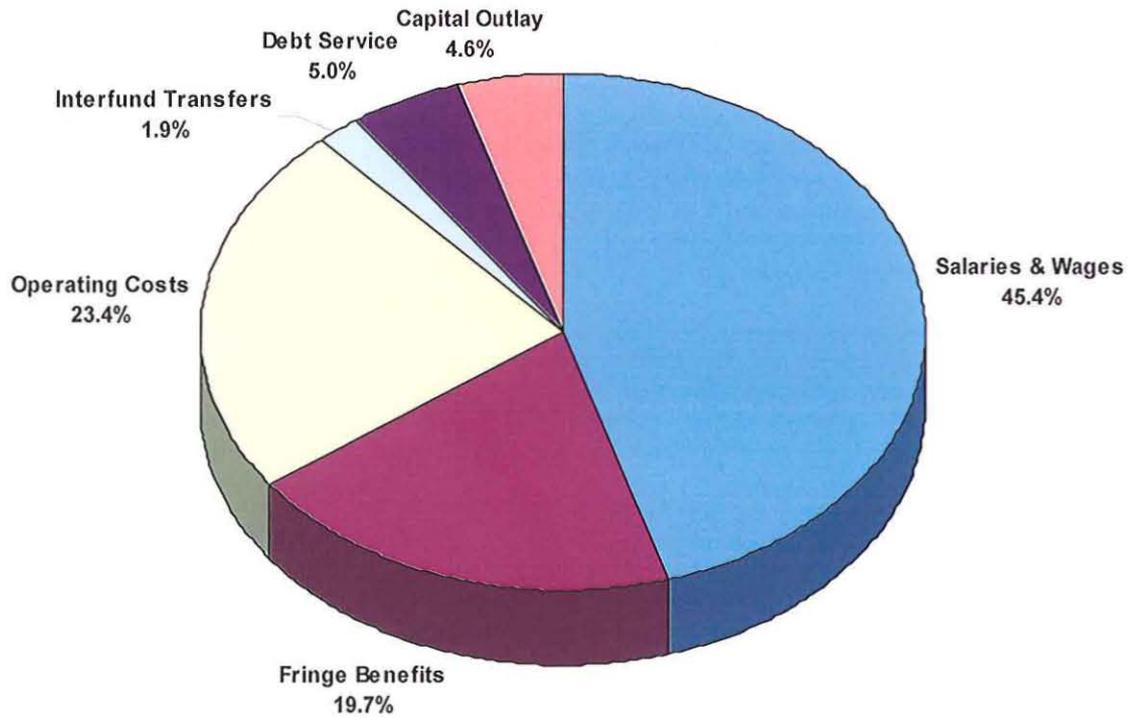


### Budget-to-Budget Expenditure Comparison

<u>Service Areas:</u>	2010-11	2011-12	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>in %</u>
Public Safety	38,381,372	38,291,603	(89,769)	-0.2%
Environment & Transportation	14,740,659	14,023,766	(716,893)	-4.9%
General Government	10,624,299	10,351,251	(273,048)	-2.6%
Culture & Recreation	9,874,058	10,108,636	234,578	2.4%
Capital Pay-Go/Debt Service	7,867,222	8,403,447	536,225	6.8%
Community Development	6,595,352	6,467,252	(128,100)	-1.9%
<b>Total General Fund Expenditures</b>	<b><u>88,082,962</u></b>	<b><u>87,645,955</u></b>	<b><u>(437,007)</u></b>	<b><u>-0.5%</u></b>

# GENERAL FUND EXPENDITURES

## CITY OF ASHEVILLE FY 2011-12 GENERAL FUND EXPENDITURES BY CATEGORY TOTAL \$87,645,955



### Budget-to-Budget Expenditure Comparison

<u>Expense Category:</u>	2010-11	2011-12	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>Budget</u>
Salaries & Wages	40,636,760	39,788,082	(848,678)	-2.1%
Fringe Benefits	16,894,228	17,224,120	329,892	2.0%
Operating Costs	21,040,664	20,488,101	(552,563)	-2.6%
Interfund Transfers	1,497,442	1,677,889	180,447	12.1%
Debt Service	5,434,922	4,393,832	(1,041,090)	-19.2%
Capital Outlay	2,578,946	4,073,931	1,494,985	58.0%
<b>Total General Fund Expenditures</b>	<b>88,082,962</b>	<b>87,645,955</b>	<b>(437,007)</b>	<b>-0.5%</b>

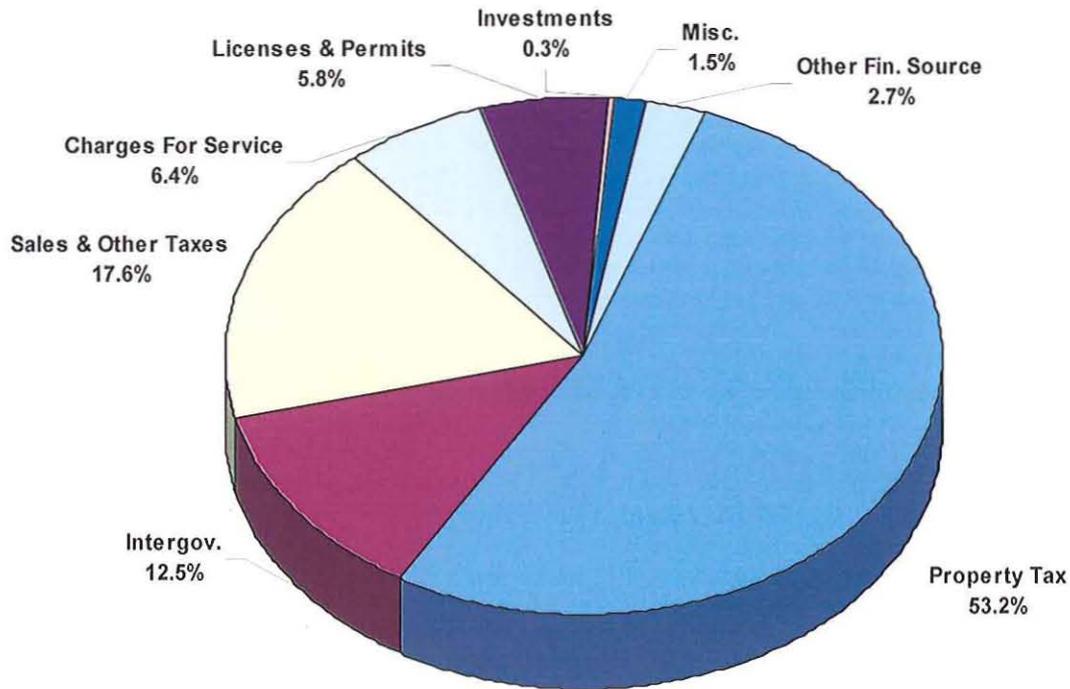
## GENERAL FUND REVENUES

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<b><u>Taxes</u></b>				
Property Tax - Current Year	41,247,841	42,873,555	43,423,226	43,883,779
Local Option Sales Tax	15,036,346	14,172,843	14,834,688	15,109,305
Motor Vehicle Taxes	2,193,424	1,875,854	2,232,045	2,232,045
Property Tax - Prior Years	398,547	503,239	400,000	486,922
Other Taxes	301,358	388,715	310,000	330,000
<b>Total Taxes</b>	<b>59,177,516</b>	<b>59,814,206</b>	<b>61,199,959</b>	<b>62,042,051</b>
<b><u>Licenses &amp; Permits</u></b>				
Building Safety Fees	2,699,515	2,195,840	2,434,925	2,306,700
Local Utility Franchise Tax	707,654	615,365	693,000	483,000
Business Privilege Licenses	1,476,118	709,537	1,400,000	1,400,000
Motor Vehicle Licenses	312,791	302,449	321,162	310,000
Other	300,657	316,394	357,779	571,277
<b>Total Licenses/Permits</b>	<b>5,496,735</b>	<b>4,139,585</b>	<b>5,206,866</b>	<b>5,070,977</b>
<b><u>Intergovernmental</u></b>				
State Utility Taxes	7,403,284	7,315,397	7,400,000	7,500,000
Powell Bill	2,372,265	2,125,431	2,070,170	2,135,723
ABC Revenue	750,000	750,000	900,000	850,000
State Beer & Wine Taxes	349,564	113,235	360,000	360,000
Other	987,915	708,923	445,432	117,850
<b>Total Intergovernmental</b>	<b>11,863,028</b>	<b>11,012,986</b>	<b>11,175,602</b>	<b>10,963,573</b>
<b><u>Charges For Service</u></b>				
Internal Charges	2,329,899	--	--	--
Employee Insurance Contrib.	3,088,522	3,465,010	--	--
Parks & Recreation Fees	1,253,880	1,234,551	1,523,959	1,586,211
Recycling Charges	420,682	956,542	950,500	1,140,500
Fire Protection & Inspections	1,544,159	1,647,319	1,673,743	1,768,891
Outside Vehicle Repairs & Fuel	1,130,007	842,057	1,258,594	1,258,594
Other	679,874	332,362	28,975	--
<b>Total Charges For Service</b>	<b>10,447,023</b>	<b>8,477,841</b>	<b>5,387,771</b>	<b>5,587,654</b>
<b><u>Other</u></b>				
Investment Earnings	1,191,668	74,342	1,014,000	239,700
Miscellaneous	551,837	938,139	1,210,943	1,334,680
Other Financing Sources	--	2,725,539	2,887,821	2,407,320
<b>Total Revenues</b>	<b><u>88,727,807</u></b>	<b><u>87,132,637</u></b>	<b><u>88,082,962</u></b>	<b><u>87,645,955</u></b>

Note: The City implemented a new financial software system in FY 2009-10. As a result, some of the revenue classifications changed and do not match prior year data.

# GENERAL FUND REVENUES

## CITY OF ASHEVILLE FY 2011-12 GENERAL FUND REVENUES BY SOURCE TOTAL \$87,645,955

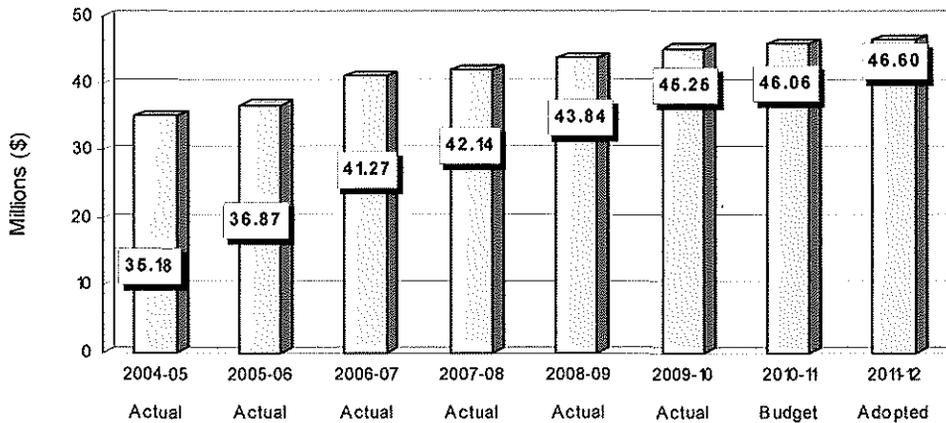


### Budget-to-Budget Revenue Comparison

<i>Revenue Sources:</i>	2010-11	2011-12	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>Budget</u>
Property Tax	46,055,271	46,602,746	547,475	1.2%
Intergovernmental	11,175,602	10,963,573	(212,029)	-1.9%
Sales & Other Taxes	15,144,688	15,439,305	294,617	1.9%
Charges For Service	5,387,771	5,587,654	199,883	3.7%
Licenses & Permits	5,206,866	5,070,977	(135,889)	-2.6%
Investment Earnings	1,014,000	239,700	(774,300)	-76.4%
Miscellaneous	1,210,943	1,334,680	123,737	10.2%
Other Financing Sources	2,887,821	2,407,320	(480,501)	-16.6%
<b>Total General Fund Revenue</b>	<b><u>88,082,962</u></b>	<b><u>87,645,955</u></b>	<b><u>(437,007)</u></b>	<b><u>-0.5%</u></b>

# GENERAL FUND REVENUES

## PROPERTY TAXES



<u>Property Taxes</u>	<b>2008-09 Actual</b>	<b>2009-10 Actual</b>	<b>2010-11 Budget</b>	<b>2011-12 Adopted</b>
<b>Current Year</b>	41,247,841	42,873,555	43,423,226	43,883,779
<b>Registered Motor Vehicles</b>	2,193,424	1,875,854	2,232,045	2,232,045
<b>Prior Years</b>	<u>398,547</u>	<u>503,239</u>	<u>400,000</u>	<u>486,922</u>
<b>Total Property Taxes</b>	43,839,812	45,252,649	46,055,271	46,602,746

### Trends & Assumptions

The Property or Ad Valorem Tax is the largest funding source for general government services, providing 53% of the City's total FY 2011-12 general fund revenue. The property tax is levied each year on the value of real, certain personal, and public service property that is listed as of January 1 of that year. Real property, which consists of residential, commercial, and industrial properties, is revalued every four years, while personal and utility values are adjusted annually. Real property makes up approximately 80% of the City's total tax base. The most recent revaluation was completed in 2005, and the new values become effective in FY 2006-07. The revaluation scheduled for 2009 was delayed due to the economic recession and its impact on housing values. The current tax rate, which is 42 cents

per \$100 of assessed valuation, will remain the same in FY 2011-12.

Over the last ten years, the property tax base has grown by an average of 3.4% per year. In FY 2010-11, however, the City's tax base grew by just under 1.0%, which was the slowest tax base growth in at least ten 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. Another factor slowing the overall growth in property tax revenue is motor vehicles are re-valued annually, and with many consumers delaying the purchase of new automobiles during the recession, the value of the motor vehicle tax base has declined. Staff is projecting property tax revenue growth of only 1.2% in FY 2011-12.

# GENERAL FUND REVENUES

## ASSESSED VALUATION HISTORY

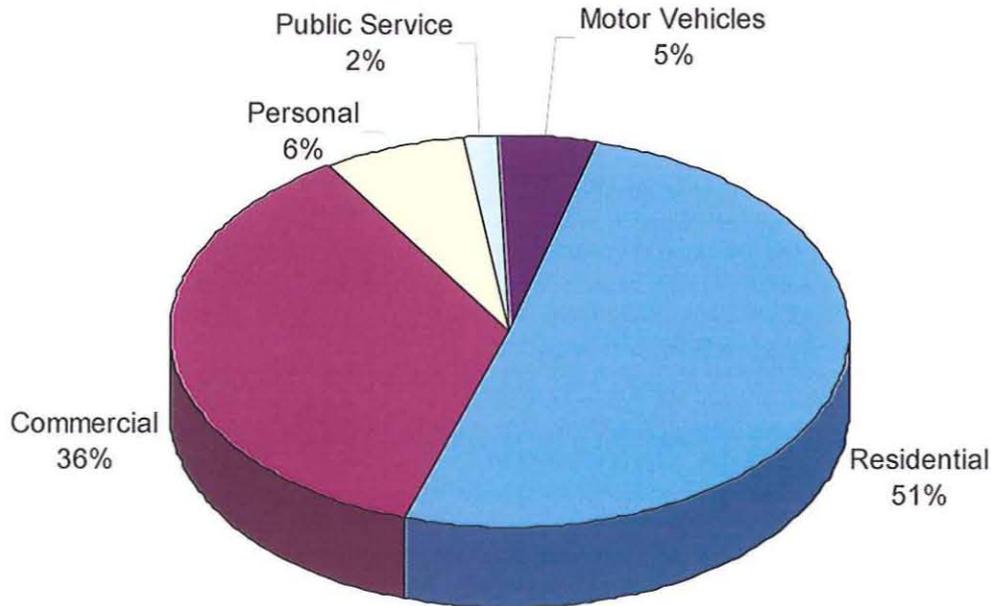
### Major Property Categories

(\$ in thousands)

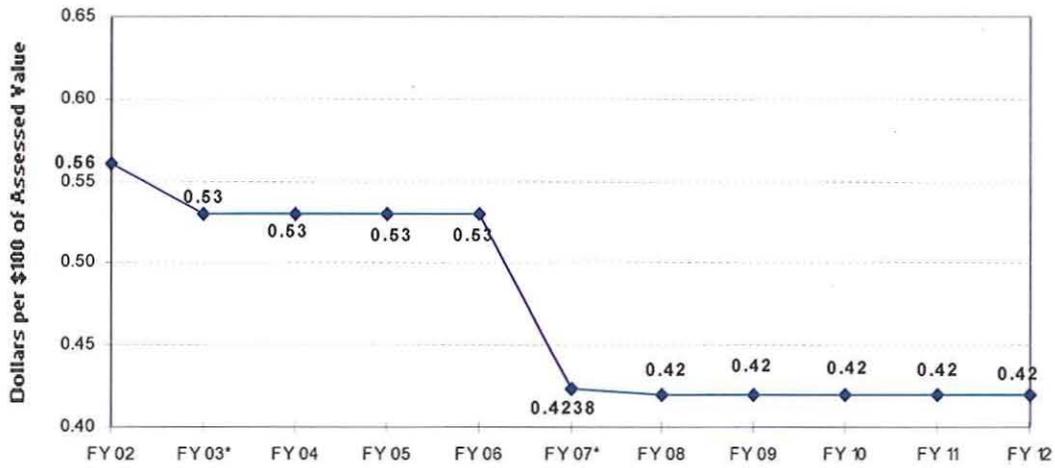
	FY 2005-06	FY 2006-07*	FY 2007-08	FY 2008-09	FY 2009-10
<b>Residential</b>	\$3,284,605	\$4,867,777	\$5,007,378	\$5,286,384	\$5,521,476
Percent Change	3.6%	48.2%	2.9%	5.6%	4.4%
<b>Commercial/Industrial</b>	\$2,309,749	\$3,598,231	\$3,589,744	\$3,663,006	\$3,857,533
Percent Change	1.3%	55.8%	-0.2%	2.0%	3.9%
<b>Personal</b>	\$597,418	\$613,292	\$654,581	\$718,508	\$707,473
Percent Change	3.0%	2.7%	6.7%	9.8%	-1.5%
<b>Public Service Companies</b>	\$165,360	\$189,426	\$190,305	\$195,966	\$193,434
Percent Change	1.8%	14.6%	0.5%	3.0%	-1.3%
<b>Motor Vehicles</b>	\$509,456	\$549,169	\$572,808	\$571,325	\$520,998
Percent Change	4.7%	7.8%	4.3%	-0.3%	-8.8%
<b>TOTAL TAX BASE</b>	<b>\$6,866,588</b>	<b>\$9,817,895</b>	<b>\$10,014,816</b>	<b>\$10,435,190</b>	<b>\$10,800,915</b>
Percent Change	2.8%	43.0%	2.0%	4.2%	3.5%

\* Revaluation year.

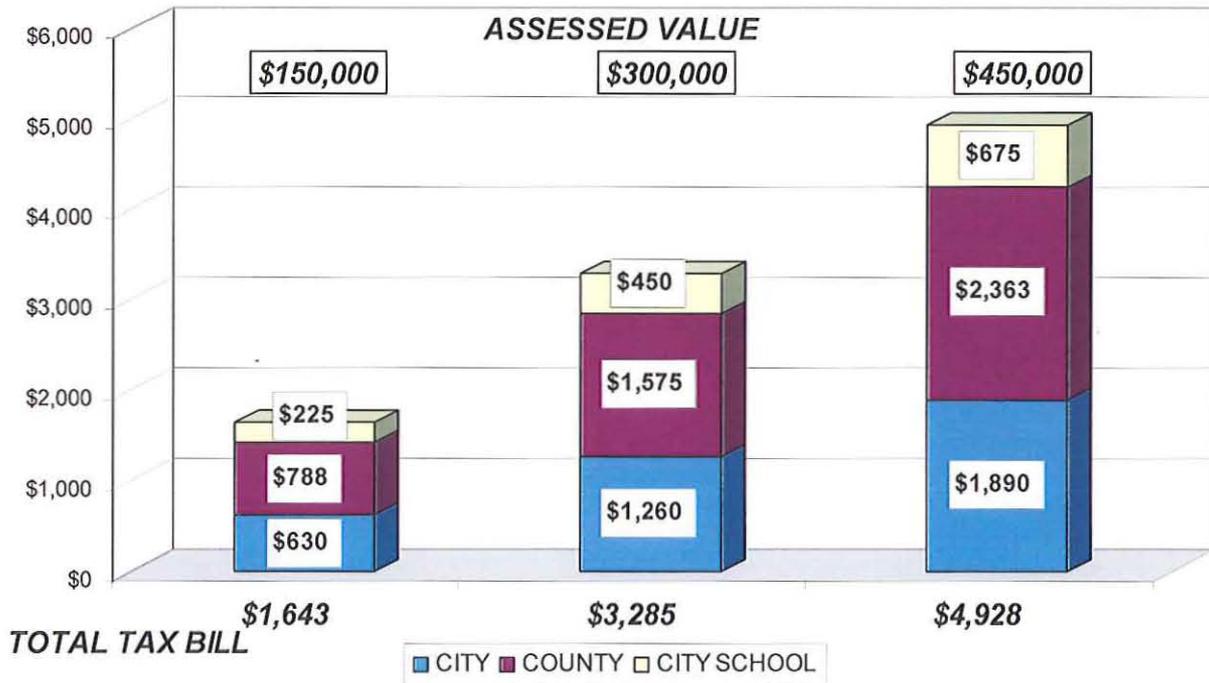
### City of Asheville FY 2009-10 Tax Base



# GENERAL FUND REVENUES



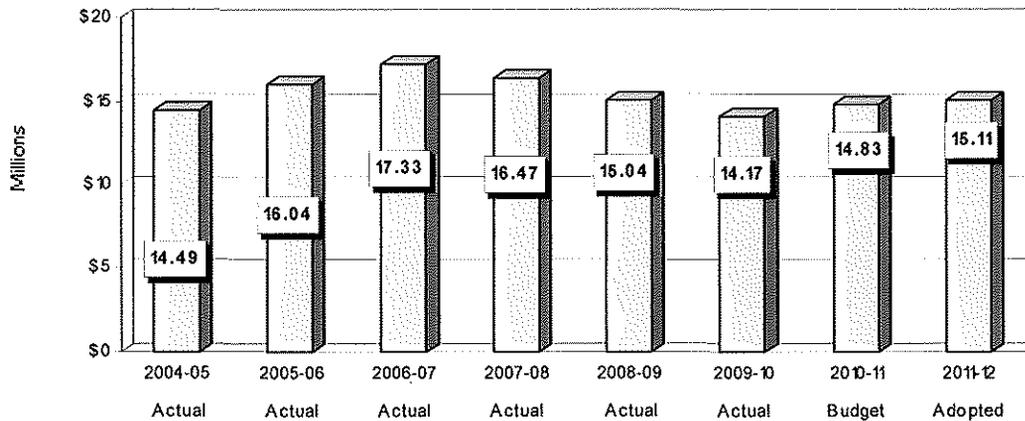
## FY 2011-12 Sample Tax Bill



Note: City tax rate: 42 cents per \$100 of assessed valuation  
 County tax rate: 52.5 cents per \$100 of assessed valuation  
 City School tax rate: 15 cents per \$100 of assessed valuation. Approximately 65% of City of Asheville residents pay the City School tax.

# GENERAL FUND REVENUES

## LOCAL OPTION SALES TAX



<u>Sales Tax Components</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<b>Article 39</b>	7,045,487	6,596,753	6,914,330	6,955,906
<b>Article 40</b>	2,655,989	2,514,766	2,565,283	2,690,857
<b>Article 42</b>	2,614,326	2,923,022	2,623,756	2,749,330
<b>Article 44/Hold Harmless</b>	<u>2,644,075</u>	<u>2,138,302</u>	<u>2,731,319</u>	<u>2,713,212</u>
<b>Total Sales Tax</b>	15,036,346	14,172,843	14,834,688	15,109,305

### Trends & Assumptions

Local option sales tax revenue is collected by the State of North Carolina and distributed back to counties and municipalities on a monthly basis.

Net proceeds from Article 39 and Article 42 are returned to the county in which the tax was collected. Under this point of delivery distribution method, the City's revenue from this one and one-half-cent (1 ½) sales tax is dependent only on retail sales activity in Buncombe County. Proceeds from the Article 40 half-cent sales tax is placed in a statewide pool and allocated among all one hundred counties on a per capita basis. Article 40 sales tax revenue is thus dependent on retail sales activity statewide and on Buncombe County's population relative to other counties in the State. During its 2001 session, the State Legislature gave local governments the authority to levy an additional half-cent sales tax – Article 44. Revenue from Article 44 replaced local government reimbursement payments that were discontinued by the state. In 2007, the state eliminated Article 44 and replaced it with a hold harmless payment.

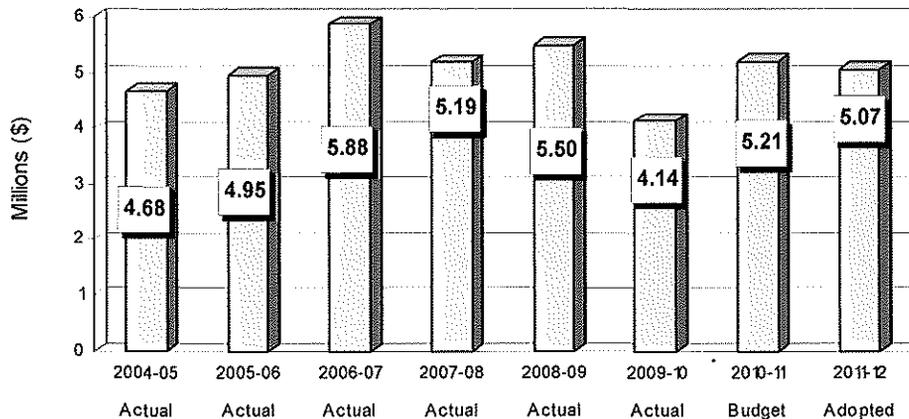
Buncombe County's sales tax revenue is divided between the county and the local municipalities based on each entity's share of the total county ad

valorem tax levy. Based on this distribution formula, the City currently receives 19.72% of the sales tax revenue distributed to Buncombe County. The state recalculates this percentage each year to account for tax rate changes, annexations, revaluation, and natural growth in the tax base.

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 finally began to grow again in FY 2010-11; 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.

# GENERAL FUND REVENUES

## LICENSES & PERMITS



<u>Licenses &amp; Permits</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<b>Building Safety Fees</b>	2,699,515	2,195,840	2,434,925	2,306,700
<b>Local Utility Franchise Tax</b>	707,654	615,365	693,000	483,000
<b>Business Privilege Licenses</b>	1,476,118	709,537	1,400,000	1,400,000
<b>Motor Vehicle Licenses</b>	312,791	302,449	321,162	310,000
<b>Other</b>	<u>300,657</u>	<u>316,394</u>	<u>357,779</u>	<u>571,277</u>
<b>Total Licenses &amp; Permits</b>	5,496,735	4,139,585	5,206,866	5,070,977

### Trends & Assumptions

License & permit fees are generally used to offset the cost of regulating certain activities within the City. Some license and permit rates are set by the state, while others are set by City Council. Revenue from licenses & permits is influenced by local population growth, economic conditions, trends in development and re-development activity, and Council-approved fee changes.

**Building Safety Fees:** After substantial growth in FY 2006-07 and FY 2007-08, revenue from building safety fees began declining in FY 2008-09 and fell dramatically in FY 2009-10 due to the recession. Through the first six months of calendar year 2011, the City has seen an increase in permit activity, however, the value of the construction permits, and thus the revenue from building safety fees, continues to be lower than historic norms. This trend is expected to continue in FY 2011-12.

**Local Utility Franchise Tax:** The State of North Carolina under the Video Services Bill now collects what used to be considered local cable franchise revenue and shares it with municipalities as a part of the state utility taxes. This change is what is driving the decrease in this revenue category. Meanwhile, revenue from Asheville's

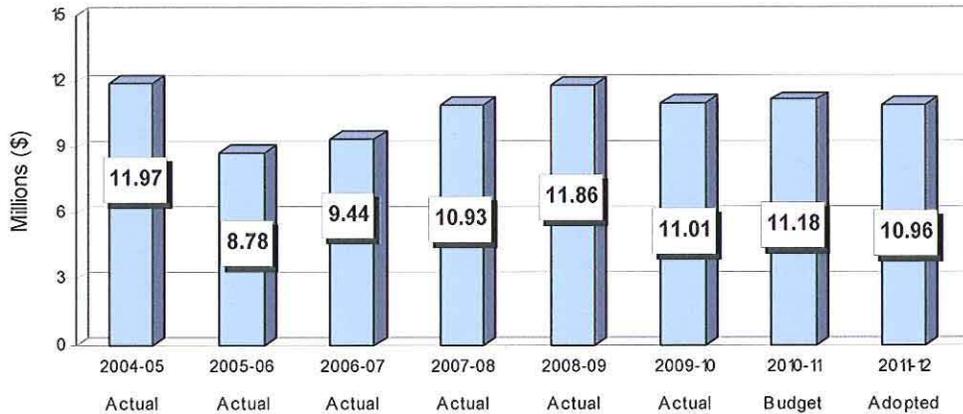
local utility franchise tax on electricity and gas is expected to remain flat compared to prior year collections.

**Business Privilege Licenses:** The City levies a privilege license fee on certain businesses operating within the City of Asheville. Revenue in FY 2009-10 was impacted by a technical accounting adjustment. Otherwise, revenue from this source has been flat the last several years and is expected to remain that way in FY 2011-12.

**Motor Vehicle Licenses:** The City levies an annual registration fee of \$10 on all motor vehicles owned by City residents. In prior years, all of this money was collected in the general fund and half of the revenue was transferred to the Transit Services Fund to support the operational and capital needs of the City's transit system. This revenue is also expected to remain flat in FY 2011-12.

# GENERAL FUND REVENUES

## INTERGOVERNMENTAL REVENUE



<u>Intergovernmental</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<b>State Utility Taxes</b>	7,403,284	7,315,397	7,400,000	7,500,000
<b>Powell Bill</b>	2,372,265	2,125,431	2,070,170	2,135,723
<b>ABC Revenue</b>	750,000	750,000	900,000	850,000
<b>State Beer &amp; Wine Tax</b>	349,564	113,235	360,000	360,000
<b>Other</b>	<u>987,915</u>	<u>708,923</u>	<u>445,432</u>	<u>117,850</u>
<b>Total Intergovernmental</b>	11,863,028	11,012,986	11,175,602	10,963,573

### Trends & Assumptions

Intergovernmental revenue includes grants, shared revenues, and reimbursements received by the City of Asheville from other governmental units.

**State Utility Taxes:** The state levies the following utility taxes: a franchise tax on electricity, a sales tax on telecommunications and video services, and an excise tax on piped natural gas. The state then shares a portion of these revenues with municipalities based on sales and consumption within each city. Growth in the electric and natural gas revenues is highly sensitive to weather conditions; cool summers and mild winters can lead to a year with little or no growth. Significant changes in the total amount of electricity used within a municipality, such as the loss of a factory, also will lower the revenue from the tax on electricity. Annexations can also impact revenue from all four of these taxes.

Based on current year collection trends, staff has budgeted a slight increase in this revenue in FY 2011-12.

**ABC Revenue:** A portion of net profits from Alcoholic Beverage Control sales in the City of

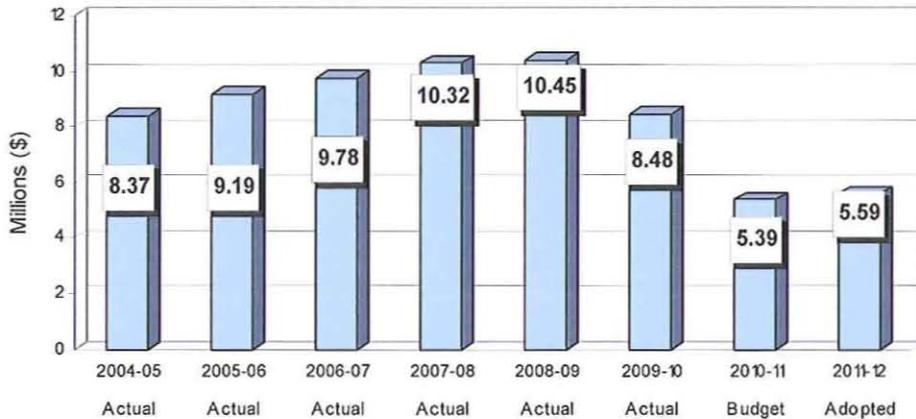
Asheville are divided between the City and Buncombe County. The budget for this revenue is decreased slightly in FY 2011-12 based on recent trends.

**State Beer & Wine Tax:** The state shares a portion of the proceeds from beer and wine tax receipts with all local governments in which beer and wine is legally sold. The distribution is based on population. The state withheld a portion of this revenue in FY 2009-10 but restored the full distribution in FY 2010-11. This revenue is expected to remain flat in FY 2011-12.

**Powell Bill:** North Carolina municipalities receive a portion of the proceeds from the state gasoline tax and the Highway Trust Fund. The money is distributed to municipalities based on 75% on population and 25% on local street mileage. Powell Bill funds can only be expended to maintain, repair, or construct local streets. Revenue from this source declined at the outset of the recession but is expected to increase slightly in FY 2011-12.

# GENERAL FUND REVENUES

## CHARGES FOR SERVICE



<u>Charges For Service</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Internal Charges	2,329,899	--	--	--
Employee Insurance Contributions	3,088,522	3,465,010	--	--
Parks & Recreation Fees	1,253,880	1,234,551	1,523,959	1,586,211
Recycling Charges	420,682	956,542	950,500	1,140,500
Fire Protection & Inspections	1,544,159	1,647,319	1,673,743	1,768,891
Outside Vehicle Repairs & Fuel	1,130,007	842,057	1,258,594	1,258,594
Other	<u>679,874</u>	<u>332,362</u>	<u>28,975</u>	--
<b>Total Charges For Service</b>	10,447,023	8,477,841	5,387,771	5,587,654

### Trends & Assumptions

**Charges for services** are revenues derived from charges for the use of specific general fund services, such as Parks & Recreation programs and curbside recycling. By Council policy, many of these services are partially or fully funded through user charges.

**Internal Charges:** Charges to other funds are transfers to the general fund from other City funds, specifically the water fund. With the conversion to the City's new financial system in FY 2009-10, this revenue is now classified under other financing sources.

**Employee Insurance Contributions:** Beginning in FY 2010-11, employee insurance contributions are accounted for in the Health Insurance Fund.

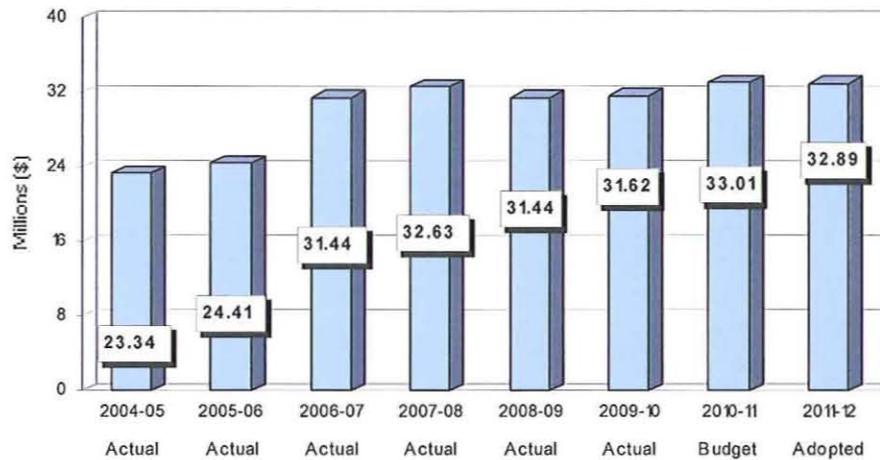
**Parks & Recreation Fees:** Revenue from Parks and Recreation fees is expected to remain essentially flat in FY 2011-12.

**Recycling Charges:** At its May 10, 2011 meeting, Council approved enhancements to the household recycling program that included the purchase of 95 gallon containers. To fund this additional cost, Council approved an increase in the household recycling fee of \$0.55 per month, which will become effective on January 1, 2012.

**Fire Protection & Inspections:** One Deputy Fire Marshal position stationed at the Development Services Center will be re-assigned to perform periodic fire inspections. This change is expected to increase the annual revenue from fire inspections by \$40,000. In addition, City Council approved the implementation of a surcharge on fire inspections that staff perform in the City's extraterritorial jurisdiction (ETJ) which is expected to produce \$25,000 in additional revenue.

# ENTERPRISE FUND REVENUES

## WATER RESOURCES FUND REVENUE



<u>Water Resources Revenue</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Utility Charges	21,034,771	21,214,020	22,400,000	22,040,676
Other Operating Revenue	3,953,120	3,957,110	3,906,700	4,266,024
Capital Maintenance Fee	5,846,409	6,146,019	6,394,500	6,358,552
Investment Earnings	<u>608,295</u>	<u>300,866</u>	<u>310,000</u>	<u>225,000</u>
<b>Total Water Resources Revenue</b>	31,442,595	31,618,015	33,011,200	32,890,252

### Trends & Assumptions

Water revenue is derived from fees and service charges assessed to residential and commercial customers of the regional water system. Water revenue is influenced by fee changes, population growth, water consumption patterns, local economic conditions, and weather.

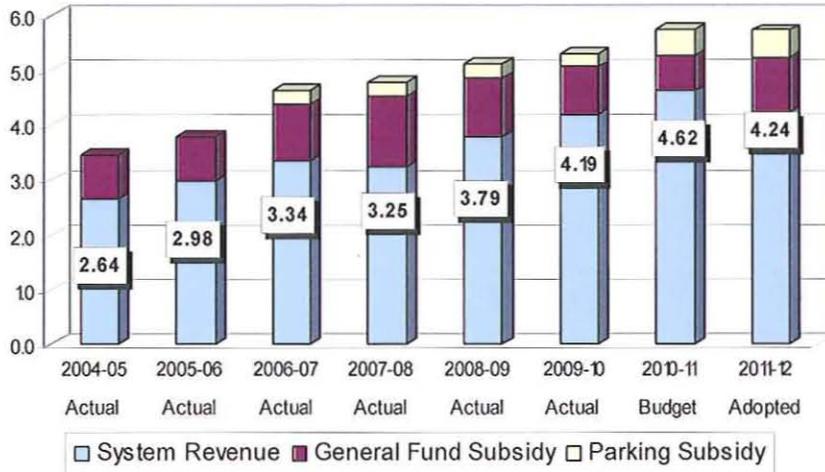
**Utility Charges:** The FY 2011-12 Water Resources budget includes the fee adjustments that were approved by City Council on April 12. These adjustments, which will create more equitable cost recovery across the water customer classes, include increases to the commercial and multi-family volumetric rates and the wholesale rate. There will be no changes to the residential rate in FY 2011-12.

**Capital Maintenance Fee:** The purpose of this fee is to provide funding for major capital improvements such as water line replacements and water treatment source improvements. It is a charge based on the size of the meter. This revenue is expected to remain flat in FY 2011-12.

**Other Revenue:** This category includes development fees, tap and connection fees, fire line charges, reconnection and delinquency fees and other miscellaneous revenue. Investment earnings reflect earnings on cash fund balances. The budget for investment earnings is adjusted downward to reflect current interest rates.

# ENTERPRISE FUND REVENUES

## TRANSIT SERVICES FUND REVENUE



<u>Transit Services Revenue</u>	<b>2008-09 Actual</b>	<b>2009-10 Actual</b>	<b>2010-11 Budget</b>	<b>2011-12 Adopted</b>
Federal/State Grants	2,553,611	3,048,510	3,463,200	3,070,611
General Fund Subsidy	1,066,197	872,831	642,196	985,295
Parking Fund Subsidy	248,116	248,116	484,000	500,000
Operating Revenue	832,117	831,063	831,000	843,000
Motor Vehicle License Fee	309,175	313,863	316,200	320,000
Miscellaneous	<u>100,000</u>	<u>-2,879</u>	<u>0</u>	<u>0</u>
<b>Total Transit Revenue</b>	<b>5,109,216</b>	<b>5,311,505</b>	<b>5,736,596</b>	<b>5,718,906</b>

### Trends & Assumptions

Transit Fund revenue is derived from three primary sources: federal & state grant funding, local tax support, and passenger charges.

**Federal & State Grants:** The Transit Fund receives grant funding from the Federal Transit Administration and the North Carolina Department of Transportation. Revenue from federal and state grants represents 54% of the fund's total revenue. For FY 2011-12, the City expects state transit funding to be reduced by \$600,000.

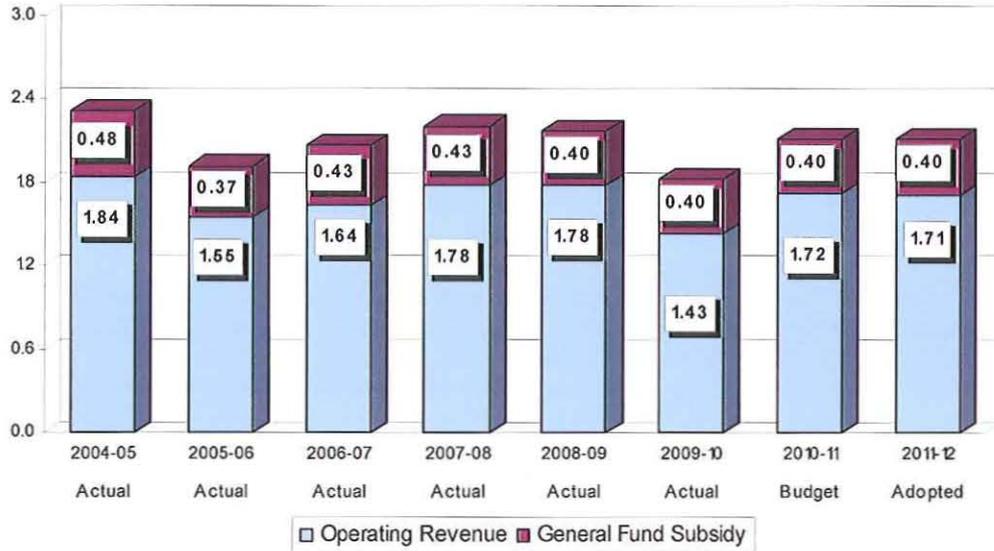
**City Support:** This category includes both the general fund and parking fund subsidies and the

motor vehicle license fee. The parking fund subsidy is being increased by \$16,000 in FY 2011-12. The general fund subsidy is being increased by \$343,000 in order to help offset the decrease in state grant funding.

**Operating Revenue:** This category consists of passenger fares, bulk fare income, and advertising revenue. Based on current trends, staff has budgeted a slight increase in this revenue category in FY 2011-12.

# ENTERPRISE FUND REVENUES

## CIVIC CENTER FUND REVENUE



<u>Civic Center Revenue</u>	<b>2008-09 Actual</b>	<b>2009-10 Actual</b>	<b>2010-11 Budget</b>	<b>2011-12 Adopted</b>
Food & Beverage Sales	798,918	549,212	632,800	769,000
Rent	491,265	429,958	530,750	459,860
Admissions & Other Sales	358,849	349,717	414,000	390,000
Other	<u>130,490</u>	<u>103,738</u>	<u>144,400</u>	<u>94,400</u>
<b>Total Operating Revenue</b>	1,779,522	1,432,626	1,721,950	1,713,260
<b>General Fund Subsidy</b>	<u>397,989</u>	<u>391,315</u>	<u>392,594</u>	<u>392,594</u>
<b>Total Civic Center Revenue</b>	2,177,511	1,823,941	2,114,544	2,105,854

### Trends & Assumptions

The Civic Center receives operating revenue from the sale of food and beverages, rental fees charged to the users of the facility, and from various other charges including facility fees and staffing reimbursements. Operating revenue is supplemented with support from the City's general fund.

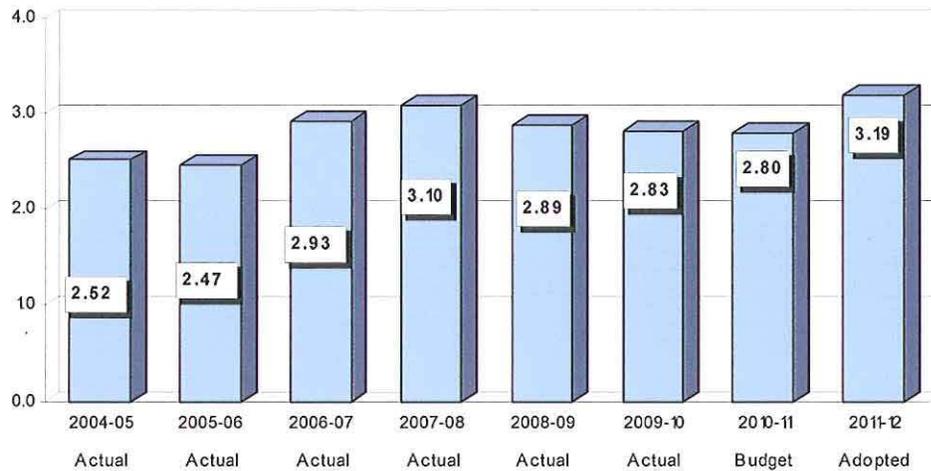
**Operating Revenue:** Operating revenue decreased by approximately \$300,000 in FY 2009-10, but trends in FY 2010-11 indicate that operating revenue has rebounded. FY 2010-11 estimates indicate that operating revenue will

exceed the budgeted amount of \$1.7 million. Since Civic Center operating revenue can vary greatly from year to year, staff has budgeted FY 2011-12 revenue at essentially the same level as FY 2010-11.

**General Fund Subsidy:** The general fund subsidy has remained in the \$400,000 range over the last five years. This trend continues with the FY 2011-12 budget, which includes a general fund subsidy of \$392,594.

# ENTERPRISE FUND REVENUES

## PARKING SERVICES FUND REVENUES



<u>Parking Services Revenue</u>	<b>2008-09 Actual</b>	<b>2009-10 Actual</b>	<b>2010-11 Budget</b>	<b>2011-12 Adopted</b>
Garage Revenue	1,136,838	1,146,345	1,090,000	1,214,625
Parking Meters	986,648	1,002,940	940,000	940,000
Parking Violations	574,936	516,598	596,000	660,822
Parking Lots & Peripheral Parking	148,731	134,088	140,000	260,000
App. Fund Balance	--	--	109,000	0
Other	<u>43,257</u>	<u>25,527</u>	<u>36,500</u>	<u>42,800</u>
<b>Total Parking Services Revenue</b>	<b>2,890,410</b>	<b>2,825,498</b>	<b>2,911,500</b>	<b>3,118,247</b>

### Trends & Assumptions

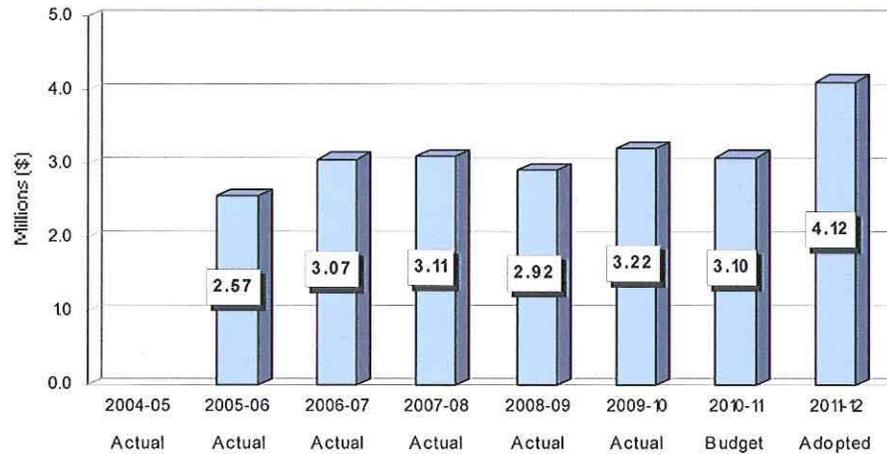
The Parking Services Fund operates three parking garages, over 700 on-street metered spaces, and more than 200 lot spaces.

**Garage Revenue:** Based on trends in FY 2010-11 and fee increases approved by City Council during the budget process, staff has budgeted a \$124,000 increase in parking garage revenue in FY 2011-12.

**Parking Meters & Parking Violations:** The revenue budget for parking meters remains flat in FY 2011-12. The budget for parking violations is increased by \$64,000 to reflect enforcement trends in the current fiscal year.

# ENTERPRISE FUND REVENUES

## STORMWATER FUND REVENUES



<u>Stormwater Revenue</u>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Adopted</b>
Utility Charges	2,576,677	2,980,755	2,665,218	2,775,218
Licenses & Permits	186,666	206,909	180,000	180,000
Debt Proceeds	0	0	0	430,000
App. Fund Balance	--	--	0	700,000
Transfer from Other Funds	0	0	200,000	0
Other	<u>165,803</u>	<u>35,217</u>	<u>50,000</u>	<u>31,000</u>
<b>Total Stormwater Revenue</b>	<b>2,929,146</b>	<b>3,222,881</b>	<b>3,095,218</b>	<b>4,116,218</b>

### Trends & Assumptions

The Stormwater Fund was created in FY 2005-06 to account for revenues and expenditures associated with the City's federally mandated stormwater program.

**Licenses & Permits:** The current recession has slowed revenue collections in the licenses and permits category. The FY 2011-12 budget reflects a continuation of this trend.

**Utility Charges:** A slight increase is budgeted in FY 2011-12 for revenue from utility charges based on trends in FY 2009-10 and FY 2010-11.

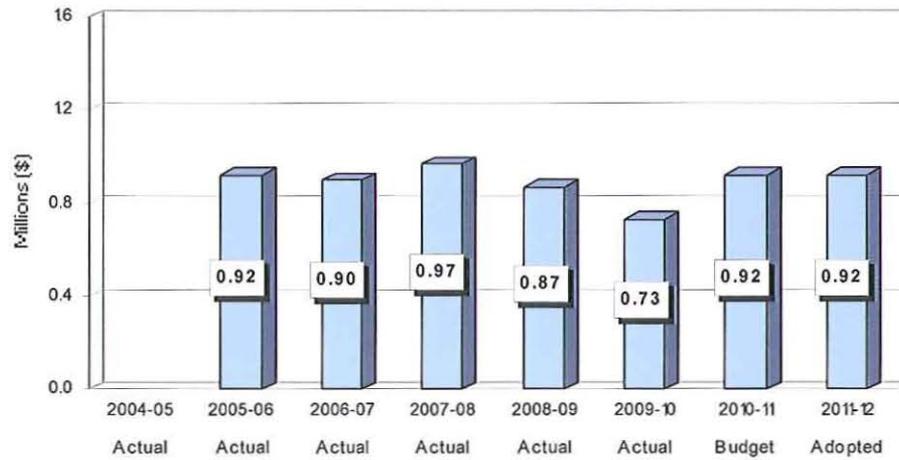
**Transfer from Other Funds:** The one-time transfer in from capital and grant funds that was budgeted in FY 2010-11 is removed from the budget in FY 2011-12.

**Debt Proceeds:** The FY 2011-12 adopted budget includes \$430,000 in debt proceeds to fund the replacement of vehicles in the Stormwater Fund.

**Fund Balance:** The FY 2011-12 budget also includes a \$700,000 appropriation from Stormwater Fund reserves to fund a major capital project on Victoria Road.

# ENTERPRISE FUND REVENUES

## GOLF FUND REVENUES



<u>Golf Revenue</u>	<b>2008-09 Actual</b>	<b>2009-10 Actual</b>	<b>2010-11 Budget</b>	<b>2011-12 Adopted</b>
Pro Shop Sales	27,644	22,421	10,000	10,000
Membership Fees	170,379	134,240	180,000	180,000
Snack Bar	57,029	54,860	40,000	40,000
Equipment Rental	246,604	201,249	255,000	255,000
Green Fees	359,344	314,789	435,000	435,000
Other	<u>8,242</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Operating Revenue</b>	<b>869,241</b>	<b>727,559</b>	<b>920,000</b>	<b>920,000</b>
<b>General Fund Subsidy</b>	<b><u>75,701</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
<b>Total Golf Revenue</b>	<b>944,942</b>	<b>727,559</b>	<b>920,000</b>	<b>920,000</b>

### Trends & Assumptions

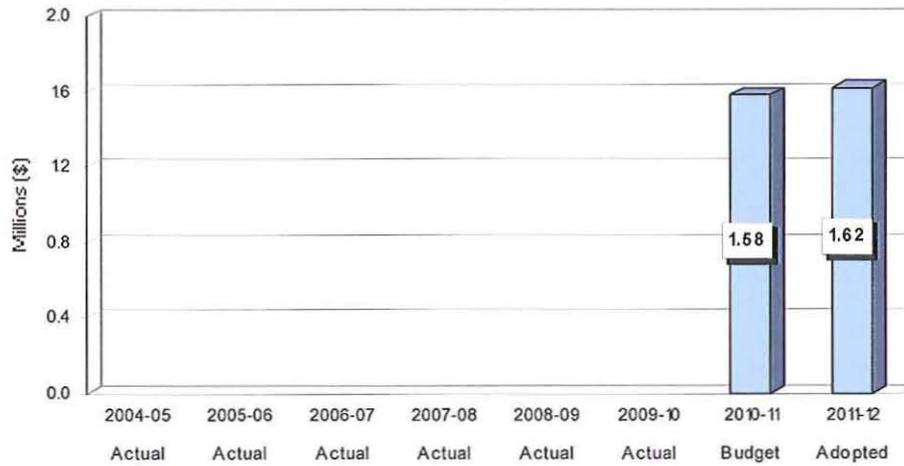
The Golf Fund was created in FY 2005-06 when the City assumed operation of the Municipal Golf Course from Buncombe County as a part of the Water Agreement termination.

The Golf Fund FY 2011-12 budget is identical to the FY 2010-11 budget. However, based on revenue trends observed in FY 2009-10 and FY

2010-11, staff estimates that the Golf Fund will require a \$150,000-\$200,000 transfer from the General Fund in FY 2011-12 in order to break even. This transfer is not currently included in the budget. Staff is working to identify opportunities for cost savings and revenue enhancements to minimize or avoid a General Fund transfer in FY 2011-12.

# ENTERPRISE FUND REVENUES

## STREET CUT UTILITY FUND REVENUES



<u>Street Cut Revenue</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Charges for Services			631,312	671,312
Internal Charges			<u>946,968</u>	<u>946,968</u>
<b>Total Street Cut Revenue</b>			1,578,280	1,618,280

### Trends & Assumptions

The Street Cut Utility fund was created in FY 2010-11 to track revenues and expenses associated with the City's new street cut repair program. In addition to handling street cut repairs for the City's Water Resources and Stormwater

Funds, street cut utility crews also repair cuts for the Metropolitan Sewerage District (MSD) and Public Service Natural Gas (PSNC). Each entity is then billed for 100% cost recovery.