CITY OF ASHEVILLE
NORTH CAROLINA

"Our Quality of Service, Your Quality of Life"

2012-2013 Adopted Budget

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CITY OF ASHEVILLE
NORTH CAROLINA

Adopted Annual Budget
Fiscal Year 2012 - 2013

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Esther Manheimer
Vice Mayor

Marc Hunt
Councilmember

Jan B. Davis
Councilmember

Chris Pelly
Councilmember

Gordon Smith
Councilmember

Cecil Bothwell
Councilmember

Gary W. Jackson
City Manager

Jeffrey B. Richardson
Assistant City Manager

Lauren Bradley
Finance and Management Services Director

MEMORANDUM

August 17, 2012

TO: Mayor Bellamy and City Council Members

FROM: Gary W. Jackson, City Manager

SUBJECT: 2012-13 Adopted Annual Budget

I am pleased to present you with a copy of the 2012-13 Adopted Annual Budget. This document, which was prepared by the City's Budget & Research Division, reflects the City's overall budget plan and policies as approved by City Council for the upcoming fiscal year.

The Fiscal 2012-13 Proposed Annual Operating Budget was presented to City Council on April 24, 2012. In accordance with the North Carolina Local Government Budget and Fiscal Control Act, a summary of the Proposed Budget along with a notice of the Public Hearing was published on May 11 and May 18, 2012. City Council conducted a public hearing on the Proposed Budget on May 22, 2012. The Fiscal Year 2012-13 Budget is balanced with an Ad Valorem tax rate of $0.42 per $100 of assessed value, which represents no change from the current year tax rate. The General Fund budget also includes no appropriation from the City's fund balance. All essential City services are continued in the Budget.

The Adopted Annual Operating Budget includes the following changes that were approved by Council after the Proposed Budget was published. Those changes are:

- Salary Adjustments: During budget deliberations, Council approved increasing the cost of living adjustment (COLA) for all city employees from 1% to 2%. The cost in the General Fund of an additional 1% COLA for all employees is approximately $460,000. To fund this expenditure, staff increased the FY 2011-12 sales tax projection, which provided another $300,000 in revenue and appropriated an additional $160,000 from unexpended capital funds to fund two projects that were previously funded with General Fund recurring revenue. Staff recommended that Council revisit employee compensation after the annual financial audit is completed in November and consider a one-time bonus to employees based on FY 2011-12 fund balance results. During budget deliberations, Council also approved the inclusion of $60,000 in the budget to fund a market based salary study to be completed during the first half of FY 2012-13. Funding for this one-time expense will come from unexpended capital funds that have accumulated in the General Capital Projects Fund.

- Changing Together: After the Proposed Budget was presented to Council, the City received notification that Buncombe County would be renewing the contract with the City of Asheville to act as the coordinating agency for Changing Together, an initiative funded by the North Carolina Governor's Crime Commission. The partnership assists the Asheville Police Department in its work to improve safety in neighborhoods with high crime. Contracts for the Project Director and Project Assistant, in the amounts of $51,060 and $28,000 respectively, will be managed by the City of Asheville and reimbursed by Buncombe County. The total revenue to the City of Asheville will be $79,060, with Buncombe County providing $26,665 of that amount as part of the local match for the grant.

- Funding for Outside Agencies: The FY 2012-13 Outside Agency funding levels that were approved by Council at the May 22, 2012 meeting exceeded the fiscal limits included in the FY 2012-13 Proposed Budget by $5,000. This additional funding was accommodated by increasing the budget for electronic gaming revenue.

The FY 2012-13 budget numbers and all narrative in this document reflect the budget as adopted by City Council on June 12, 2012. The City Manager's Budget Message, however, is included as it was presented with the proposed budget on April 24, 2012.

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INTRODUCTION

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BUDGET GUIDE

Local governments exist to provide a wide range of basic services on which we all depend: police and fire protection, streets and sidewalks, water systems, garbage collection, and parks, just to name a few. The ability of a local government to provide this wide range of services rests on its financial decision-making. This document contains the City of Asheville's FY 2012-13 Adopted Budget, which is the financial plan that will guide City operations over the next year.

The City of Asheville budget document is designed to emphasize service areas instead of organizational units or funds. Five major service areas are identified in the budget document: (1) Public Safety; (2) Environment & Transportation; (3) Culture & Recreation; (4) Community Development; and (5) General Government.

The budget document is divided into the following sections:

Introduction - This section begins with the City Manager's Budget Message which highlights and explains the major budgetary issues facing the City of Asheville during the 2012-13 fiscal year. The Introduction also includes a description of the budget process and City organizational structure and a presentation of the City's financial policies.

Budget Summary - The Budget Summary section provides a detailed picture of the City's FY 2012-13 adopted annual operating budget, including information on total budget expenditures, revenues, and staffing. This section concludes with an estimate of fund balance for the City's general fund.

Fund Summary - The Fund Summary section segregates the expenditures and revenues by fund. Detailed information is included for all City operating funds, with a focus on the City's largest fund - the general fund. This section also highlights the City's major revenue sources and summarizes the trends and assumptions that were used in developing the FY 2012-13 revenue estimates.

Service Area Summaries - The next five sections present budget data for the major service areas. Detailed budget information is included for the City departments and divisions associated with each service category. Departmental goals, objectives and performance measures are presented in this section.

Capital Improvement Program/Debt Management - The long-range Capital Improvement Program (CIP) describes planned capital improvement projects and funding sources for the next five fiscal years. This section also contains information on the City's annual debt service requirements.

Supplemental Information - The budget document concludes with a Supplemental Information section that includes a community profile, which provides demographic and economic information for the Asheville area. This section also contains a glossary of frequently used budget terms.

Please direct any comments or questions to:
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CITY MANAGER'S BUDGET MESSAGE

April 24, 2012

Honorable Mayor Bellamy and City Council Members:

Asheville is an exceptional place to live. Our quality of life is recognized as among the best in the country. Our city is clean, vibrant and safe. We have a growing and diverse economy that serves as the regional trade center for Western North Carolina. We have also made significant progress, even during difficult economic times, toward infrastructure improvements to enhance Asheville's long-term sustainability.

Asheville has weathered the economic storm that has plagued our nation over the course of the last five years extremely well, thanks to the leadership and efforts of our City Council and city employees. During the last several budget cycles, we had to face shrinking revenues and increasing demands on city services. Throughout our deliberations, we made incremental adjustments to balance the budget without raising property tax rates, without significant cuts to city services, and without reducing our commitment to investments in infrastructure and services that make Asheville a highly desirable place to live.

It is my pleasure to respectfully submit to you the city manager's proposed annual budget for the fiscal year beginning July 1, 2012 and ending June 30, 2013 with a total operating budget of $134,113,810, which represents a 1.9% increase from Fiscal Year 2011-2012. The proposed budget includes a General Fund budget of $89,318,377, which represents a 2.9% increase from the previous year.

Government-wide Highlights

Investing in our employees and wellness

- Asheville has been fortunate in last few years to avoid disruptive employee layoffs and service reductions. Unfortunately, declining revenues required us to defer cost of living salary adjustments. With the City's revenue showing early signs of improvement, City Council's highest priority is to renew investments in employee compensation. For this reason, the FY 2012-13 proposed budget includes a 1% cost of living adjustment for all city employees that would become effective July 2012. Based on City Council direction, if Asheville experiences better than budget performance, a plan for distribution of a one-time bonus for city employees will also be considered.

- Incremental changes the City made to the health insurance plan during the last two years, including a stronger emphasis on wellness and disease prevention, have resulted in a decrease in health care claims costs in FY 2011-2012. Through the third quarter of FY 2011-12, health care claims were down about 5% when compared to the previous year. This is a significant accomplishment for the organization after experiencing medical inflation in the range of 10-20% in the preceding fiscal years. As a result, the General Fund contribution to the health care program remains the same in the proposed FY 2012-2013 budget, while employee contributions to health care will not change.

Achieving strategic priorities

Modest revenue growth in the coming year will enable us to enhance funding for affordable housing and community development planning.

- City Council's strategic plan includes several goals related to increasing the supply of affordable housing within the City limits. The City of Asheville's Housing Trust Fund was created in 2000 to provide a source of local funding to assist in the development of affordable housing with assistance in the form of low interest, repayable loans. The City's annual allocation to the program was reduced during the economic recession as part of our budget balancing efforts. The proposed FY 2012-13 budget includes a $200,000 increase in the City's allocation to the Housing Trust Fund, bringing the total annual allocation to

- $500,000. During the past two years, applications for funding have nearly doubled the funding available for loans. The restoration of this funding is intended to support the City's goals to promote affordable and sustainable infill growth.

- The City of Asheville's strategic plan looks to make investments today that will continue to support a vibrant, sustainable, and financially secure community well into the future. To that end, the City is exploring an array of integrated strategies guided by our master plans that encourage sensible growth within our jurisdictional boundaries. Among those strategies, the City intends to explore opportunities with land use planning with a focus on implementing unambiguous development regulations that clearly reflect specific community intentions. It is anticipated that this will entail a multi-year process with significant public participation, and that the scope of that work will need to be refined by City Council and city staff in the coming months. As such, the proposed budget includes a $100,000 contingency allocation to be used toward a form-based planning policy or other policy alternative that is indentified by the City Council.

- Continued positive performance in the City's Parking Services Fund will allow for greater investment in Asheville's Transit System. In total, the Parking Fund support for Transit in FY 2012-13 will be $616,875, up from $500,000 in FY 2011-12. This increase in funding will help offset the loss of state grant funding. In addition, the transfer will fund the addition of bus service on holidays on main routes during high usage hours. Providing bus service on holidays was a service priority identified in the City's Transit Master Plan.

Continuing sound financial management

- The City contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing defined benefit pension plan administered by the State of North Carolina. While LGERS has a strong reputation as a well managed pension fund, rate increases were necessary during the previous several budget cycles in response to market conditions. Now that the fund is able to cover 99.6% of its liabilities, LGERS is not requiring a rate increase for FY 2012-2013. As a result, the City's contribution will remain unchanged. It should be noted that the City's contribution rate is expected to increase by just under 1% in FY 2013-2014, according LGERS projections.

- In December 2011, the City of Asheville created an irrevocable trust and fully funded the City's net obligation for Other Post Employment Benefits (OPEB), which consists of retiree health care benefits. The City invested its assets with the State of North Carolina State Treasurer's OPEB Investment Fund, which mirrors investments used for statewide pension funds. Concurrent with establishing the trust, the City also adopted a five-year step up plan to fully fund the annual required contribution to meet the ongoing OPEB obligation. The proposed FY 2012-13 budget includes the first year contribution in the amount of $200,000 from the City's Internal Service Fund. The City has suspended offering the retiree health care benefit to new employees hired after June 30, 2012, which will help limit future growth of the OPEB obligation. These actions show that Asheville is taking deliberate steps to ensure retiree health care benefits are sustainable and affordable over the long term.

- The City's strategic plan emphasizes the importance of capital investment in infrastructure and maintenance. As adopted, the FY 2011-12 capital improvement budget totaled $19.17 million, with $13.79 million in funding coming from the issuance of the Limited Obligation Bonds (LOBs). A number of the projects from the FY 2011-12 capital budget will still be underway in FY 2012-13, including City Hall exterior repairs, new sidewalk construction, Beaucatcher Greenway construction, and the Wild Cherry Bridge replacement. With a limited capacity for additional debt issuance in the coming fiscal year, the FY 2012-13 general capital budget is funded primarily with pay-as-you-go resources and totals just under $6.0 million. With this funding, the City expects to complete 5.8 miles of street

- resurfacing, 1.35 miles of new sidewalk construction, a northside bike sharrow project, $1.2 million in facility and park maintenance, and $1 million in vehicle replacement, among other projects. The total five-year general CIP projects $46.5 million in investments. While the CIP assumes that the General Fund transfer to the capital budget remains flat all five years, the city is able to increase the overall level of capital investment by reinvesting funds into the capital program that are becoming available as a result of debt retirement in FY 2013-14.

General Fund Highlights

Revenues:

- The property tax is the single largest source of revenue for the City. In the current fiscal year, the City's total tax base grew by 1.3%. This growth rate, which was very similar to the prior year, reflects the lingering effects of the economic recession. By comparison, in the years prior to the recession, the City's tax base growth averaged 3.2%. The Buncombe County Tax Assessor is projecting that tax base growth in FY 2012-13 will remain well below historical norms due to the continuing construction slowdown. Staff is projecting property tax revenue growth of slightly below 1.0% in FY 2012-13.

- 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 growing again in FY 2010-11, when it increased by 3.8%. In the current fiscal year, sales tax revenue through the first eight months of the fiscal year is up 6.1% compared to the same time period in FY 2010-11. Staff is projecting that sales tax revenue will end the current fiscal year up 5.0% compared to last year, and grow by another 5.0% in FY 2012-13.

- Intergovernmental revenue is budgeted to grow by 1.6% primarily due to an increase in the budget for Powell Bill proceeds.

- Revenue from licenses and permits shows an increase of $558,000 primarily due to the re-establishment of the privilege license fee on gaming operations, modest fee increases in the General Fund, and budget adjustments to reflect actual revenue that was collected in prior years.

- The other financing sources budget includes various adjustments to items such as interfund transfers, debt proceeds, and fund balance appropriation. Miscellaneous revenue is down primarily due to an adjustment made to the Bele Chere sponsorship budget to reflect recent revenue trends.

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Proposed
Revenues:				
Property Taxes	45,252,649	46,474,590	46,977,637	**47,375,063**
Intergovernmental	11,012,986	11,218,617	10,963,573	**11,139,169**
Sales & Other Taxes	14,561,557	15,120,941	15,439,305	**16,690,325**
Charges For Service	8,477,841	3,461,927	4,280,646	**4,044,560**
Licenses & Permits	4,139,585	5,078,257	4,781,500	**5,339,000**
Investment Earnings	74,342	109,528	239,700	**225,000**
Miscellaneous	938,139	1,178,721	1,334,680	**1,100,563**
Other Financing Sources	2,725,539	3,249,432	2,757,320	**3,404,697**
Total Revenues	87,182,637	85,892,014	86,774,361	**89,318,377**

Expenditures:

- The FY 2012-13 proposed budget includes general fund expenditures that are 2.9% more than the FY 2011-12 budget.

- The proposed budget includes a $600,000 increase in fuel and fleet maintenance costs to address inflationary pressures. The majority of the City's fuel use comes from core service delivery including law enforcement and solid waste collection services. While we will continue to pursue fuel reduction strategies, an increase in this expenditure area will allow Asheville to continue to provide core police and public works services.

- Public Safety is the largest general fund service area, accounting for 44% of all general fund expenditures. Public Safety expenditures show a $1.2 million increase in FY 2012-13. A portion of this increase is due to the 1% COLA that is being proposed in next year's budget. The Police Department's FY 2012-13 budget includes a full year of funding for the five officers that are funded through the COPS Hiring Program. The FY 2012-13 Police Department budget also includes the following: 1) $100,000 for evidence room investments, 2) $100,000 for animal service contract cost increases, and 3) $100,000 for remediation work at the old police firing range.

- During the past five years, the City of Asheville has made significant investments in fire and emergency response services, including the construction and opening of two new fire stations. These stations have improved Asheville's standards of cover, compliance with ISO guidelines, and response reliability within the Central Business District. In order to adequately staff the department, the City has increasingly relied on its overtime budget, resulting in actual expenditures exceeding budget estimates. The City has reached the point where it is financially prudent to make an adjustment to the fire department's salary allocation by adding full-time firefighters using resources that were previously spent on overtime. The proposed budget includes $400,000 to hire nine new firefighters.

- Environment & Transportation is the second largest service area in the general fund, representing 16% of the FY 2012-13 general fund budget. The increase in this service area in FY 2012-13 is the result of a technical budget change in which funds for street and sidewalk maintenance that were previously included in the capital pay-go transfer are now being included in the Public Works Department operating budget. Otherwise, the Environment and Transportation service area budget represents a continuation of existing programs and services.

- The Culture and Recreation service area also shows an increase partly as the result of the technical budget change noted above in which funds for parks and recreation maintenance that were previously included in the capital pay-go transfer are now being included in the Parks, Recreation, and Cultural Arts Department operating budget. In addition, the Culture and Recreation service area budget is increasing due to the increase in the transfer to the Civic Center Fund for debt service associated with the Southern conference renovation project. The increase in the Culture and Recreation service area is partially offset by the transfer of some facility maintenance expenses from the Parks Department to the Building Safety Department.

- The increase in the Community Development service area is partly the result of the transfer of four facility maintenance personnel and their associated operating costs from the Parks Department to the Building Safety Department. In addition, operating funds in the Fire and Police Departments that were used for facility maintenance have also been consolidated under the Building Safety Department. Finally, the Community Development service area, as described earlier, includes a $200,000 increase in the Housing Trust fund allocation and a $100,000 to begin the development of a form-based planning policy.

- As indicated above, the $1.2 million decrease showing in the Capital Pay-Go/Debt allocation reflects a technical change related to where capital funds for street, sidewalk, and parks maintenance are budgeted. For FY 2012-13, those funds are shown in the Public Works and Parks Departments instead of the Capital Pay-Go/Debt allocation.

- Personnel costs, including both salaries and wages and fringe benefits make up 65% of the FY 2012-13 General Fund budget. The proposed personnel budget in the General Fund includes $500,000 for employee cost of living adjustments. Also, as discussed earlier, the personnel budget includes $400,000 to address Fire Department staffing as well as a full year's funding for the five police officers that are funded through the COPS Hiring Program. It should be noted that to help balance the FY 2012-13 budget, staff assumed a 1% a vacancy rate with the proposed salaries and wages budget. No vacancy savings were budgeted in FY 2011-12.

- Operating costs show a net $1.0 million or 5.3% increase in the FY 2012-13 proposed General Fund budget. Most of this increase is the result of funds added for fuel costs, public safety operations, the increase to the Housing Trust Fund, and funding for the first phase of a form-based planning policy. The overall increase in operating costs was lessened due to the fact that $223,000 that was included in the FY 2011-12 budget for City Council election costs was not needed in the FY 2012-13 budget.

- Interfund transfers are budgeted to increase by $443,000 in FY 2012-13. The General Fund includes a $140,000 transfer to the Golf Fund to cover the anticipated operating deficit in that fund. Also, the general operating transfer to the Civic Center Fund shows an increase of $303,000. This increase will cover the first year annual debt service costs for the funds that were borrowed to complete the Southern Conference renovations at the Civic Center. This increase in the operating transfer to the Civic Center Fund is being funded by shifting a portion of the $400,000 budget that was previously allocated to the Civic Center pay-go capital program over to operations.

- The General Fund budget includes a $1.0 million increase in debt service expenses in FY 2012-13 associated with the June 2012 issuance of the Limited Obligation Bonds (LOBs) for various new money projects including City Hall repairs, sidewalk improvements, LED streetlight installation, and vehicle and equipment replacements.

- The overall capital outlay budget shows a decrease due to the fact that one-time debt service savings that were directed toward capital in FY 2011-12 have been reallocated to cover the debt service on the LOBs in FY 2012-13. The capital outlay budget includes the general fund pay-go contribution to the general capital projects fund, as well as departmental small capital budgets. Overall, the total general fund allocation to capital outlay and debt service in FY 2012-13 is approximately $330,000 more than the current budget year.

Expense Category:	**2009-10 Actual**	**2010-11 Actual**	**2011-12 Budget**	**2012-13 Proposed**
Salaries & Wages	42,711,622	41,781,983	40,251,082	**40,942,665**
Fringe Benefits	15,004,194	16,268,305	16,761,120	**16,773,064**
Operating Costs	22,278,302	19,057,378	19,616,507	**20,685,035**
Interfund Transfers	1,748,872	1,104,848	1,677,889	**2,120,980**
Debt Service	5,210,411	4,430,795	4,393,832	**5,387,021**
Capital Outlay	5,941,239	3,529,230	4,073,931	**3,409,612**
TOTAL	92,894,640	86,172,539	86,774,361	**89,318,377**

Unassigned Fund Balance Analysis

The City ended FY 2010-2011 with an unassigned fund balance of $13,176,000, which represents 15.2% of FY 2010-2011 expenditures. In the current fiscal year, staff is forecasting that the general fund will end the year with expenditures equal to revenues, which means unassigned fund balance will remain at $13.2 million or 15.2% of estimated expenditures. The City's Financial Management Policy recommends that the City maintain a fund balance in the General Fund equal to 15% of expenditures. For FY 2012-2013, staff is recommending that no appropriation from fund balance be made as a part of the general fund budget, which means that available fund balance is forecast to remain at 15.2% in the coming year. If and when stronger economic recovery is achieved and revenues improve, staff will seek City Council direction on how unassigned fund balance above the 15% target should be allocated.

Highlights from Other Funds

Water Resources Fund

- The FY 2012-13 Water Resources budget includes no rate increases for any customer classes. Because operating revenues are performing better than budget in the current fiscal year, which is partly due to improved meter accuracy from the new automated meter reading devices, staff was still able to budget additional revenue in FY 2012-13 even without a rate increase. The FY 2012-13 budget for operating costs in the Water Resources Fund is adjusted downward to reflect trends observed in actual expenses over the previous two fiscal years.

- The reduction in the operating cost budget, along with the additional revenue budgeted in FY 2012-13, allowed staff to increase capital outlay category by approximately $1.3 million. This category includes $7.4 million for water capital improvement projects, $256,000 for rolling stock replacement, and approximately $1.0 million (3% of Water revenue) for the Water Infrastructure transfer to support General Fund capital improvements associated with water line projects.

Parking Services Fund

- The Parking Services Fund budget shows a $428,000 or 13.7% increase in FY 2012-13. This increase is the result of the first full year of expenses associated with operating Biltmore Avenue Parking Garage (including 2 new FTEs) and debt service.

- The transfer from the Parking Services Fund to the Transit Services Fund is increased to $616,875 to partially offset the loss of State grant funding and fund the addition of transit service on holidays. In addition, $120,000 will be transferred from the Parking Fund to the General Fund to support increasing the Economic Development Coalition allocation by $20,000, and to fund the first phase of a form-based planning policy ($100,000).

- The Parking Fund budget includes $55,000 for capital outlay to replace approximately 100 parking meters and replace one vehicle. The new meters will include a credit card payment option.

Stormwater Fund

- The FY 2012-13 Stormwater Fund budget is reduced by approximately $825,000 compared to the FY 2011-12 budget, which included a $700,000 fund balance appropriation for the Victoria Road capital project as well as $430,000 in debt-funded vehicle and equipment replacements.

- The Stormwater Fund proposed budget does include a $290,000 fund balance appropriation for the Michigan Avenue capital project. Based on the City's fund balance policy, the Stormwater Fund should maintain reserves equal to 8% of the operating budget; which for the FY 2012-13 budget would equate to approximately $265,000. Based on current Stormwater Fund reserve estimates, after the $290,000 appropriation for the Michigan Avenue project, there will be approximately $870,000 in Stormwater fund balance in excess of the target amount.

Street Cut Utility Fund

- The Street Cut Utility Fund was created in FY 2010-11 to track revenues and expenses associated with the City's 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. The proposed budget includes funding for vehicle and equipment replacement, which will be funded with debt proceeds. Otherwise, the budget represents a continuation of the existing program.

Transit Fund

- The Transit Fund proposed budget includes an expected $160,000 reduction in State funding for transit.

- The Transit Services budget includes additional operational funding to implement bus service on holidays on main routes during the highest usage hours. The total cost of this service enhancement is projected to be $30,000. It is expected that additional passenger fare revenue will cover $4,000 of this cost. The remaining $26,000 will be paid for by increasing the transfer from the Parking Services Fund.

- In addition to funding the holiday service, the Parking Fund transfer is also being increased to help offset the reduction in state grant funding. In total, the Parking Fund support for Transit in FY 2012-13 will be $616,875, up from $500,000 in FY 2011-12. The General Fund transfer to Transit will remain at the FY 2011-12 level.

- Trends in the current fiscal year indicate that the new hybrid buses are having a positive impact on fuel consumption. The FY 2011-12 Transit budget assumes that lower fuel consumption will offset the increase in fuel prices such that the total amount spent on fuel will not exceed FY 2011-12 levels.

- The Transit capital improvements budget includes $250,000 to fund improvements at the downtown transit center.

Civic Center Fund

- The General Fund operating transfer to the Civic Center Fund shows an increase of $303,000. This increase will cover the first year annual debt service costs for the funds that were borrowed to complete the Southern Conference renovations at the Civic Center.

- With the completion of the renovations, the Civic Center is going from 14 to 28 points of sale. To handle the additional workload associated with this increase in points of sale, one concessions stockroom worker FTE is added to the budget. In addition, one labor crew leader FTE is added to the budget due to the increase in the square footage of the building,

- which creates a greater area to clean and maintain. The cost of these two new positions will be covered by additional revenue generated from the renovations.

Golf Fund

- The proposed budget for the Golf Fund includes a revenue adjustment to reflect trends from the prior two fiscal years as well as a $140,000 transfer from General Fund to balance the budget. Staff continues to explore alternatives for management efficiencies at the golf course. Responses to the Request for Proposals (RFP) for management services have been received, and staff expects to bring forward recommendations for City Council consideration in the first quarter of FY 2012-2013.

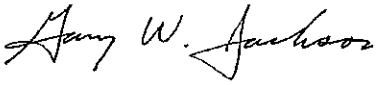
Conclusion

I would like to take this opportunity to thank our department director team for their leadership during the budget process and recognize the technical competence of the staff in the budget division, Tony McDowell and John Sanchez. I would also like to recognize the efforts of all city employees for their dedication to delivering quality services to the Asheville community.

In summary, the proposed 2012-2013 budget is balanced with no property tax rate increase and no fund balance appropriation while investing in our employee compensation, funding strategic initiatives, and continuing sound financial management.

I look forward to working with you and the community to adopt the Fiscal Year 2012-2013 Budget.

Sincerely,



Gary W. Jackson
City Manager

ORGANIZATIONAL STRUCTURE

Fund Accounting

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

Funds included in the City of Asheville Adopted budget can be grouped into two types: governmental funds and proprietary funds. Governmental funds are those through which most functions of the City are financed. Proprietary funds are used to account for City activities that are similar to those often found in the private sector. Specific City of Asheville funds include:

General Fund

The General Fund is a governmental fund that encompasses most of the City's day-to-day operations, such as police, fire, refuse collection, street maintenance, and parks and recreation. General Fund operations are primarily funded through property tax dollars, but are also supported through sales tax revenue, charges for service, license & permit fees, and investment earnings.

Enterprise Funds

Enterprise Funds are proprietary funds used to account for activities that operate like private businesses, where expenses are primarily financed by revenues derived from user charges. For the City of Asheville, these funds include:

- Transit Services Fund
- Parking Services Fund
- Water Resources Fund
- Civic Center Fund
- Stormwater Fund
- Golf Fund
- Street Cut Utility Fund

Capital Funds

Capital Funds are used to account for capital replacements and improvements. Funding is provided from operations, federal or state grants, or long-term financing and may be annual appropriations or project appropriations. Appropriations are approved through the Capital Improvement Plan process. Capital Funds include:

- General Capital Projects Fund
- Community Development Fund
- Water Major Capital Improvement Fund
- HOME Fund
- Civic Center Capital Fund
- Parking Services Capital Fund
- Transit Services Capital Fund

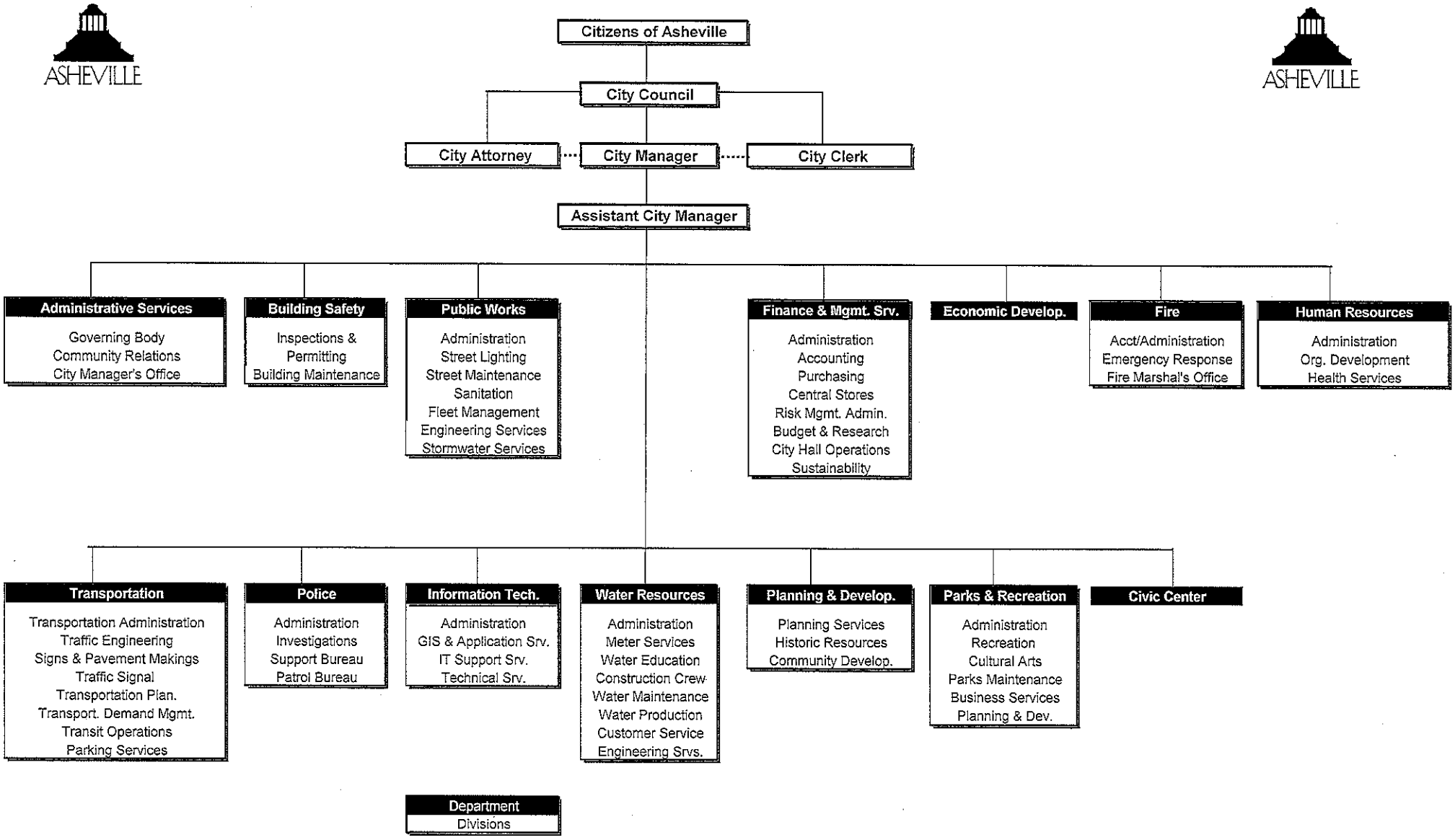
How Funds Interact

City funds interact in a variety of ways. Expenses that occur in one fund are frequently incurred to benefit another fund. When this occurs, the benefiting fund may reimburse the fund providing the goods and services. Examples of such transactions include general government services provided by the General Fund to the Water Resources Fund. Interfund transfers may also result from the exchange of resources between funds to cover operating and capital expenses. For example, the FY 2011-12 budget includes a transfer from the General Fund to the Civic Center Fund to support operations. Transfers between funds result in the budgeting of dollars in both participating funds.

Departments & Divisions

Departments are organizational units that provide a major type of public service, such as fire or police protection. Departments are usually subdivided into one or more divisions. For instance, the police department consists of four divisions: administration, criminal investigations, support bureau, and patrol bureau. Often within each division there are smaller units responsible for performing specific activities. For example, within the police patrol division is the K-9 patrol team and the anti-crime team.

A City organizational chart is presented on the following page.


ASHEVILLE
Citizens of Asheville
City Council
City Attorney
City Manager
City Clerk
Assistant City Manager
Administrative Services
Governing Body
Community Relations
City Manager's Office
Building Safety
Inspections & Permitting
Building Maintenance
Public Works
Administration
Street Lighting
Street Maintenance
Sanitation
Fleet Management
Engineering Services
Stormwater Services
Finance & Mgmt. Srv.
Administration
Accounting
Purchasing
Central Stores
Risk Mgmt. Admin.
Budget & Research
City Hall Operations
Sustainability
Economic Develop.
Fire
Acct/Administration
Emergency Response
Fire Marshal's Office
Human Resources
Administration
Org. Development
Health Services
Transportation
Transportation Administration
Traffic Engineering
Signs & Pavement Makings
Traffic Signal
Transportation Plan.
Transport. Demand Mgmt.
Transit Operations
Parking Services
Police
Administration
Investigations
Support Bureau
Patrol Bureau
Information Tech.
Administration
GIS & Application Srv.
IT Support Srv.
Technical Srv.
Water Resources
Administration
Meter Services
Water Education
Construction Crew
Water Maintenance
Water Production
Customer Service
Engineering Srvs.
Planning & Develop.
Planning Services
Historic Resources
Community Develop.
Parks & Recreation
Administration
Recreation
Cultural Arts
Parks Maintenance
Business Services
Planning & Dev.
Civic Center
Department
Divisions

BUDGET PROCESS

Budget Preparation Overview

Budget preparation affords departments the opportunity to reassess their goals and objectives and the strategies for accomplishing them. Even though the budget may be heard by City Council in May and adopted in June, its preparation begins at least six months prior with projections of City reserves, revenues, and financial capacity. It is against this backdrop that departmental expenditure requests are formulated and reviewed. The FY 2012-13 Budget Calendar is displayed on page .

Financial Forecasting

The annual budget process begins with the Budget Office preparing revenue and expenditure projections. These projections serve as the framework for financial decision-making during the City's annual strategic planning and budgeting process. The Budget Office updates the City's general fund forecast annually to adjust for changes in local, state, and national economic conditions and trends; changes in City Council priorities and policies; and other variables that might affect the City's ability to provide needed services and maintain its financial health in future years.

City Council Strategic Planning

Linking important objectives with necessary resources requires a process that identifies key goals at the very beginning of budget preparation. The annual strategic planning process begins with the City Council Retreat in late January, at which time Council identifies its goals and priorities for the upcoming fiscal year. The Council's directives set the tone for the development of the annual budget.

Departmental Budget Development

Departments begin developing their budget requests in January. During this phase, departments are encouraged to thoroughly review all programs and services assessing their "value" and priority to the citizens of Asheville. Examination of current departmental programs or positions for possible trade-offs, reduction, or elimination is strongly suggested.

Any new programs or services that departments would like funded are submitted to the Budget Office as expansion requests. Expansion requests identify the program's purpose, costs, objectives, and Adopted funding sources. The expansion request also describes how the new or enhanced program is linked with overall Council priorities. Departments are encouraged to prioritize their expansion requests and only submit a limited number of requests each year.

In addition to the budget worksheets and expansion request forms, departments are required to submit the following information to the Budget & Research Office:

- *Low Priority Services.* Each department is required to submit a list of existing programs and services that could be eliminated, reduced or scaled back. These services can be used as possible "program trade-offs," allowing departments to shift resources from low priority services to new or enhanced services in order to maximize budget target allowances.

- *New or Increased Fees.* Proposals for new or increased user fees are also submitted with the departmental budget request packages. Some or all additional revenue generated from new or enhanced fees may also be used as a way to maximize departmental target allowances.

- *Performance Objectives & Measures.* Performance measures are used to report on the achievements, impacts and outcomes of key City programs. Departments submit an update of their performance objectives and measures during the budget process. Departments report on prior year performance, update current year estimates, and set targets for the upcoming fiscal year. Departments are also encouraged to continually evaluate and refine their performance indicators to ensure that they accurately reflect the organization's mission and priorities.

BUDGET PROCESS

City Manager Review

Once the Budget Office has completed its technical review of the budget, department directors meet with the City Manager in team sessions to discuss the operating and capital budget requests. Expansion requests are evaluated based on the City's financial capacity and on how they relate to City Council priorities. In most years, monies exist to fund only a small number of expansion requests. Following these senior management sessions, a citywide proposed operating budget is developed.

Budget Adoption

The City of Asheville adopts its annual operating budget in accordance with North Carolina General Statutes (N.C.G.S. 159 - Local Government Budget and Fiscal Control Act). These statutes require that City Council adopt a balanced budget in which estimated revenues and appropriated fund balances equal expenditures. The City Manager must submit a balanced budget proposal to the City Council by June 1 of each year, and City Council must adopt the Budget Ordinance by July 1. A formal public hearing is required to obtain taxpayer comment before City Council adopts the budget. By state law, the fiscal year begins on July 1 and ends on June 30.

Budget Amendments & Revisions

After the Budget Ordinance is enacted, state law permits City Council to amend it at any time during the fiscal year. Each amendment must continue to adhere to the balanced budget statutory requirements. Amendments may in no way change the property tax levy or alter a taxpayer's liability.

Budget revisions are transfers within a departmental budget not affecting the total departmental appropriation or fund total. Budget revisions do not require City Council approval.

Basis of Budgeting

As required by the North Carolina Local Government Budget & Fiscal Control Act, the budget is prepared and Adopted using the modified accrual basis of accounting. Briefly, this means that obligations of the City are budgeted as expenditures, but revenues are recognized only when they are measurable and available. The City considers all revenues available if they are collected within 60 days after year end, except for property taxes. Those revenues susceptible to accrual include: investment earnings, sales tax, and grants-in-aid earned.

During the year, the City's accounting system is maintained on the same basis as the Adopted budget. This enables departmental budgets to be easily monitored via monthly accounting system reports. At year-end, the City's Comprehensive Annual Financial Report (CAFR) is prepared on a basis consistent with "generally accepted accounting principles" (GAAP). This basis of accounting conforms to the way the City prepares its budget, with a couple of notable exceptions. One, certain items that are referred to as revenues and expenditures in the budget are included as other financing sources and uses in the CAFR. In addition, for financial statement presentation, proprietary funds are adjusted to the full accrual basis. The most significant differences between budget and CAFR for proprietary funds are: a) capital outlay & debt service principal payments are recorded as expenditures for budgetary purposes as opposed to adjustments of balance sheet accounts in the CAFR (GAAP); and b) depreciation is recorded as an expense in the CAFR (GAAP) and not recognized for budgetary purposes.

All outstanding encumbrances on the accounting system on June 30 are carried over into the next year's budget. Outstanding encumbrances at year end do not constitute expenditures or liabilities.

FY 2012-13 BUDGET CALENDAR

Item	Notes	Date/Deadline
Departmental Fee Proposals due to Budget Office		October 28, 2011
Team Management 2012-2013 Budget Process: - Review Fees	Team management meeting	November 14, 2011
2012-2013 MUNIS Departmental Budget Entry		January 3, 2012
Retreat City Council Retreat		February 3, 2012
Finance Committee - Budget Update - Fees & Charges		January 24, 2012
Budget entry due to Budget Division		January 31, 2012
Budget Office Technical Reviews with departments		February 6-24, 2012
City Council - Adoption of FY 2012-13 Fees & Charges		February 14, 2012
Finance Committee - Budget Update on Key Issues		February 2012
Team Management Budget Review	Team Management meeting, note extended time	March 12, 2012 2-5 p.m.
Finance Committee - General Fund Budget Preview		March 20, 2012
Team Management Budget Review	Team Management meeting, note extended time	March 26, 2012 2-5 p.m.
City Council Budget Worksession - General Fund Budget Preview	All department directors to attend City Council	March 27, 2012 3:30 p.m.
Executive Management Proposed Budget Finalization		March 14-April 10, 2012
Finance Committee - Enterprise Funds and CIP		April 3, 2012
City Council Budget Worksession - Enterprise Funds and CIP	All department directors to attend City Council	April 10, 2012

FY 2012-13 BUDGET CALENDAR

Item	Notes	Date/Deadline
City Council Formal Meeting - Proposed Budget Presentation - Set Public Hearing	All department directors to attend City Council	April 24, 2012
City Council Budget Worksession (If Needed) **City Council Formal Meeting:** - Budget Public Hearing	All department directors to attend Council	May 22, 2012
City Council Formal Meeting Budget Adoption	All department directors to attend City Council	June 12, 2012

FINANCIAL POLICIES

The City of Asheville financial policies establish general guidelines for the fiscal management of the City. These guidelines, influenced by the North Carolina Local Government Budget and Fiscal Control Act and sound financial principles, provide the framework for budgetary and fiscal planning. Operating independently of changing circumstances and conditions, these policies assist the decision-making processes of the City Council and city administration.

A. Operating Budget Policy

1. Current operating revenues will be sufficient to support current operating expenditures. Fund balance appropriations shall be limited to non-recurring expenditures.

2. Debt proceeds or non-recurring revenues will not be used to finance recurring operating and recurring capital expenditures.

3. The City will integrate performance measures and productivity indicators with the annual budget.

4. The City will prepare a five-year operating budget projection which will include projections of annual growth plus allowances for operating costs of new capital facilities.

5. It is the City's policy that the operating budget be prepared in accordance with Generally Accepted Accounting Principles.

B. Reserves

1. The City will maintain an undesignated fund balance equal to 15% of the General Fund operating budget, with any amount in excess of 15% being credited to a capital reserve account. This transfer shall be made upon completion of the annual financial audit. The City Council may appropriate this transfer through an amendment to the subsequent year's Budget Ordinance.

2. For all other operating funds, the City shall seek to maintain a minimum fund balance as follows:

Civic Center Fund	16% of the operating budget
Golf Fund	8% of the operating budget
Parking Fund	8% of the operating budget
Stormwater Fund	8% of the operating budget
Transit Fund	8% of the operating budget (portion may be reflected in General Fund)
Water Fund	100% of operating budget/365 days of working capital

C. Interfund Transfers

1. The City will strive to ensure that enterprise funds are financially self sufficient; however, the City may budget a transfer from the General Fund to an enterprise fund to ensure operational and/or capital support for the activities of the fund. If financial performance in the enterprise operating fund is better than budgeted, and the enterprise fund meets the reserve standards set forth in Section B of this policy, then any remaining portion of the interfund transfer shall be returned to the General Fund as part of the annual financial audit process.

D. Revenue Policy

1. Revenue estimates shall be set at realistic and attainable levels and shall be monitored periodically.

2. The City will conduct an annual review of specific programs and services which have been identified as potential opportunities for user fees and for which user fees are charged. Where appropriate, user fees will be set at a level sufficient to recover the full costs of the program or service.

3. Regulatory fees shall be set at a level that strives to recover full costs (direct and indirect costs, such as depreciation or usage costs associated with capital assets) of providing the service, unless statutory restrictions limit the fee amount.

4. Non-regulatory fees are charged for a wide variety of services with the primary purpose for non-regulatory fees being to: 1) influence the use of the service and 2) increase equity.

5. Non-regulatory user fees shall be set at a level that is competitive in the marketplace and strives to recover full costs (direct and indirect costs, such as depreciation or usage costs associated with capital assets) except when:
    - free or subsidized service provides a significant public benefit;
    - the City has determined that it should influence personal choice to achieve community-wde public benefits;
    - full cost recovery would result in reduced use of the service or limit access to intended users thereby not achieving community-wide public benefits;
    - the cost of collecting the user fees would be excessively high;
    - ensuring the users pay the fees would require extreme measures.

E. Capital Improvement Policy

1. The City will update and readopt annually a five-year capital improvement program which details each capital project, the estimated cost, description and funding source.

2. The capital improvements plan should be tied to the City's comprehensive growth plan, "City Plan 2025," as well as the City's other adopted Master Plans, to ensure that the capital items requested meet the future growth needs and long-term vision for the City.

3. The City shall appropriate all funds for Capital Projects with a Capital Projects ordinance in accordance with State statutes.

4. Operating expenses for all capital projects will be estimated and accounted for in the Capital Improvements Program and incorporated into the annual operating budget.

5. Capital expenditures included in the CIP as a project will cost at least $50,000 and have a useful life of at least five years. Equipment purchases are considered operating expenses and will not be included in the CIP.

6. Capital facilities to be financed with bond-indebtedness must adhere to the debt policies of the City including maintenance of adopted debt ratios.

F. Accounting Policy

1. The City will establish and maintain the accounting systems according to the North Carolina Local Budget and Fiscal Control Act.
2. An annual audit will be performed by an independent public accounting firm which will issue an official opinion on the annual financial statements, with a management letter detailing areas that need improvement if required. The City will prepare a Comprehensive Annual Financial Report that will be submitted to the Local Government Commission each year according to the commission's stated deadlines.

3. Full disclosure will be provided in the financial statements and bond representations.

4. Financial system will be maintained to monitor expenditures and revenues on a monthly basis.

5. All revenue collections will be consolidated under the Director of Finance and be audited at least annually.

6. The City's Fiscal Procedures Manual will be maintained as a central reference point and handbook for all activities which have a fiscal impact within the City and will serve as the City's authoritative source for fiscal procedures.

G. Debt Management

1. Capital projects financed through the issuance of bonds shall be financed for a period not to exceed the expected useful life of the project.

2. The general obligation debt of the City of Asheville will not exceed 8% of the assessed valuation of the taxable property of the City.

3. Total debt service on tax-supported debt of the City will not exceed 15% of total general government operating revenue.

4. Payout of aggregate principal outstanding shall be no less than 50% repaid within 10 years.

5. The City will maintain its financial condition so as to maintain a minimum AA bond rating.

6. The City's Water Resources Utility will maintain its financial condition so as to maintain a AA bond rating.

7. The City's debt policy will be comprehensive and the City will not knowingly enter into any contracts creating significant unfunded liabilities.

BUDGET SUMMARY

Operating Budget Summary
Expenditures
Revenues
Staffing
Analysis of Fund Balance

OPERATING BUDGET SUMMARY: ALL FUNDS

BUDGET SUMMARY BY FUND

FUND SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Revenues:				
General Fund	87,182,637	85,892,014	86,774,361	**89,922,437**
Water Resources Fund	31,618,015	33,110,712	32,890,252	**33,531,552**
Transit Services Fund	5,311,505	5,341,821	5,718,906	**5,739,989**
Civic Center Fund	1,823,941	2,037,502	2,105,854	**2,508,078**
Parking Services Fund	2,825,498	2,925,728	3,118,247	**3,546,354**
Golf Fund	727,559	742,182	920,000	**924,554**
Stormwater Fund	3,222,881	3,186,151	4,116,218	**3,290,723**
Street Cut Utility Fund	0	1,170,538	1,618,280	**1,834,923**
Festivals Fund*	761,406	491,451	0	**0**
Total	133,473,442	134,898,099	137,262,118	**141,298,610**
Less Interfund Transactions	(4,824,415)	(5,297,370)	(5,677,164)	**(6,580,740)**
Net Revenue	128,649,027	129,600,729	131,584,954	**134,717,870**
Expenditures:				
General Fund	92,894,640	86,172,539	86,774,361	**89,922,437**
Water Resources Fund	31,677,854	31,067,676	32,890,252	**33,531,552**
Transit Services Fund	5,168,576	5,211,151	5,718,906	**5,739,989**
Civic Center Fund	1,852,244	2,180,045	2,105,854	**2,508,078**
Parking Services Fund	1,574,909	2,500,045	3,118,247	**3,546,354**
Golf Fund	925,104	885,370	920,000	**924,554**
Stormwater Fund	2,652,241	2,761,742	4,116,218	**3,290,723**
Street Cut Utility Fund	0	1,181,988	1,618,280	**1,834,923**
Festivals Fund*	760,653	664,812	0	**0**
Total	137,506,221	132,625,368	137,262,118	**141,298,610**
Less Interfund Transactions	(4,824,415)	(5,297,370)	(5,677,164)	**(6,580,740)**
Net Expenditure	132,681,806	127,327,998	131,584,954	**134,717,870**

Beginning in FY 2011-12, programs previously accounted for in the Festivals Fund were moved to the General Fund.

OPERATING BUDGET SUMMARY: ALL FUNDS

BUDGET SUMMARY BY FUND

	General Fund	Water Resources	Transit Services	Civic Center	Stormwater Utility	Parking Services	Golf Course	Street Cut Utility
Sources of Funds:								
Property Taxes	47,375,063	0	0	0	0	0	0	0
Sales & Other Taxes	16,990,325	0	0	0	0	0	0	0
Intergovernmental	11,218,229	0	2,934,819	0	0	0	0	0
Licenses & Permits	5,344,000	0	320,000	0	180,000	0	0	0
Charges For Service	4,044,560	33,374,052	883,000	1,713,893	2,789,723	500	784,554	671,312
Investment Earnings	225,000	112,500	0	5,000	11,000	20,000	0	0
Miscellaneous	1,100,563	0	0	93,500	20,000	3,525,854	0	0
Other Financing Sources	3,624,697	45,000	1,602,170	695,685	290,000	0	140,000	1,163,611
Total Revenue	**89,922,437**	**33,531,552**	**5,739,989**	**2,508,078**	**3,290,723**	**3,546,354**	**924,554**	**1,834,923**

	General Fund	Water Resources	Transit Services	Civic Center	Stormwater Utility	Parking Services	Golf Course	Street Cut Utility
Uses of Funds:								
Salaries & Wages	41,321,736	6,368,465	153,566	983,194	1,201,855	638,954	386,349	601,152
Fringe Benefits	16,853,993	2,783,228	56,813	352,367	590,336	311,132	171,832	286,407
Operating Costs	20,829,095	9,549,978	5,529,610	869,426	886,112	877,433	366,373	569,460
Interfund Transfers	2,120,980	0	0	0	0	736,875	0	0
Debt Service	5,387,021	6,128,491	0	303,091	95,327	926,960	0	161,261
Capital Outlay	3,409,612	8,701,390	0	0	517,093	55,000	0	216,643
Total Expenditure	**89,922,437**	**33,531,552**	**5,739,989**	**2,508,078**	**3,290,723**	**3,546,354**	**924,554**	**1,834,923**

BUDGET SUMMARY - EXPENDITURES

Service Area Departments	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
General Government				
Finance & Management Services	1,792,644	3,201,360	3,233,881	**3,229,995**
Information Technology Services	2,550,454	2,402,872	2,619,412	**2,642,090**
Administrative Services	2,707,717	1,243,450	1,200,962	**1,286,663**
Economic Development	403,458	468,055	442,446	**447,909**
City Attorney	682,907	631,889	639,852	**650,544**
Human Resources	1,487,197	1,318,951	1,203,936	**1,321,559**
Health Care Tran. (Employee Share)	3,370,899	0	0	**0**
Nondepartmental	1,333,263	1,189,488	1,360,762	**1,140,890**
Total General Government	14,328,539	10,456,065	10,701,251	**10,719,650**
Public Safety				
Police	18,849,570	20,311,219	20,065,236	**20,960,817**
Fire & Rescue	18,217,271	18,392,042	17,799,409	**18,413,612**
Nondepartmental	363,064	410,104	426,958	**418,106**
Total Public Safety	37,429,905	39,113,365	38,291,603	**39,792,535**
Environment & Transportation				
Water Resources Fund	31,677,854	31,067,676	32,890,252	**33,531,552**
Public Works	12,409,491	11,781,357	10,850,914	**12,517,166**
Transportation	1,347,785	1,070,614	965,963	**1,015,080**
Transit Services Fund	5,168,576	5,211,151	5,718,906	**5,739,989**
Parking Services Fund	1,574,909	2,500,045	3,118,247	**3,546,354**
Stormwater Fund	2,652,241	2,761,742	4,116,218	**3,290,723**
Street Cut Utility Fund	0	1,181,988	1,618,280	**1,834,923**
Nondepartmental	872,831	642,196	985,295	**985,295**
Total Environ. & Transportation	55,703,687	56,216,769	60,264,075	**62,461,082**
Culture & Recreation				
Parks, Rec. & Cultural Arts	9,100,184	8,746,740	9,716,042	**9,638,866**
Civic Center Fund	1,852,244	2,180,045	2,105,854	**2,508,078**
Golf Fund	925,104	885,370	920,000	**924,554**
Festivals Fund	760,653	664,812	0	**0**
Nondepartmental	579,791	447,902	392,594	**835,685**
Total Culture & Recreation	13,217,976	12,924,869	13,134,490	**13,907,183**
Community Development				
Building Safety	3,170,084	3,572,824	3,640,680	**4,143,458**
Planning & Development	1,781,021	1,745,910	1,760,172	**1,803,481**
Housing Trust Fund	300,000	300,000	300,000	**500,000**
Nondepartmental	678,208	774,172	766,400	**782,397**
Total Community Development	5,929,313	6,392,906	6,467,252	**7,229,336**
Capital Pay-Go/Debt	10,894,316	7,515,095	8,403,447	**7,188,824**
TOTAL EXPENDITURES	137,506,221	132,625,368	137,262,118	**141,298,610**
Less: Interfund Transactions	(4,824,415)	(5,297,370)	(5,677,164)	**(6,580,740)**
NET EXPENDITURES	132,681,806	127,327,998	131,584,954	**134,717,870**

BUDGET SUMMARY - EXPENDITURES

Expenditures by Category	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Salaries & Wages	52,078,596	51,070,169	49,477,555	**51,632,836**
Fringe Benefits	18,583,874	20,497,591	21,288,701	**21,428,543**
Operating Costs	36,189,172	33,062,624	35,288,927	**35,751,408**
Debt Service	12,904,650	11,618,586	11,207,907	**13,005,345**
Capital Outlay	12,925,514	11,079,028	13,461,864	**12,899,738**
NET BUDGET	132,681,806	127,327,998	131,584,954	**134,717,870**

BUDGET HIGHLIGHTS

- Overall, the City's FY 2012-13 adopted budget shows a 2.4% increase compared to the FY 2011-12 budget.

- The FY 2012-13 adopted budget for salaries and wages shows a $2.16 million or 4.4% increase. The adopted budget includes approximately $1.1 million across all funds for adjustments to employee compensation, including a 2% cost of living increase. The budget also includes an additional $400,000 in funding in the Fire Department to hire nine additional FTE, which was identified as the most cost effective way to address staffing needs to maintain the City's standard of cover. The adopted budget also includes approximately $260,000 to fund a full year of salaries and benefits for the five additional grant-funded police officers that were added during FY 2011-12. The cost of these police officers will be fully funded through the U.S. Department of Justice COPS Hiring Program for three years. Finally, the adopted budget includes funding for 1) two additional FTE positions in the Parking Fund associated with the opening of the Biltmore Avenue parking garage; and 2) two additional FTE in the Civic Center Fund in the concessions and maintenance areas due to increased workload from the recently completed renovations.

- The adopted FY 2012-13 fringe benefits budget shows a $140,000 increase due to the salary additions discussed above. The growth in the fringe benefit budget is less in FY 2012-13 than in recent years due to the fact that there is no increase needed in the City's contribution to the employee health insurance program nor is there any mandated increase in the City's contribution to the state retirement system.

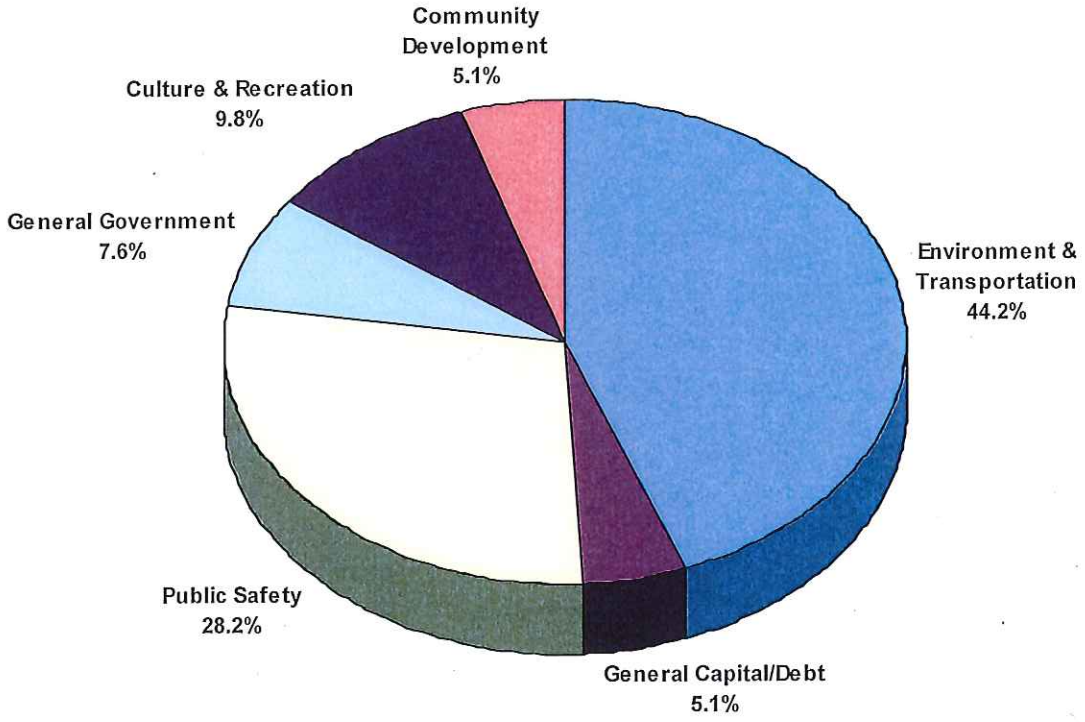
- Citywide operating costs for FY 2012-13 are budgeted to increase by only 1.3%. The primary reason for this small increase is due to adjustments in the Water Resources Fund to lower the budget to more closely approximate actual expenses. In the General Fund, operating expenses show a 6.2% or $1.2 million increase. Most of this increase is the result of $600,000 being added to departmental fuel budgets in order to accommodate higher gas prices. The operating cost budget also includes a $200,000 increase in funding for the Housing Trust Fund. Most of the remaining operational increases in the General Fund are in the public safety area where the budget includes funding for police evidence room investments and increased animal service contract costs. The Transit Services budget includes additional operational funding to implement bus service on holidays on main routes during highest usage hours.

- The City will see a $1.8 million increase in debt service expenses in FY 2012-13 associated with the June 2012 issuance of approximately $30 million in Limited Obligation Bonds (LOBs) for various new money projects including the Biltmore Avenue parking garage, Civic Center renovations, City Hall repairs, sidewalk improvements, LED streetlight installation, and vehicle and equipment replacements.

- Capital expenses citywide are budgeted to decrease by $562,000. Much of this decrease is due to the fact that one-time debt service savings in the General Fund that were used to fund capital in FY 2011-12 are being moved back into the debt service budget to cover the cost of the LOBs.

BUDGET SUMMARY - EXPENDITURES

CITY OF ASHEVILLE
FY 2012-13 EXPENDITURES BY SERVICE AREA
NET TOTAL $134,717,870



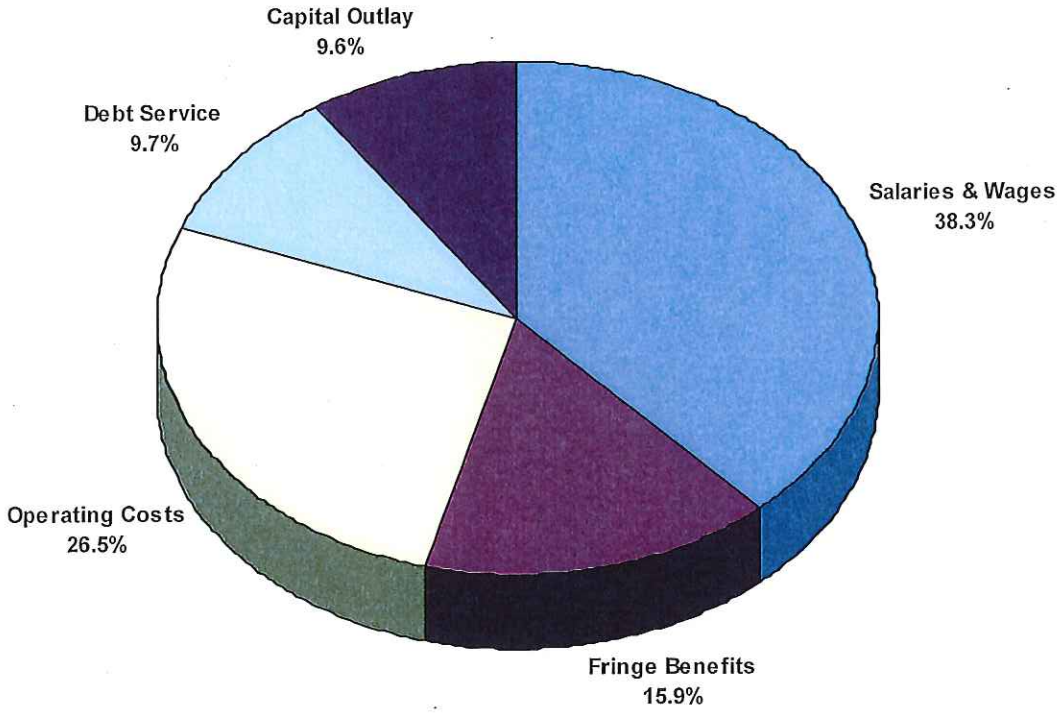
Budget-to-Budget Expenditure Comparison

Service Areas:	2011-12 Budget	2012-13 Adopted	Change From Prior Year in $	in %
Environment & Transportation	60,264,075	62,461,082	2,197,007	3.6%
Public Safety	38,291,603	39,792,535	1,500,932	3.9%
Culture & Recreation	13,134,490	13,907,183	772,693	5.9%
General Government	10,701,251	10,719,650	18,399	0.2%
General Capital/Pay-Go Debt	8,403,447	7,188,824	(1,214,623)	-14.5%
Community Development	6,467,252	7,229,336	762,084	11.8%
Total Expenditures	137,262,118	141,298,610	4,036,492	2.9%
Less: Interfund Transfers	(5,677,164)	(6,580,740)	(903,576)	15.9%
Net Expenditures	131,584,954	134,717,870	3,132,916	2.4%

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 2012-13 EXPENDITURES BY SERVICE AREA
NET TOTAL $134,717,870



Budget-to-Budget Expenditure Comparison

Expense Category:	2011-12 Budget	2012-13 Adopted	Change From Prior Year in $	in %
Salaries & Wages	49,477,555	51,632,836	2,155,281	4.4%
Fringe Benefits	21,288,701	21,428,543	139,842	0.7%
Operating Costs	35,288,927	35,751,408	462,481	1.3%
Debt Service	11,207,907	13,005,345	1,797,438	16.0%
Capital Outlay	13,461,864	12,899,738	(562,126)	-4.2%
Net Expenditures	130,724,954	134,717,870	3,992,916	3.1%

BUDGET SUMMARY - REVENUES

Revenue Sources:	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Property Tax	45,252,649	46,474,590	46,977,637	**47,375,063**
Charges For Service	45,954,308	43,259,565	43,375,464	**44,261,594**
Intergovernmental	14,061,497	14,211,984	14,058,184	**14,153,048**
Sales & Other Taxes	14,561,557	15,120,941	15,439,305	**16,990,325**
Licenses & Permits	4,644,736	5,585,413	5,281,500	**5,844,000**
Investment Earnings	419,035	279,033	515,700	**373,500**
Parking Fees	2,801,666	2,912,941	3,097,747	**3,525,854**
Miscellaneous	1,327,768	1,488,318	1,445,080	**1,214,063**
Other Financing Sources	4,450,226	5,565,313	7,071,501	**7,561,163**
Total Revenue	133,473,442	134,898,099	137,262,118	**141,298,610**
Less: Interfund Transactions	(4,824,415)	(5,297,370)	(5,677,164)	**(6,580,740)**
Net Revenue	128,649,027	129,600,729	131,584,954	**134,717,870**

BUDGET HIGHLIGHTS

- The property tax, which comprises 34% of total revenue, is the single largest source of revenue for the City. In the current fiscal year, the City's total tax base grew by 1.3%. This growth rate, which was very similar to the prior year, reflects the lingering effects of the economic recession. By comparison, in the years prior to the recession, the City's tax base growth averaged 3.2%. The Buncombe County Tax Assessor is projecting that tax base growth in FY 2012-13 will remain well below historical norms due to the continuing construction slowdown. Staff is projecting property tax revenue growth of 0.8% in FY 2012-13.

- The second largest source of revenue is charges for service, which makes up about 31% of the revenue budget. Most of the revenue in this category, approximately $33.4 million, comes from water utility charges. For FY 2012-13, there are no changes to the water rates, however water revenues are performing better than budget in current year - partly due to improved meter accuracy from automated meter reading devices (AMR's) - which means more revenue next year without a rate increase. Overall, revenue from charges for services across is budgeted to increase by 2.0% in FY 2012-13.

- 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 growing again in FY 2010-11, when it increased by 3.8%. In the current fiscal year, sales tax revenue through the first ten months of the fiscal year is up 9.5% compared to the same time period in FY 2010-11. Staff is projecting that sales tax revenue will end the current fiscal year up 8.0% compared to last year, and grow by another 5.0% in FY 2012-13.

- Intergovernmental revenue is expected to remain essentially flat in FY 2012-13. In the General Fund, intergovernmental revenue is budgeted to grow by 2.3% primarily due to an increase in the budget for Powell Bill proceeds. In the Transit Services Fund, intergovernmental revenue is down due to a $160,000 reduction in funding from the State of North Carolina.

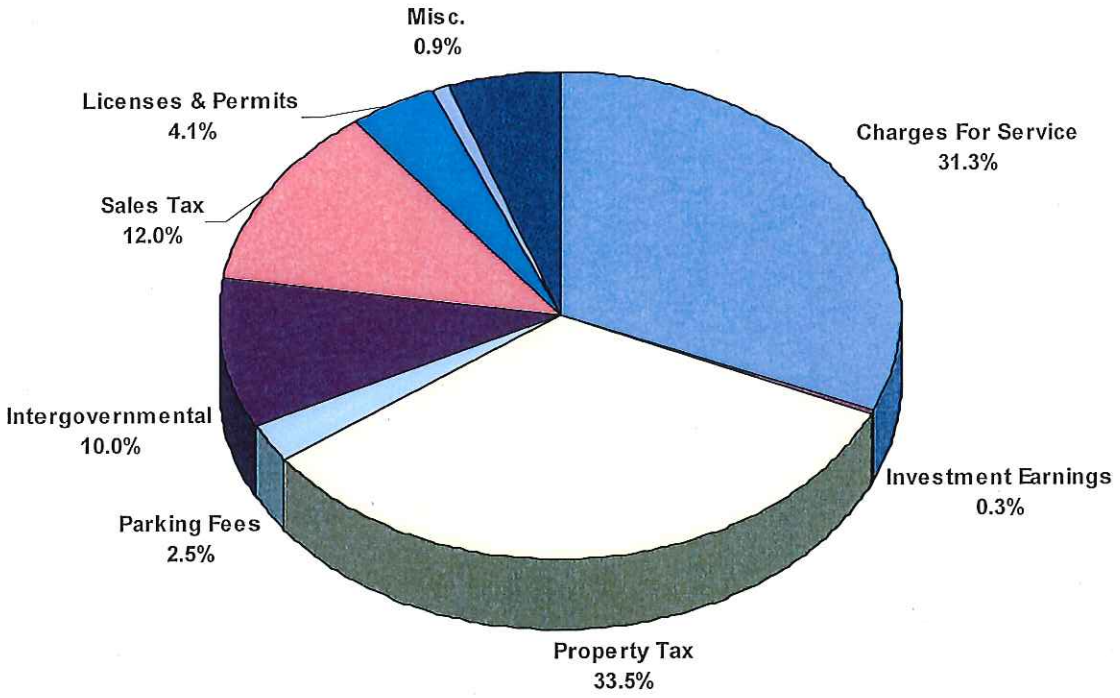
- Revenue from licenses and permits shows an increase of $562,500 primarily due to the re-establishment of the privilege license fee on gaming operations, fee increases in the General Fund, and budget adjustments to reflect actual revenue that was collected in prior years.

- The increase in revenue from parking fees includes estimated revenue the new Biltmore garage along with budget adjustments to reflect positive trends in other parking fees.

- The other financing sources budget includes various adjustments to items such as interfund transfers, debt proceeds, and fund balance appropriation. Miscellaneous revenue is down primarily due to an adjustment made to the Bele Chere sponsorship budget to reflect recent revenue trends.

BUDGET SUMMARY - REVENUES

CITY OF ASHEVILLE
FY 2012-13 REVENUES BY SOURCE
NET TOTAL $134,717,870



Budget-to-Budget Revenue Comparison

Revenue Sources:	2011-12 Budget	2012-13 Adopted	Change From Prior Year in $	in %
Property Tax	46,977,637	47,375,063	397,426	0.8%
Charges For Service	43,375,464	44,261,594	886,130	2.0%
Intergovernmental	14,058,184	14,153,048	94,864	0.7%
Sales & Other Taxes	15,439,305	16,990,325	1,551,020	10.0%
Licenses & Permits	5,281,500	5,844,000	562,500	10.7%
Investment Earnings	515,700	373,500	(142,200)	-27.6%
Parking Fees	3,097,747	3,525,854	428,107	13.8%
Miscellaneous	1,445,080	1,214,063	(231,017)	-16.0%
Other Financing Sources	7,071,501	7,561,163	489,662	6.9%
Total Revenue	137,262,118	141,298,610	4,036,492	2.9%
Less: Interfund Transactions	(5,677,164)	(6,580,740)	(903,576)	15.9%
Net Revenue	131,584,954	134,717,870	3,132,916	2.4%

BUDGET SUMMARY - STAFFING

FULL-TIME EQUIVALENT POSITIONS BY FUND

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Environment & Transportation	338.63	339.13	339.13	**341.13**
Public Safety	497.00	499.00	504.00	**513.00**
Culture & Recreation	137.02	132.40	124.40	**126.40**
General Government	97.13	97.13	97.92	**97.92**
Community Development	78.75	74.75	74.38	**74.38**
TOTAL CITY WIDE	1,148.53	1,142.41	1,139.83	**1,152.83**

BUDGET HIGHLIGHTS

- A total of 13.0 FTE positions are added to the budget for FY 2012-13: 1) nine additional firefighter positions to address staffing needs; 2) two additional positions in the Parking Fund associated with the opening of the Biltmore Avenue parking garage; and 3) two additional positions in the Civic Center Fund in the concessions and maintenance areas due to increased workload from the recently completed renovations

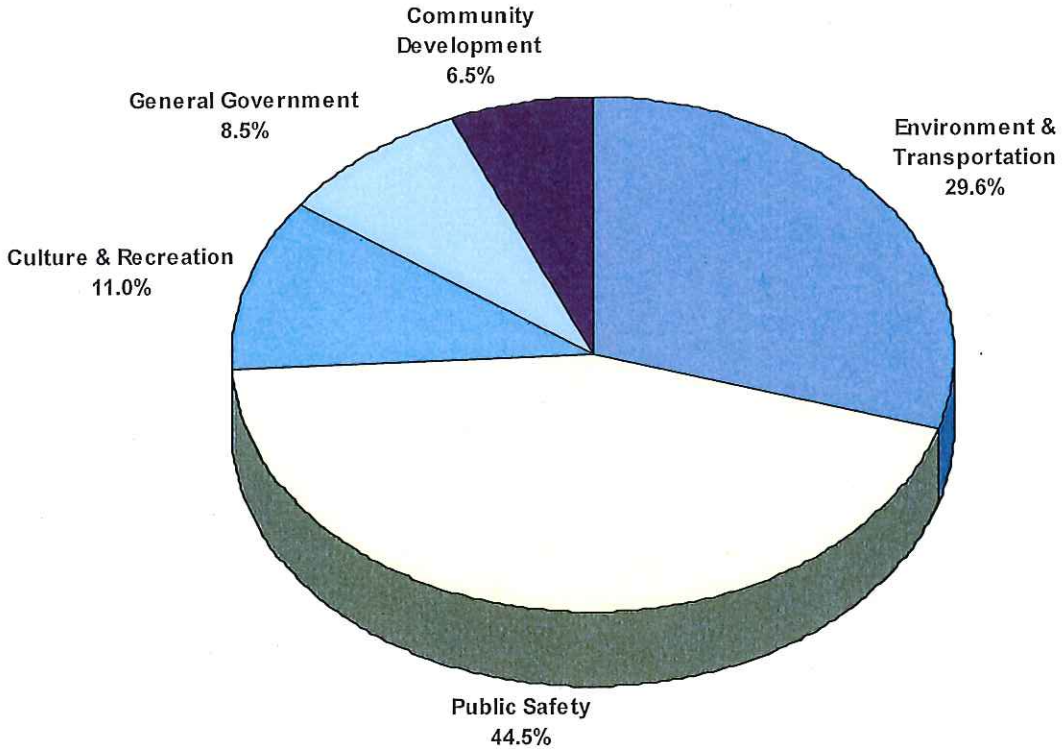
- Otherwise, position counts remain the same in FY 2012-13 in all other department and funds. The chart on the following page shows the changes in FTE positions by service area and department for each of the last four fiscal years.

BUDGET SUMMARY - STAFFING

SERVICE AREAS Departments & Divisions	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Public Safety				
Police	258.00	260.00	260.00	**260.00**
Police Grant Funded Positions	0.00	0.00	5.00	**5.00**
Fire & Rescue	239.00	239.00	239.00	**248.00**
Total Public Safety	497.00	499.00	504.00	**513.00**
Culture & Recreation				
Parks, Recreation & Cultural Arts	106.02	101.40	97.15	**97.15**
Grant Funded Positions	1.00	1.00	0.00	**0.00**
Festivals Fund	2.75	2.75	0.00	**0.00**
Golf Fund	11.00	11.00	11.00	**11.00**
Civic Center Fund	16.25	16.25	16.25	**18.25**
Total Culture & Recreation	137.02	132.40	124.40	**126.40**
General Government				
Administrative Services	31.00	9.00	9.75	**9.75**
Grant Funded Positions	0.00	3.00	2.00	**2.00**
Finance & Management Services	21.00	42.00	41.00	**41.00**
Information Technology Services	19.50	19.00	19.00	**19.00**
Human Resources	15.63	13.63	15.67	**15.67**
City Attorney	5.50	6.00	6.00	**6.00**
Economic Development	4.50	4.50	4.50	**4.50**
Total General Government	97.13	97.13	97.92	**97.92**
Environment & Transportation				
Water Resources Fund	152.00	146.00	147.00	**147.00**
Public Works	114.00	105.00	106.00	**106.00**
Transportation	13.63	12.63	11.63	**11.63**
Stormwater Fund	37.00	35.00	34.00	**34.00**
Transit Services Fund	3.00	3.00	3.00	**3.00**
Parking Services Fund	19.00	19.00	19.00	**21.00**
Street Cut Utility Fund	---	18.50	18.50	**18.50**
Total Environment & Transportation	338.63	339.13	339.13	**341.13**
Community Development				
Planning & Development	22.75	22.75	19.38	**19.38**
Building Safety	50.00	46.00	50.00	**50.00**
Community Development Fund	6.00	6.00	5.00	**5.00**
Total Community Development	78.75	74.75	74.38	**74.38**
TOTAL CITY WIDE FTE POSITIONS	1,148.53	1,142.41	1,139.83	**1,152.83**

BUDGET SUMMARY - STAFFING

CITY OF ASHEVILLE
FY 2012-13 FTE POSITIONS BY SERVICE AREA
TOTAL: 1,152.83



Budget-to-Budget Staffing Comparison

Service Areas:	2011-12 Budget	2012-13 Adopted	Change From Prior Year in #	in %
Environment & Transportation	339.13	341.13	2.00	0.6%
Public Safety	504.00	513.00	9.00	1.8%
Culture & Recreation	124.40	126.40	2.00	1.6%
General Government	97.92	97.92	0.00	0.0%
Community Development	74.38	74.38	0.00	0.0%
Total Citywide FTE Positions	1,139.83	1,152.83	13.00	1.1%

ANALYSIS OF FUND BALANCE

GENERAL FUND	**2011-12 Budget***	**2011-12 Estimate**	**2012-13 Adopted**
Total Revenues	87,125,724	86,950,724	**89,922,437**
Total Expenditures	87,170,724	86,335,724	**89,922,437**
Revenues Over (Under) Expenditures	(45,000)	615,000	**0**
Unassigned Fund Balance:			
Beginning	13,176,000	13,176,000	**13,791,000**
Ending	13,131,000	13,791,000	**13,791,000**
Ending Unassigned Fund Balance as a % of Total Expenditures	15.1%	16.0%	**15.3%**

*Budget as of the 3rd quarter FY 2011-12 financial report including encumbrances from the prior fiscal year.

One measure of a city's financial strength is the level of its unassigned fund balances. In general, fund balance is excess or surplus money. At the end of a fiscal year, unassigned 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 unassigned 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.

- 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.

The City estimates that for the General Fund, unassigned fund balance will be approximately $13.8 million at the end of fiscal year 2011-12, which will equal 16.0% of total estimated FY 2011-12 General Fund expenditures. The FY 2012-13 adopted budget includes no appropriation from fund balance. Budget staff estimates that fund balance available for appropriation at the end of FY 2012-13 will be 15.3% 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 fund balance by taking cash and investments and subtracting out all certain current liabilities and encumbrances. The projected June 30, 2013 fund balance equivalent for the Water Resources Fund and the other Non-Major Enterprise Funds is shown below.

	Fund Balance 6/30/12 Est.	Fund Balance Usage by 6/30/13	Fund Balance 6/30/13 Est.
Water Resources Fund	23,704,707	0	**23,704,707**
Non-Major Enterprise Funds	6,054,418	290,000	**5,764,418**

ASHEVILLE

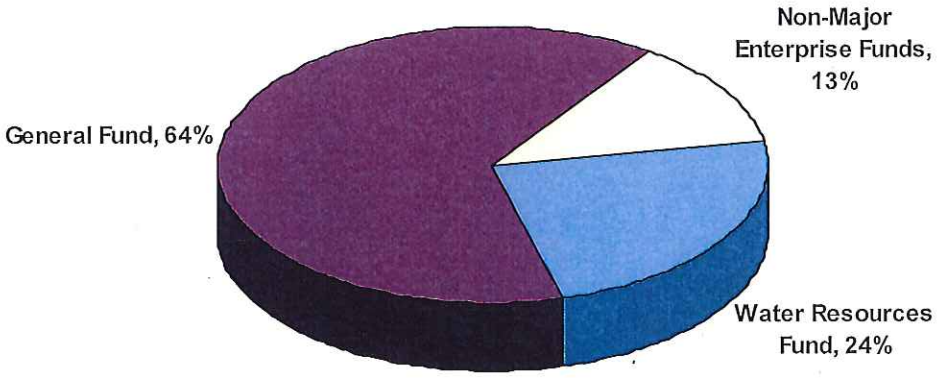
FUND SUMMARY

Expenditure Summary
General Fund
Enterprise Funds

FUND SUMMARY

FUNDS Service Areas	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
GENERAL FUND				
Public Safety	37,429,905	39,113,365	38,291,603	**39,792,535**
Environment & Transportation	14,630,107	13,500,466	12,802,172	**14,517,541**
General Government	14,328,539	10,456,065	10,701,251	**10,719,650**
Culture & Recreation	9,679,975	9,194,642	10,108,636	**10,474,551**
Capital Pay-Go/Debt	10,894,316	7,515,095	8,403,447	**7,188,824**
Community Development	5,929,313	6,392,906	6,467,252	**7,229,336**
Total General Fund	92,894,640	86,172,539	86,774,361	**89,922,437**
ENTERPRISE FUNDS				
Environment & Transportation	41,073,580	42,722,602	47,461,903	**47,943,541**
Culture & Recreation	3,538,001	3,730,227	3,025,854	**3,432,632**
Total Enterprise Funds	44,611,581	46,452,829	50,487,757	**51,376,173**
TOTAL EXPENDITURES	137,506,221	132,625,368	137,262,118	**141,298,610**
Less: Interfund Transactions	(4,824,415)	(5,297,370)	(5,677,164)	**(6,580,740)**
NET EXPENDITURES	132,681,806	127,327,998	131,584,954	**134,717,870**

FY 2012-13 EXPENDITURES BY FUND
TOTAL: $134,717,870



GENERAL FUND SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Revenues:				
Property Taxes	45,252,649	46,474,590	46,977,637	**47,375,063**
Intergovernmental	11,012,986	11,218,617	10,963,573	**11,218,229**
Sales & Other Taxes	14,561,557	15,120,941	15,439,305	**16,990,325**
Charges For Service	8,477,841	3,461,927	4,280,646	**4,044,560**
Licenses & Permits	4,139,585	5,078,257	4,781,500	**5,344,000**
Investment Earnings	74,342	109,528	239,700	**225,000**
Miscellaneous	938,139	1,178,721	1,334,680	**1,100,563**
Other Financing Sources	2,725,539	3,249,432	2,757,320	**3,624,697**
Total Revenues	87,182,637	85,892,014	86,774,361	**89,922,437**

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Appropriations:				
Police	18,849,570	20,311,219	20,065,236	**20,960,817**
Fire & Rescue	18,217,271	18,392,042	17,799,409	**18,413,612**
Public Works	12,409,491	11,781,357	10,850,914	**12,517,166**
Capital Pay-Go/Debt	10,894,316	7,515,095	8,403,447	**7,188,824**
Parks, Recreation & Cult. Arts	9,100,184	8,746,740	9,716,042	**9,638,866**
Finance & Management Srv.	1,762,644	1,738,836	3,233,881	**3,229,995**
Information Technology Services	2,550,454	2,402,872	2,619,412	**2,642,090**
Nondepartmental	2,378,285	2,665,313	2,554,120	**2,340,187**
Building Safety	3,170,084	3,572,824	3,640,680	**4,143,458**
City Attorney	682,907	631,889	639,852	**650,544**
Administrative Services	2,707,717	2,705,974	1,200,962	**1,286,663**
Economic Development	403,458	468,055	442,446	**447,909**
Transportation	1,347,785	1,070,614	965,963	**1,015,080**
Planning & Development	1,781,021	1,745,910	1,760,172	**1,803,481**
Transit Fund Subsidy	872,831	642,196	985,295	**985,295**
Civic Center Subsidy	391,315	0	392,594	**695,685**
Golf Fund Subsidy	0	0	0	**140,000**
Festivals Fund Subsidy	184,726	162,652	0	**0**
Human Resources	1,487,197	1,318,951	1,203,936	**1,321,559**
Health Care (Employee Contr.)	3,370,899	0	0	**0**
Housing Trust Fund Transfer	300,000	300,000	300,000	**500,000**
Total Appropriations	92,894,640	86,172,539	86,774,361	**89,922,437**

GENERAL FUND EXPENDITURES

Service Areas	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Public Safety	37,429,905	39,113,365	38,291,603	**39,792,535**
Environment & Transportation	14,630,107	13,500,466	12,802,172	**14,517,541**
General Government	14,328,539	10,456,065	10,701,251	**10,719,650**
Culture & Recreation	9,679,975	9,194,642	10,108,636	**10,474,551**
Capital Pay-Go/Debt	10,894,316	7,515,095	8,403,447	**7,188,824**
Community Development	5,929,313	6,392,906	6,467,252	**7,229,336**
Total General Fund	92,894,640	86,172,539	86,774,361	**89,922,437**

BUDGET HIGHLIGHTS

- The FY 2012-13 adopted budget includes general fund expenditures that are 3.6% more than the FY 2011-12 budget.

- Public Safety is the largest general fund service area, accounting for 44% of all general fund expenditures. Public Safety expenditures show a $1.5 million increase in FY 2012-13. A portion of this increase is due to the 2% COLA included in next year's budget. Also as noted earlier in the document, the Police Department's FY 2012-13 budget includes a full year of funding for the five officers that are funded through the COPS Hiring Program. The FY 2012-13 Police Department budget also includes the following: 1) $100,000 for evidence room investments, 2) $100,000 for animal service contract cost increases, and 3) $100,000 for remediation work at the old police firing range. In the Fire Department, $400,000 is added to the salaries and wages budget to add nine firefighter positions to address staffing needs that have been unfunded in prior years' budgets.

- Environment & Transportation is the second largest service area in the general fund, representing 16% of the FY 2012-13 general fund budget. Most of the increase in this service area in FY 2012-13 is the result of a technical budget change in which funds for street and sidewalk maintenance that were previously included in the capital pay-go transfer are now being included in the Public Works Department operating budget. Otherwise, the Environment and Transportation service area budget represents a continuation of existing programs and services.

- The Culture and Recreation service area also shows an increase partly as the result of the technical budget change noted above in which funds for parks and recreation maintenance that were previously included in the capital pay-go transfer are now being included in the Parks, Recreation, and Cultural Arts Department operating budget. In addition, the Culture and Recreation service area budget is increasing due to the increase in the transfer to the Civic Center Fund for debt service associated with the Southern conference renovation project. The increase in the Culture and Recreation service area is partially offset by the transfer of some facility maintenance expenses from the Parks Department to the Building Safety Department.

- The increase in the Community Development service area is partly the result of the transfer of four facility maintenance personnel and their associated operating costs from the Parks Department to the Building Safety Department. In addition, operating funds in the Fire and Police Departments that were used for facility maintenance have also been consolidated under the Building Safety Department. Finally, the Community Development service area includes a $200,000 increase in the Housing Trust fund allocation and a $100,000 to begin the development of a form-based planning policy.

- As indicated above, the $1.2 million decrease that is showing in the Capital Pay-Go/Debt allocation reflects a technical change in where capital funds for street, sidewalk, and parks maintenance are budgeted. For FY 2012-13, those funds are shown in the Public Work and Parks Departments instead of the Capital Pay-Go/Debt allocation.

GENERAL FUND EXPENDITURES

GENERAL FUND EXPENDITURES BY EXPENSE CATEGORY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Salaries & Wages	42,711,622	41,781,983	40,251,082	**41,321,736**
Fringe Benefits	15,004,194	16,268,305	16,761,120	**16,853,993**
Operating Costs	22,278,302	19,057,378	19,616,507	**20,829,095**
Interfund Transfers	1,748,872	1,104,848	1,677,889	**2,120,980**
Debt Service	5,210,411	4,430,795	4,393,832	**5,387,021**
Capital Outlay	5,941,239	3,529,230	4,073,931	**3,409,612**
TOTAL	92,894,640	86,172,539	86,774,361	**89,922,437**

BUDGET HIGHLIGHTS

- Personnel costs, including both salaries and wages and fringe benefits make up 66% of the FY 2012-13 general fund budget. The adopted personnel budget in the general fund includes approximately $960,000 for employee compensation adjustments in FY 2012-13. Also, as discussed earlier, the personnel budget includes $400,000 to address Fire Department staffing; as well as a full year's funding for the five police officers that are funded through the COPS Hiring Program. It should be noted that to help balance the FY 2012-13 budget, staff assumed a 1.25% a vacancy rate with the adopted salaries and wages budget. No vacancy savings were budgeted in FY 2011-12.

- Operating costs show a net $1.2 million or 6.2% increase in the FY 2012-13 adopted general fund budget. Most of this increase is the result of $600,000 being added to the departmental fuel budgets to cover the cost of higher gas prices. As mentioned earlier in the document, approximately $400,000 was also added to the operating budgets in the Police and Fire Departments to cover expenditure obligations in FY 2012-13. Also, $200,000 was added to the Housing Trust Fund and $100,000 was added for phase I implementation of the form-based planning policy. The overall increase in operating costs was lessened due to the fact that $223,000 which was included in the FY 2011-12 budget for City Council election costs was not needed in the FY 2012-13 budget.

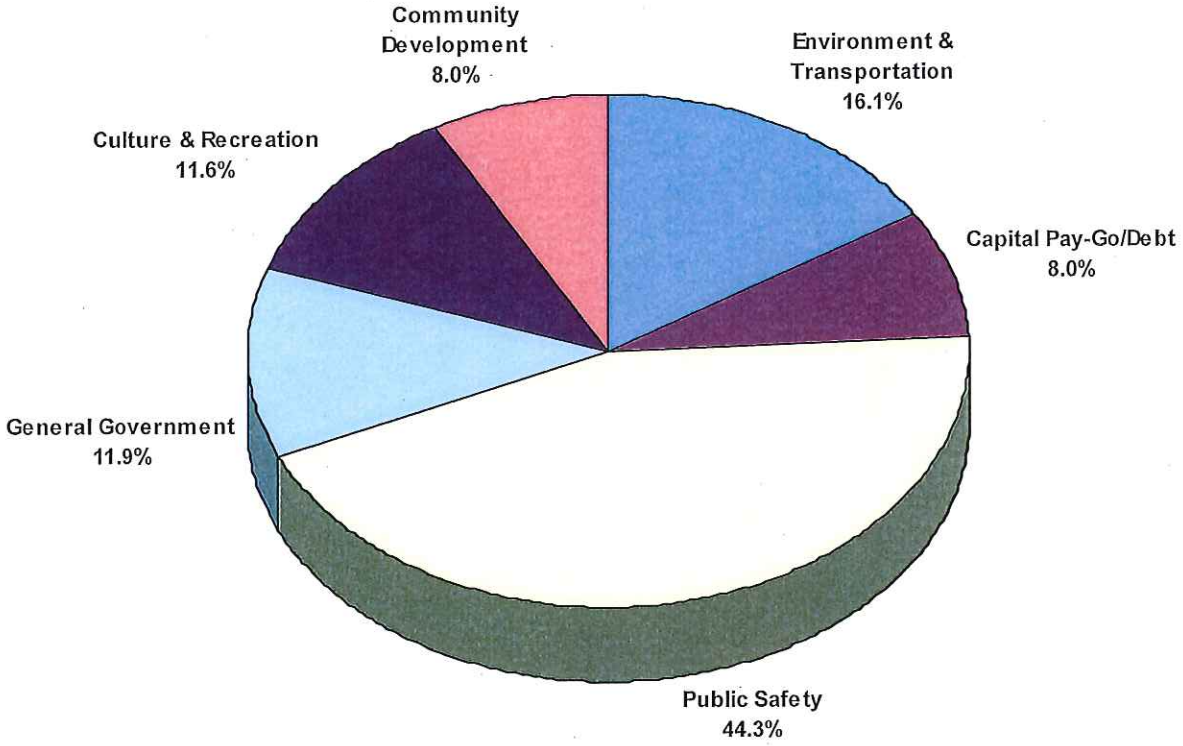
- Interfund transfers are budgeted to increase by $443,000 in FY 2012-13. The general fund includes a $140,000 transfer to the Golf Fund to cover the anticipated operating deficit in that fund. Also, the general operating transfer to the Civic Center Fund shows an increase of $303,000. This increase will cover the first year annual debt service costs for the funds that were borrowed to complete the Southern Conference renovations at the Civic Center. This increase in the operating transfer to the Civic Center Fund is being funded by shifting a portion of the $400,000 budget that was previously allocated to the Civic Center pay-go capital program over to operations.

- The general fund budget includes a $1.0 million increase in debt service expenses in FY 2012-13 associated with the June 2012 issuance of the Limited Obligation Bonds (LOBs) for various new money projects including City Hall repairs, sidewalk improvements, LED streetlight installation, and vehicle and equipment replacements.

- The overall capital outlay budget shows a decrease due to the fact that one-time debt service savings that were directed toward capital in FY 2011-12 have been reallocated to cover the debt service on the LOBs in FY 2012-13. The capital outlay budget includes the general fund pay-go contribution to the general capital projects fund, as well as departmental small capital budgets. Overall, the total general fund allocation to capital outlay and debt service in FY 2012-13 is approximately $330,000 more than the FY 2011-12 budget.

GENERAL FUND EXPENDITURES

CITY OF ASHEVILLE
FY 2012-13 GENERAL FUND EXPENDITURES BY SERVICE AREA
TOTAL $89,922,437

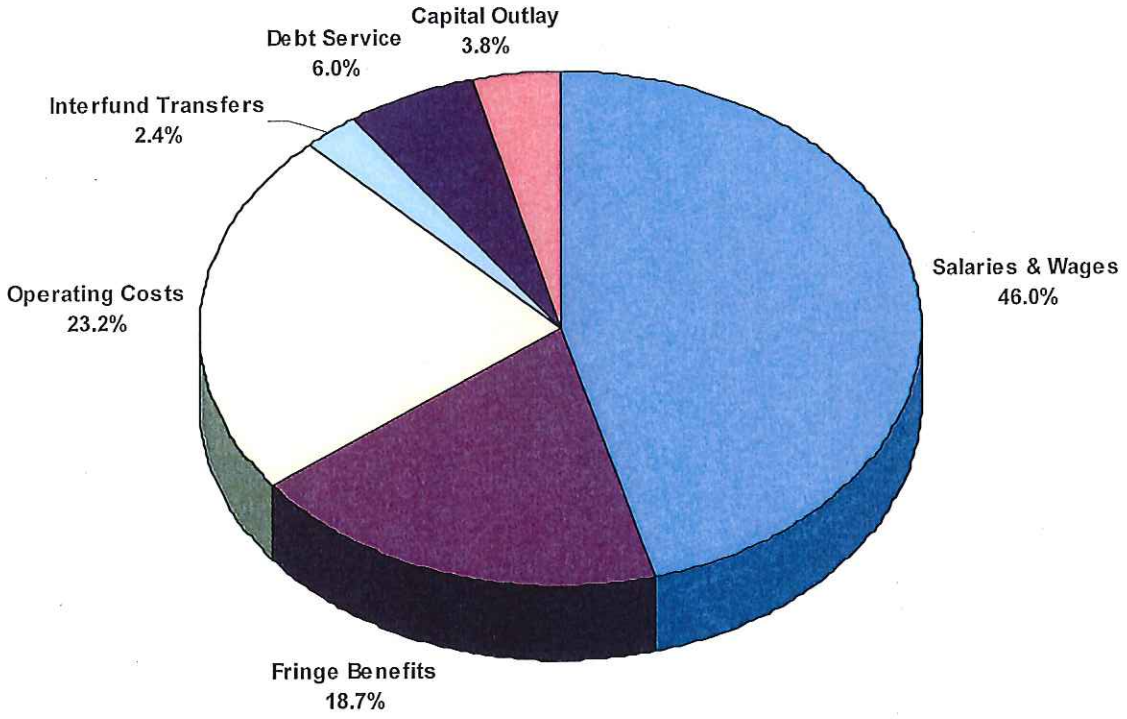


Budget-to-Budget Expenditure Comparison

Service Areas:	2011-12 Budget	2012-13 Adopted	Change From Prior Year in $	in %
Public Safety	38,291,603	39,792,535	1,500,932	3.9%
Environment & Transportation	12,802,172	14,517,541	1,715,369	13.4%
General Government	10,701,251	10,719,650	18,399	0.2%
Culture & Recreation	10,108,636	10,474,551	365,915	3.6%
Capital Pay-Go/Debt Service	8,403,447	7,188,824	(1,214,623)	-14.5%
Community Development	6,467,252	7,229,336	762,084	11.8%
Total General Fund Expenditures	86,774,361	89,922,437	3,148,076	3.6%

GENERAL FUND EXPENDITURES

CITY OF ASHEVILLE
FY 2012-13 GENERAL FUND EXPENDITURES BY CATEGORY
TOTAL $89,922,437



Budget-to-Budget Expenditure Comparison

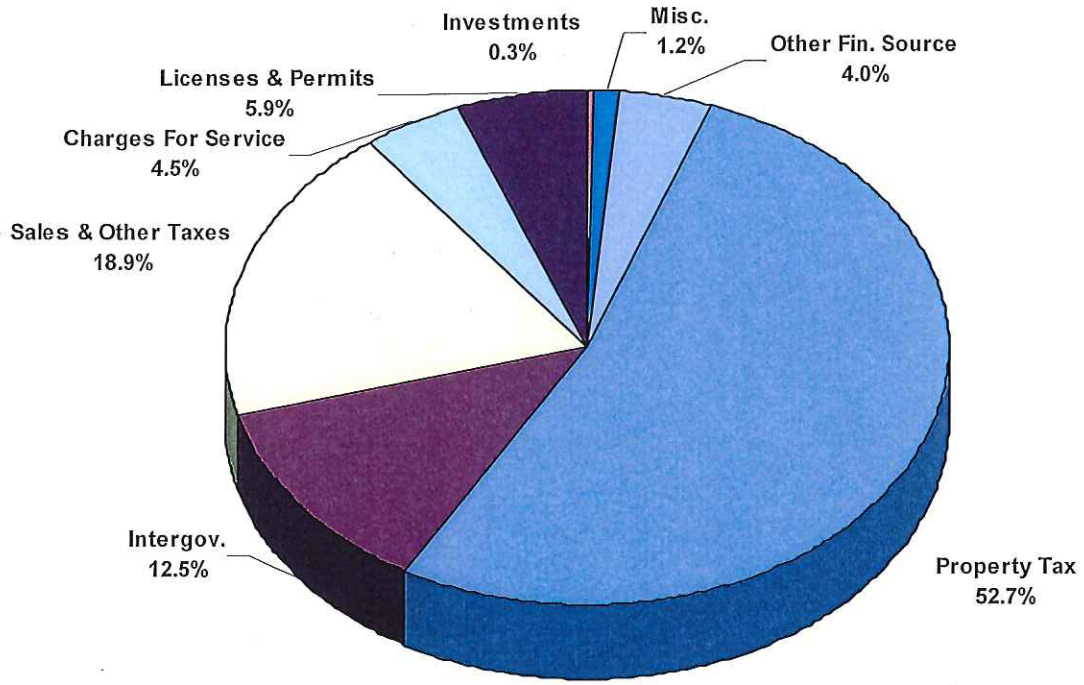
Expense Category:	2011-12 Budget	2012-13 Adopted	Change From Prior Year in $	Budget
Salaries & Wages	40,251,082	41,321,736	1,070,654	2.7%
Fringe Benefits	16,761,120	16,853,993	92,873	0.6%
Operating Costs	19,616,507	20,829,095	1,212,588	6.2%
Interfund Transfers	1,677,889	2,120,980	443,091	26.4%
Debt Service	4,393,832	5,387,021	993,189	22.6%
Capital Outlay	4,073,931	3,409,612	(664,319)	-16.3%
Total General Fund Expenditures	86,774,361	89,922,437	3,148,076	3.6%

GENERAL FUND REVENUES

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Taxes				
Property Tax - Current Year	42,873,555	43,670,006	43,883,779	**44,562,727**
Local Option Sales Tax	14,172,843	14,636,529	15,029,305	**16,505,325**
Motor Vehicle Taxes	1,875,854	1,886,324	2,232,045	**2,050,000**
Property Tax - Prior Years	503,239	666,771	486,922	**501,922**
Other Taxes	388,715	735,901	784,891	**745,414**
Total Taxes	59,814,206	61,595,531	62,416,942	**64,365,388**
Licenses & Permits				
Building Safety Fees	2,195,840	2,143,288	2,306,700	**2,314,100**
Local Utility Franchise	615,365	456,650	483,000	**460,000**
Business Privilege Licenses	709,537	1,711,389	1,400,000	**1,700,000**
Motor Vehicle Licenses	302,449	300,715	310,000	**310,000**
Other	316,394	466,215	281,800	**559,900**
Total Licenses/Permits	4,139,585	5,078,257	4,781,500	**5,344,000**
Intergovernmental				
State Utility Taxes	7,315,397	7,096,584	7,500,000	**7,200,000**
Powell Bill	2,125,431	2,147,026	2,135,723	**2,277,033**
ABC Revenue	750,000	586,523	850,000	**750,000**
State Beer & Wine Taxes	113,235	352,472	360,000	**360,000**
Other	708,923	1,036,012	117,850	**631,196**
Total Intergovernmental	11,012,986	11,218,617	10,963,573	**11,218,229**
Charges For Service				
Employee Insurance Contrib.	3,465,010	--	--	--
Parks & Recreation Fees	1,234,551	1,160,162	1,586,211	**1,323,775**
Recycling Charges	956,542	968,927	1,140,500	**1,140,500**
Fire Protection & Inspections	1,647,319	572,275	797,000	**797,000**
Outside Fleet Charges	842,057	74,947	45,000	**53,000**
Other	332,362	685,616	711,935	**730,285**
Total Charges For Service	8,477,841	3,461,927	4,280,646	**4,044,560**
Other				
Investment Earnings	74,342	109,528	239,700	**225,000**
Miscellaneous	938,139	1,178,721	1,334,680	**1,100,563**
Other Financing Sources	2,725,539	3,249,432	2,757,320	**3,624,697**
Total Revenues	87,132,637	85,892,014	86,774,361	**89,922,437**

GENERAL FUND REVENUES

CITY OF ASHEVILLE
FY 2012-13 GENERAL FUND REVENUES BY SOURCE
TOTAL $89,922,437

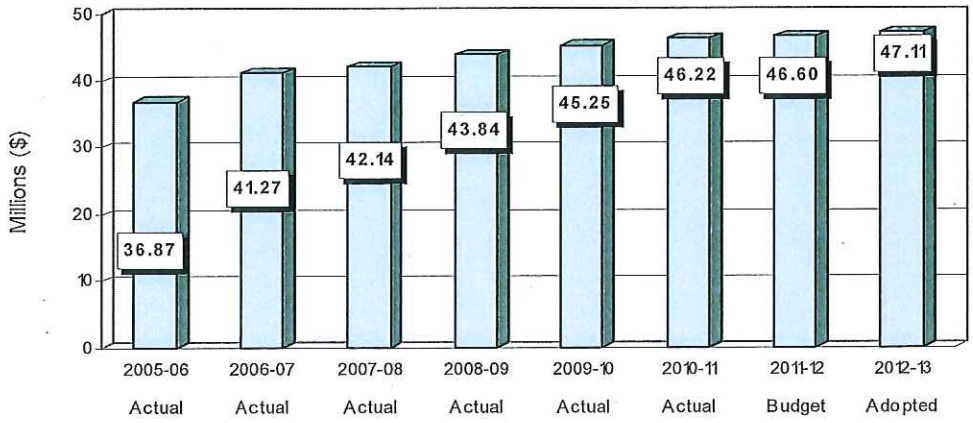


Budget-to-Budget Revenue Comparison

Revenue Sources:	2011-12 Budget	2012-13 Adopted	Change From Prior Year in $	Budget
Property Tax	46,977,637	47,375,063	397,426	0.8%
Intergovernmental	10,963,573	11,218,229	254,656	2.3%
Sales & Other Taxes	15,439,305	16,990,325	1,551,020	10.0%
Charges For Service	4,280,646	4,044,560	(236,086)	-5.5%
Licenses & Permits	4,781,500	5,344,000	562,500	11.8%
Investment Earnings	239,700	225,000	(14,700)	-6.1%
Miscellaneous	1,334,680	1,100,563	(234,117)	-17.5%
Other Financing Sources	2,757,320	3,624,697	867,377	31.5%
Total General Fund Revenue	86,774,361	89,922,437	3,148,076	3.6%

GENERAL FUND REVENUES

PROPERTY TAXES



Property Taxes	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Current Year	42,873,555	43,670,006	43,883,779	**44,562,727**
Registered Motor Vehicles	1,875,854	1,886,324	2,232,045	**2,050,000**
Prior Years	503,239	666,771	486,922	**501,922**
Total Property Taxes	45,252,649	46,223,101	46,602,746	**47,114,649**

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 2012-13 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 2012-13.

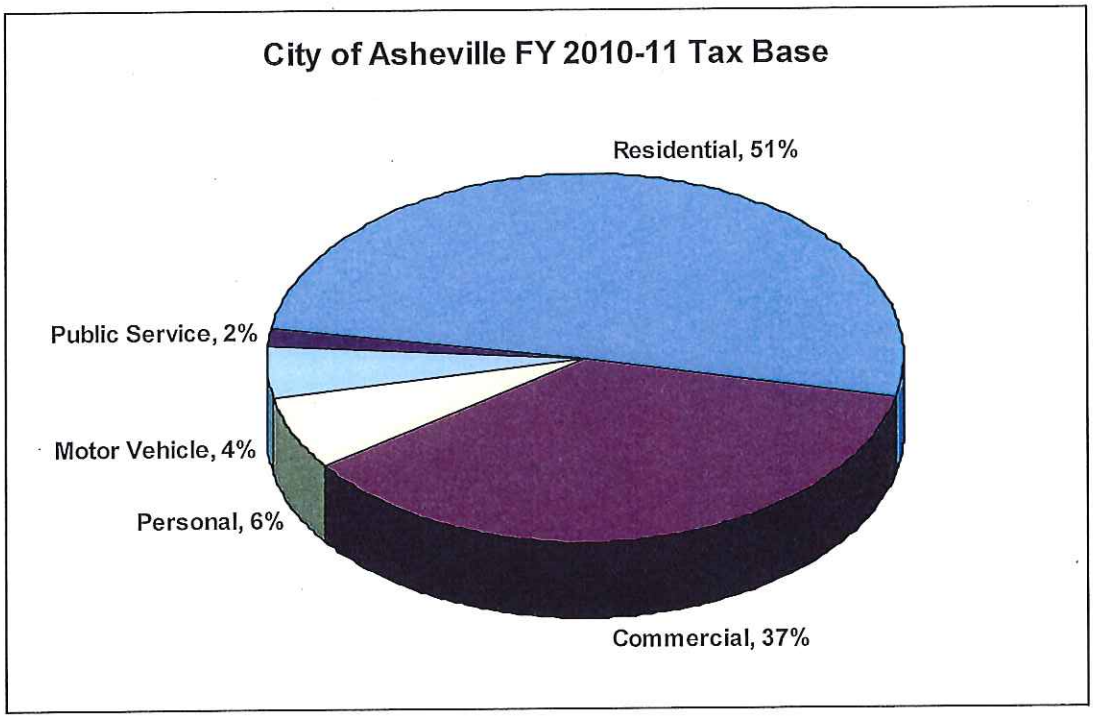
Between FY 2000 and FY 2010, property values in the City grew annually an average rate of 3.1%. Growth in real estate property values in Asheville has slowed substantially since the economic recession. Over the last two fiscal years, property values have grown at an annual average rate of approximately 1%. Building permit values during calendar years 2009-2011 were down dramatically from where they were in the years prior to the recession. With the typical lag time between the issuance of a building permit and the addition of that property value to the City's tax base being two years or longer, the current data indicate that the City will not see a rebound in its property tax base growth to pre-recessionary levels anytime in the near future.

GENERAL FUND REVENUES

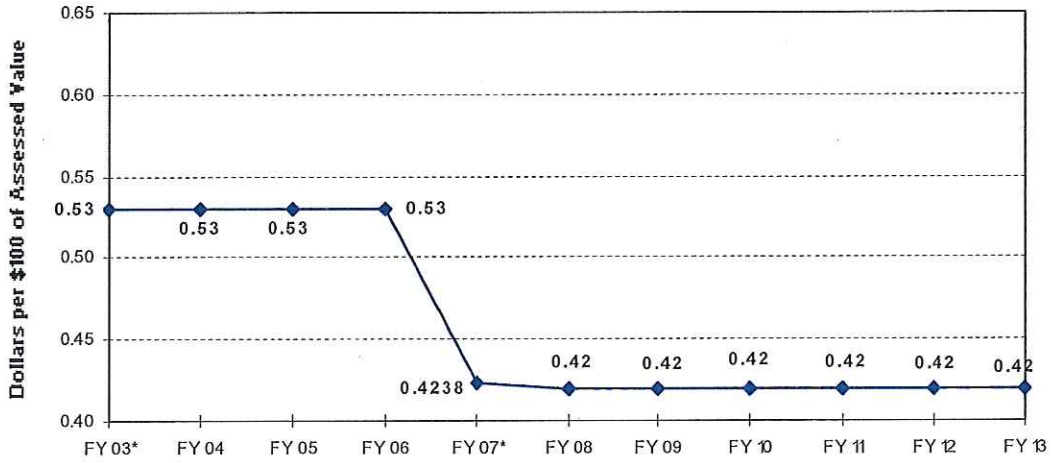
ASSESSED VALUATION HISTORY

Major Property Categories ($ in thousands)	FY 2006-07*	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Residential	$4,867,777	$5,007,378	$5,286,384	$5,521,476	$5,530,052
Percent Change	48.2%	2.9%	5.6%	4.4%	0.2%
Commercial/Industrial	$3,598,231	$3,589,744	$3,663,006	$3,857,533	$3,984,322
Percent Change	55.8%	-0.2%	2.0%	3.9%	3.3%
Personal	$613,292	$654,581	$718,508	$707,473	$699,285
Percent Change	2.7%	6.7%	9.8%	-1.5%	-1.2%
Public Service Companies	$189,426	$190,305	$195,966	$193,434	$186,956
Percent Change	14.6%	0.5%	3.0%	-1.3%	-3.3%
Motor Vehicles	$549,169	$572,808	$571,325	$520,998	$480,112
Percent Change	7.8%	4.3%	-0.3%	-8.8%	-7.8%
TOTAL TAX BASE	**$9,817,895**	**$10,014,816**	**$10,435,190**	**$10,800,915**	**$10,880,726**
Percent Change	**43.0%**	**2.0%**	**4.2%**	**3.5%**	**0.7%**

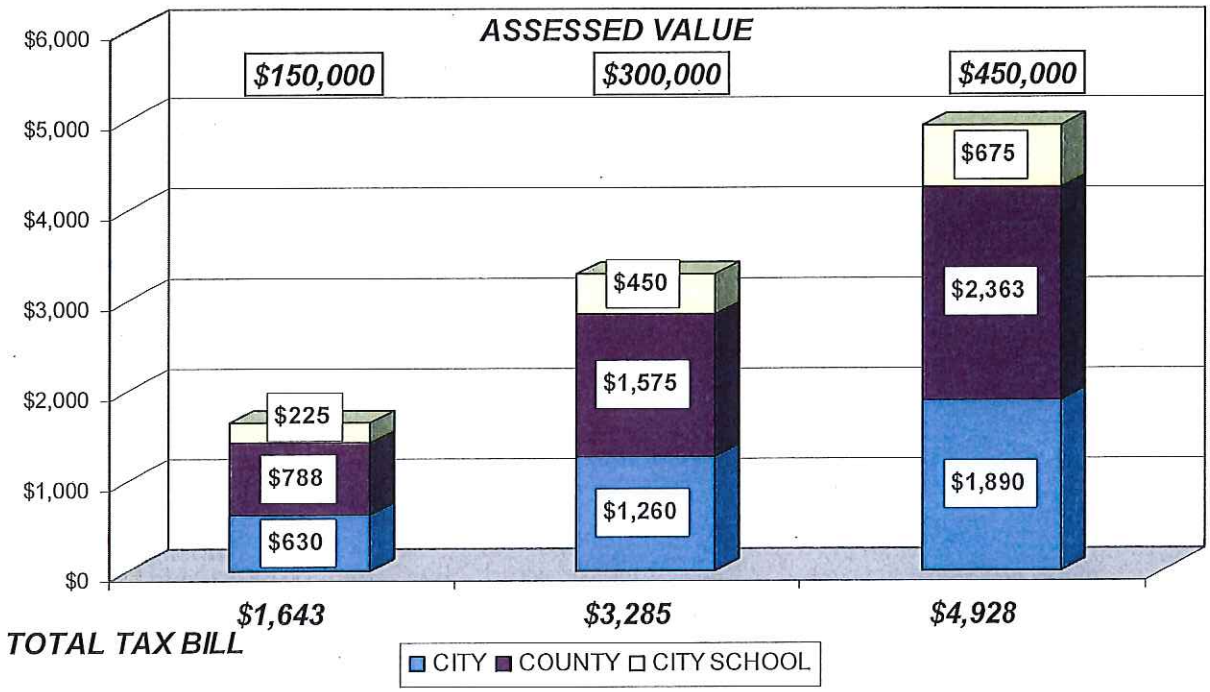
* Revaluation year.



GENERAL FUND REVENUES



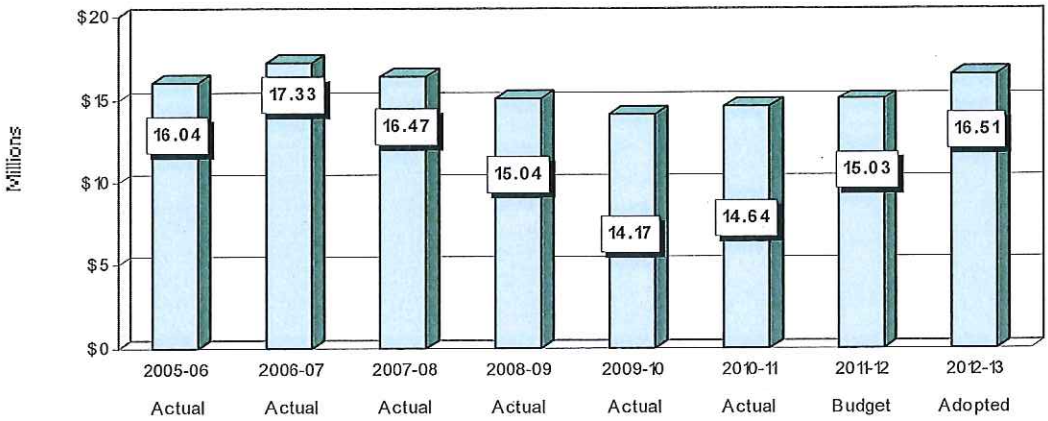
FY 2012-13 Sample Tax Bill



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. Not all City of Asheville residents pay the City School tax.

GENERAL FUND REVENUES

LOCAL OPTION SALES TAX



Sales Tax Components	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Article 39	6,596,753	6,871,595	6,955,906	**7,751,085**
Article 40	2,514,766	2,558,052	2,690,857	**2,947,112**
Article 42	2,923,022	3,291,890	2,749,330	**3,760,874**
Hold Harmless/Other	2,138,302	1,914,992	2,633,212	**2,046,254**
Total Sales Tax	14,172,843	14,636,529	15,029,305	**16,505,325**

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.

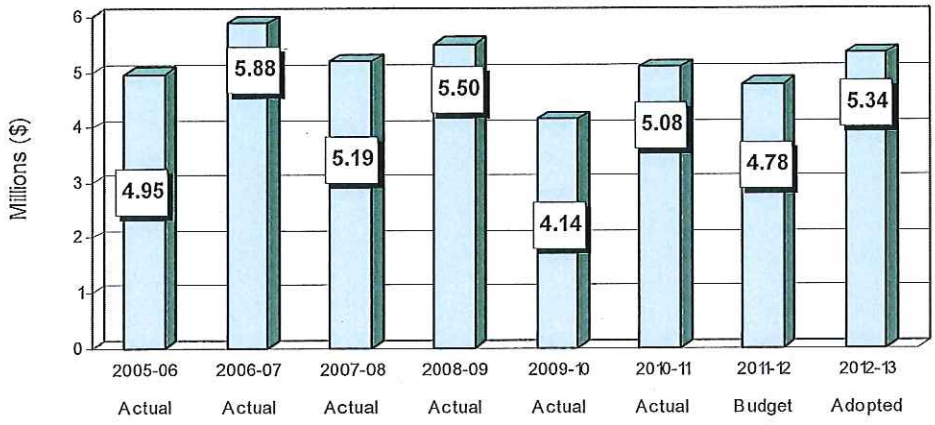
Net proceeds from Article 39 and Article 42 are returned to the county in which the tax was collected. Under this point of delivery distribution method, the City's revenue from this one and one-half-cent (1 ½) sales tax is dependent only on retail sales activity in Buncombe County. Proceeds from the 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 was 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 growing again in FY 2010-11, when it increased by 3.8%. In the current fiscal year, sales tax revenue through the first ten months of the fiscal year is up 9.5% compared to the same time period in FY 2010-11. Staff is projecting that sales tax revenue will end the current fiscal year up 8.0% compared to last year, and grow by another 5.0% in FY 2012-13.

GENERAL FUND REVENUES

LICENSES & PERMITS



Licenses & Permits	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Building Safety Fees	2,195,840	2,143,288	2,306,700	**2,314,100**
Local Utility Franchise	615,365	456,650	483,000	**460,000**
Business Privilege Licenses	709,537	1,711,389	1,400,000	**1,700,000**
Motor Vehicle Licenses	302,449	300,715	310,000	**310,000**
Other	316,394	466,215	281,800	**559,900**
Total Licenses & Permits	4,139,585	5,078,257	4,781,500	**5,344,000**

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. Revenue remained flat in FY 2010-11. Preliminary year-end totals for FY 2011-12 indicate that revenue was up about 5.0% but still fell short of budget by approximately $50,000. A slight increase is budgeted for FY 2012-13 based on some minor fee increases that were approved by City Council.

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 drove the decrease in this revenue category in FY 2010-11. Meanwhile, revenue from Asheville's local utility franchise agreements for electricity and natural gas have decreased slightly, and the budget has been adjusted accordingly in FY 2012-13.

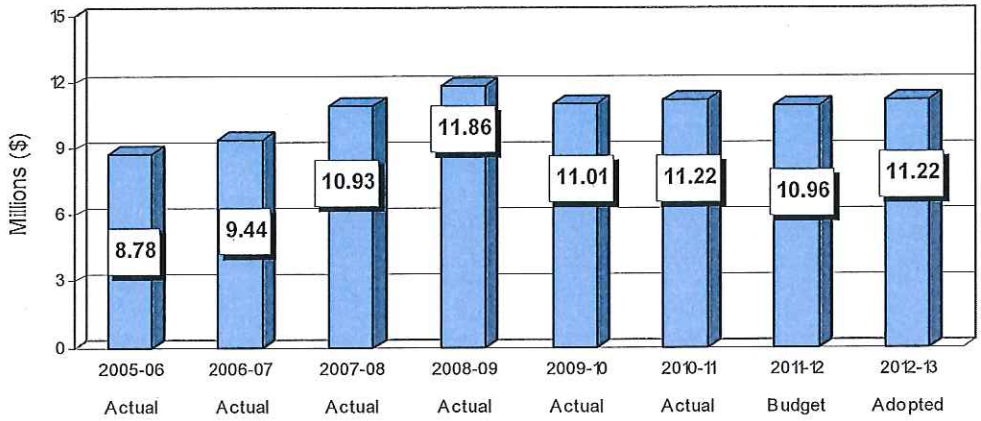
Business Privilege Licenses: The City levies a privilege license fee on certain businesses operating within the City of Asheville. Revenue in FY 2009-10 was impacted by a technical accounting adjustment. Otherwise, revenue from this source has been flat the last several years and is expected to remain that way in FY 2012-13.

Motor Vehicle Licenses: The City levies an annual registration fee of $10 on all motor vehicles owned by City residents. Half of this revenue is recorded in the general fund, and the other is recorded in the transit services fund where it is used to support the operational and capital needs of the City's transit system. This revenue is expected to remain flat in FY 2012-13.

Other: The other category includes the $205,000 in revenue budgeted in FY 2012-13 from the re-establishment of the privilege license fee on gaming operations.

GENERAL FUND REVENUES

INTERGOVERNMENTAL REVENUE



Intergovernmental	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
State Utility Taxes	7,315,397	7,096,584	7,500,000	**7,200,000**
Powell Bill	2,125,431	2,147,026	2,135,723	**2,277,033**
ABC Revenue	750,000	586,523	850,000	**750,000**
State Beer & Wine Tax	113,235	352,472	360,000	**360,000**
Other	708,923	1,036,012	117,850	**631,196**
Total Intergovernmental	11,012,986	11,218,617	10,963,573	**11,218,229**

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.

This revenue source declined by 3.0% in FY 2010-11, and preliminary year-end numbers show that it declined by another 2.2% in FY 2011-12. Much of the decline in FY 2011-12 was related to the warmer than normal winter weather. As a result of these declines, staff has adjusted the FY 2012-13 budget downward by $300,000.

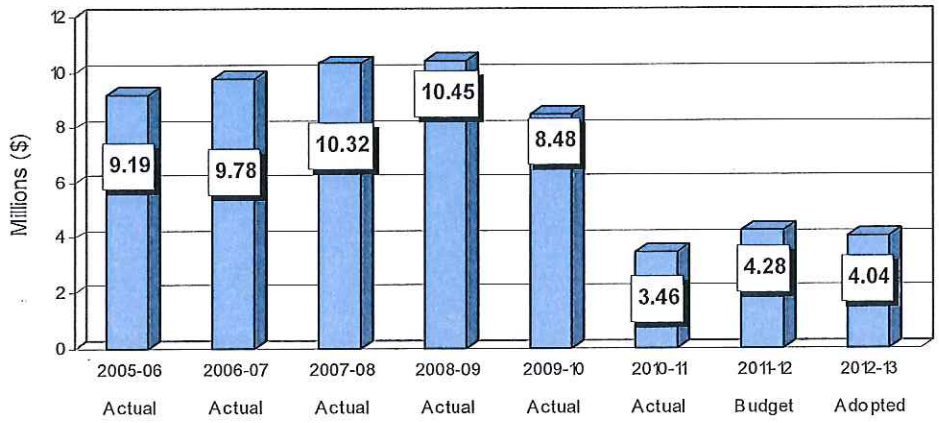
ABC Revenue: A portion of net profits from Alcoholic Beverage Control sales in the City of Asheville are divided between the City and Buncombe County. Revenues declined in FY 2010-11 but have rebounded in FY 2011-12. The budget has been adjusted to reflect these recent trends.

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 2012-13.

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. Based on actual revenue received in FY 2011-12 and growth projections for FY 2012-13, this revenue shows a budget-to-budget increase of 6.6%.

GENERAL FUND REVENUES

CHARGES FOR SERVICE



Charges For Service	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Employee Insurance Contributions	3,465,010	--	--	--
Parks & Recreation Fees	1,234,551	1,160,162	1,586,211	**1,323,775**
Recycling Charges	956,542	968,927	1,140,500	**1,140,500**
Fire Protection & Inspections	1,647,319	572,275	797,000	**797,000**
Outside Fleet Charges	842,057	74,947	45,000	**53,000**
Other	332,362	685,616	711,935	**730,285**
Total Charges For Service	8,477,841	3,461,927	4,280,646	**4,044,560**

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.

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

Parks & Recreation Fees: The FY 2012-13 budget for Parks and Recreation fee revenue is adjusted downward to reflect collection trends in recent years.

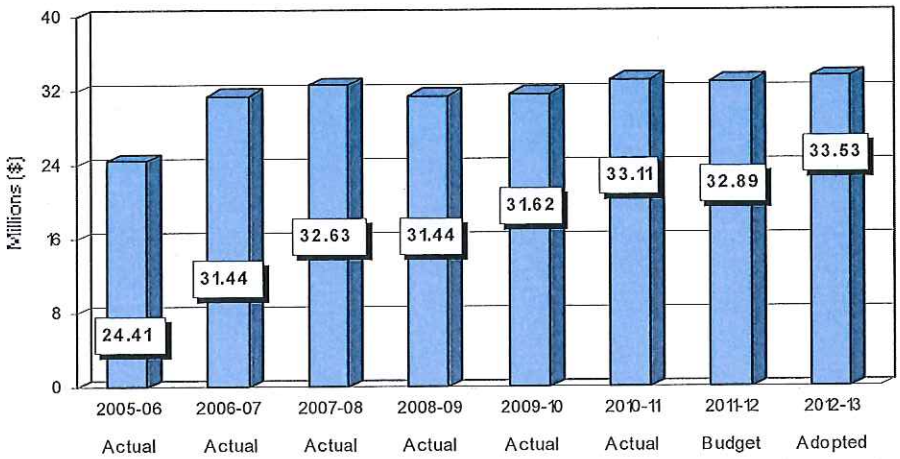
Recycling Charges: The household recycling fee was increased in FY 2011-12, and the revenue budget was adjusted upward. There were no changes to the fee for FY 2012-13, and the revenue budget is unchanged.

Fire Protection & Inspections: Internal technical changes were made to revenue classifications which led to certain fire department revenues that used to be accounted for as charges for services being moved to other categories. These changes are reflected in the decrease shown in FY 2010-11. For the FY 2012-13, fire revenues are expected to remain flat.

Outside Fleet Charges: In FY 2010-11, the City also made a technical change to how it accounted for fuel sold to outside agencies and moved these transactions to the City's balance sheet. Therefore, this revenue is no longer included in the outside fleet charge category.

ENTERPRISE FUND REVENUES

WATER RESOURCES FUND REVENUE



Water Resources Revenue	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Utility Charges	21,214,020	22,448,771	22,040,676	**23,197,000**
Other Operating Revenue	3,957,110	4,127,308	4,266,024	**3,863,500**
Capital Maintenance Fee	6,146,019	6,392,333	6,358,552	**6,358,552**
Investment Earnings	300,866	142,300	225,000	**112,500**
Total Water Resources Revenue	31,618,015	33,110,712	32,890,252	**33,531,552**

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.

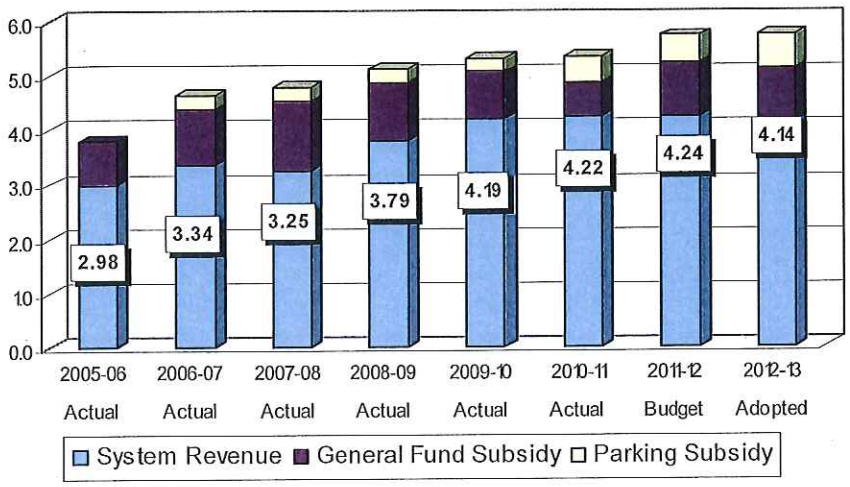
Utility Charges: The FY 2012-13 Water Resources budget includes no rate increases for any customer classes. Because operating revenues are performing better than budget in the current fiscal year, which is partly due to improved meter accuracy from the new automated meter reading devices, staff was able to budget additional revenue in FY 2012-13 even without a rate increase.

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 2012-13.

Other Revenue: The other operating revenue category includes development fees, tap and connection fees, fire line charges, reconnection and delinquency fees and other miscellaneous revenue. This revenue category is adjusted downward based on recent collection trends. 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



Transit Services Revenue	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Federal/State Grants	3,048,510	2,993,367	3,070,611	**2,934,819**
General Fund Subsidy	872,831	642,196	985,295	**985,295**
Parking Fund Subsidy	248,116	484,000	500,000	**616,875**
Operating Revenue	831,063	907,340	843,000	**883,000**
Motor Vehicle License Fee	313,863	300,715	320,000	**320,000**
Miscellaneous	-2,879	2,863	0	**0**
Total Transit Revenue	5,311,505	5,341,821	5,718,906	**5,739,989**

Trends & Assumptions

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

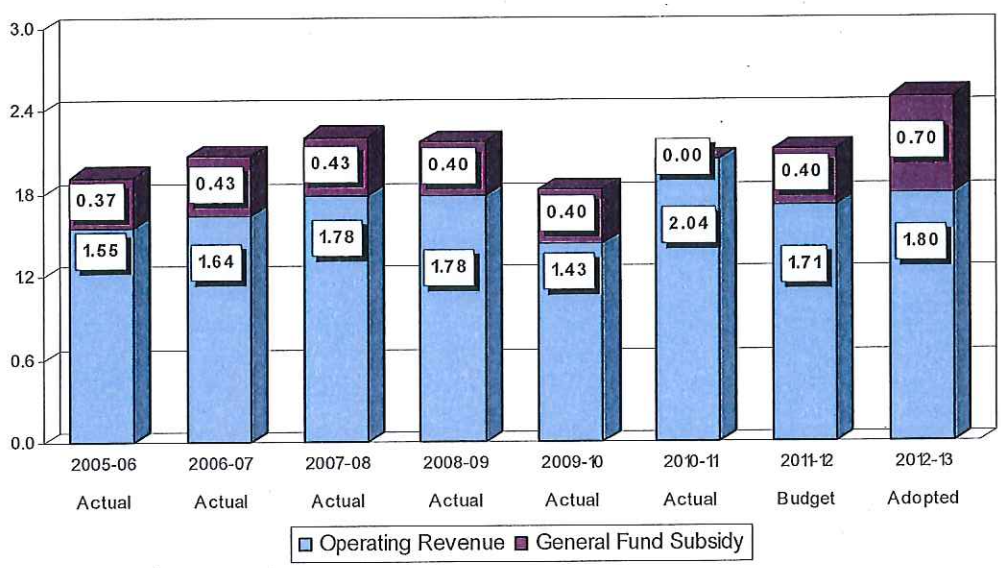
Federal & State Grants: The Transit Fund receives grant funding from the Federal Transit Administration and the North Carolina Department of Transportation. Revenue from federal and state grants represents 51% of the fund's total revenue. For FY 2012-13, the City expects grant funding to be reduced by approximately $136,000.

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 $116,875 in FY 2012-13 to help offset the decrease in grant funding and to provide funding to implement bus service on holidays along main routes during the highest usage hours. The general fund subsidy remains flat.

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 2012-13.

ENTERPRISE FUND REVENUES

CIVIC CENTER FUND REVENUE



Civic Center Revenue	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Food & Beverage Sales	549,212	1,004,802	769,000	**859,033**
Rent	429,958	454,406	459,860	**484,860**
Admissions & Other Sales	349,717	437,236	390,000	**370,000**
Other	103,738	138,276	94,400	**98,500**
Total Operating Revenue	1,432,626	2,037,502	1,713,260	**1,812,393**
General Fund Subsidy	391,315	0	392,594	**695,685**
Total Civic Center Revenue	1,823,941	2,037,502	2,105,854	**2,508,078**

Trends & Assumptions

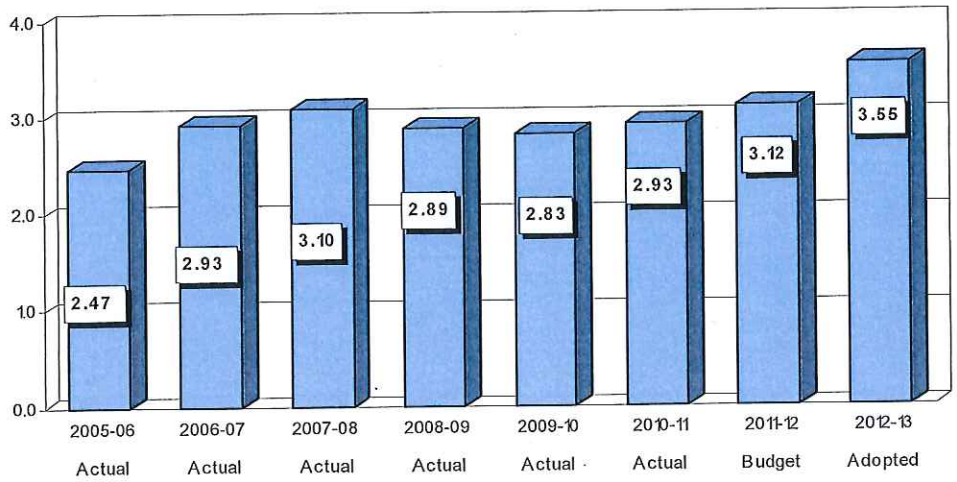
The Civic Center receives operating revenue from the sale of food and beverages, rental fees charged to the users of the facility, and from various other charges including facility fees and staffing reimbursements. Operating revenue is supplemented with support from the City's general fund.

Operating Revenue: Operating revenue increased by approximately $600,000 in FY 2010-11, but trends in FY 2011-12 indicate that operating revenue will not meet the same levels as it did in FY 2010-11 partly due to the fact that renovations made the arena unusable for a portion of the year. With the completion of the renovations, the Civic Center has gone from 14 to 28 points of sale creating more opportunity for growth in concessions revenue. Revenues in FY 2012-13 are not expected to reach the levels seen in FY 2010-11, but staff has increased the operating revenue budget based on this additional concessions capacity.

General Fund Subsidy: The General Fund operating transfer to the Civic Center Fund shows an increase of $303,000. This increase will cover the first year annual debt service costs for the funds that were borrowed to complete the Southern Conference renovations at the Civic Center. This increase in the operating transfer to the Civic Center Fund is being funded by shifting a portion of the $400,000 budget that was previously allocated to the Civic Center pay-go capital program over to operations.

ENTERPRISE FUND REVENUES

PARKING SERVICES FUND REVENUES



Parking Services Revenue	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Garage Revenue	1,146,345	1,307,460	1,214,625	**1,675,000**
Parking Meters	1,002,940	1,051,121	940,000	**1,075,000**
Parking Violations	516,598	407,337	660,822	**653,554**
Parking Lots & Peripheral Parking	134,088	124,703	260,000	**100,000**
Other	25,527	35,108	42,800	**42,800**
Total Parking Services Revenue	2,825,498	2,925,728	3,118,247	**3,546,354**

Trends & Assumptions

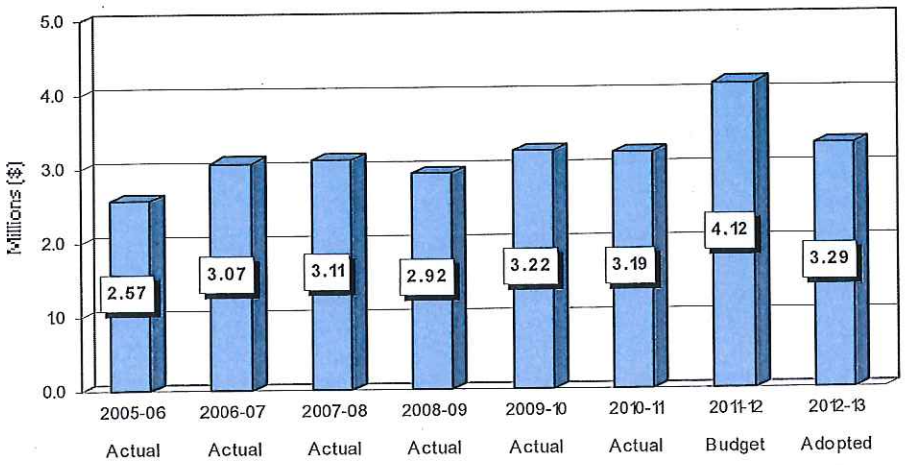
The Parking Services Fund operates three parking garages (fourth garage opening in FY 2012-13), over 700 on-street metered spaces, and more than 200 lot spaces.

Garage Revenue: As noted above, the City will open a new garage on Biltmore Avenue in FY 2012-13. Additional revenue from this new garage is included in the FY 2012-13 budget.

Parking Meters & Parking Violations: The revenue budget for parking meters is increased to reflect recent collection trends.

ENTERPRISE FUND REVENUES

STORMWATER FUND REVENUES



Stormwater Revenue	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Utility Charges	2,980,755	2,917,995	2,775,218	**2,789,723**
Licenses & Permits	206,909	206,441	180,000	**180,000**
Debt Proceeds	0	0	430,000	**0**
App. Fund Balance	--	--	700,000	**290,000**
Transfer from Other Funds	0	47,808	0	**0**
Other	35,217	13,907	31,000	**11,000**
Total Stormwater Revenue	3,222,881	3,186,151	4,116,218	**3,290,723**

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.

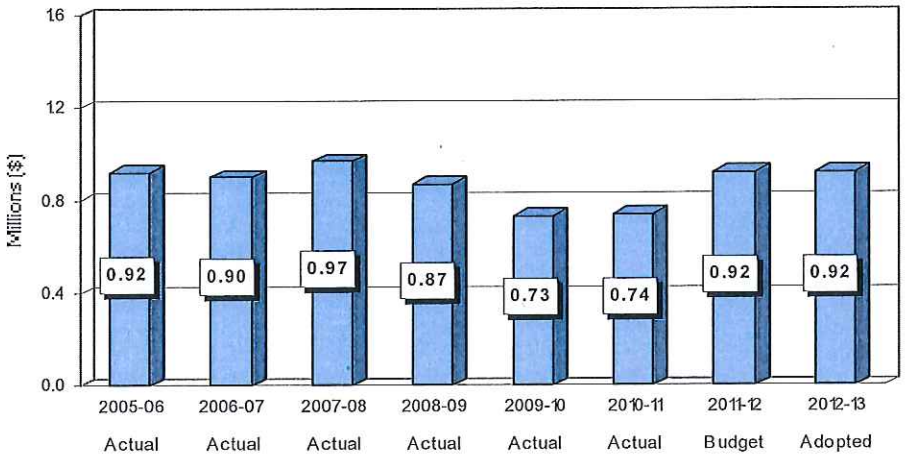
Utility Charges: A slight increase is budgeted in FY 2012-13 for revenue from utility charges based on trends in FY 2010-11 and FY 2011-12.

Licenses & Permits: The recession slowed revenue collections in the licenses and permits category. The FY 2012-13 budget reflects a continuation of this trend.

Fund Balance: The Stormwater Fund proposed budget does include a $290,000 fund balance appropriation for the Michigan Avenue capital project. Based on the City's fund balance policy, the Stormwater Fund should maintain reserves equal to 8% of the operating budget; which for the FY 2012-13 budget would equate to approximately $265,000. Based on current Stormwater Fund reserve estimates, after the $290,000 appropriation for the Michigan Avenue project, there will be approximately $870,000 in Stormwater fund balance in excess of the target amount.

ENTERPRISE FUND REVENUES

GOLF FUND REVENUES



Golf Revenue	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Pro Shop Sales	22,421	17,840	10,000	**18,000**
Membership Fees	134,240	91,000	180,000	**136,554**
Snack Bar	54,860	46,560	40,000	**50,000**
Equipment Rental	201,249	223,652	255,000	**225,000**
Green Fees	314,789	353,842	435,000	**355,000**
Other	0	9,288	0	**0**
Total Operating Revenue	727,559	742,182	920,000	**784,554**
General Fund Subsidy	0	0	0	**140,000**
Total Golf Revenue	727,559	742,182	920,000	**924,554**

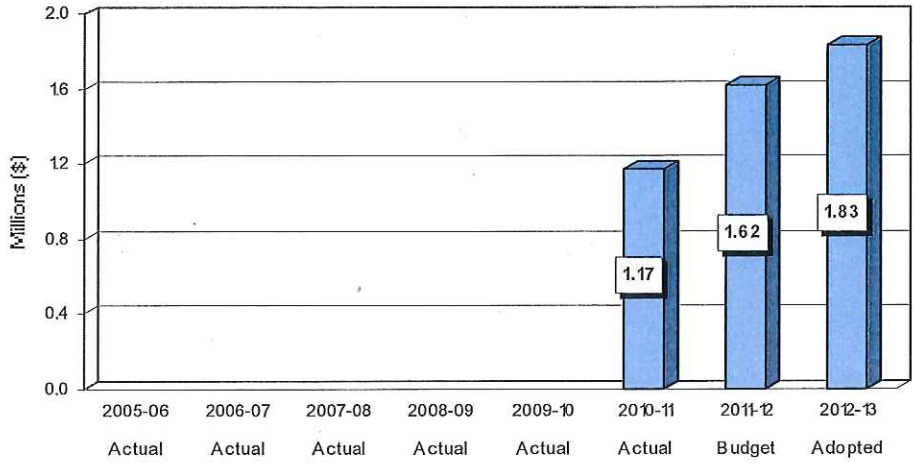
Trends & Assumptions

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.

Staff has adjusted the operating revenue budget to reflect trends from the prior two fiscal years and included a $140,000 transfer from General Fund to balance the Golf Fund budget.

ENTERPRISE FUND REVENUES

STREET CUT UTILITY FUND REVENUES



Street Cut Revenue	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Charges for Services		40,000	671,312	**671,312**
Debt Proceeds		0	0	**216,643**
Internal Charges		1,130,538	946,968	**946,968**
Total Street Cut Revenue		1,170,538	1,618,280	**1,834,923**

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.

GENERAL GOVERNMENT

Finance and Management Services
General Administration
Economic Development
City Attorney's Office
Information Technology Services
Human Resources
Nondepartmental

FINANCE AND MANAGEMENT SERVICES

Lauren Bradley, Director

MISSION: The City of Asheville's Department of Finance and Management Services provides fundamental business services, critical resources and support to City departments so they can provide the best possible services to the public. The department consults with operational departments to provide: budgeting, accounting and long-range financial planning for operational and capital needs; high quality building operations; management of the City's purchasing and contracting systems; implementation of comprehensive risk management and insurance programs, and; a framework for sustainable government operations with a focus on resources conservation and climate protection.

DEPARTMENT SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages	1,071,240	1,897,189	1,955,919	**1,894,743**
Fringe Benefits	379,109	746,184	928,142	**920,815**
Operating Costs	307,643	623,042	449,820	**514,437**
Capital Outlay	4,652	0	0	**0**
Cost Transfers	0	-65,055	-100,000	**-100,000**
Total	1,792,644	3,201,360	3,233,881	**3,229,995**
FTE Positions	21.00	42.00	41.00	**41.00**

BUDGET HIGHLIGHTS

- The adopted salaries and wages budget in Finance and Management Services shows a decrease partly due to the elimination of one FTE position in the Accounting Division that occurred after the start of the 2011-12 fiscal year.
- A portion of the savings from the personnel reduction was redirected to the operating budget to cover contract costs for audit and financial consulting services.

FINANCE AND MANAGEMENT SERVICES

DIVISION SUMMARY	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Purchasing	377,709	354,718	347,467	**350,652**
FTE Positions	4.00	4.00	4.00	**4.00**

The Purchasing Division's functions include the procurement of all City commodities and the sale of City-owned surplus property by sealed bids and/or public auction. The operation of the City's Central Stores Facility is also a function of this division, but Central Stores expenses are accounted for in a separate division.

Central Stores	145,381	146,325	155,440	**156,938**
FTE Positions	2.00	2.00	2.00	**2.00**

The Central Stores Division maintains inventory in support of all departments and divisions of the City. Inventory consists of three major classes: water maintenance materials, stormwater/drainage materials and general operating supplies (consisting of office, safety and janitorial products).

Risk Management Admin	250,723	234,592	241,738	**243,828**
FTE Positions	3.00	3.00	3.00	**3.00**

The Risk Management Administration Division analyzes the relative loss exposure for all City operations and activities and provides recommendations to City staff and City departments. Risk Management also places appropriate protective coverage for the City either through adequate insurance at the best possible premium or by selecting and implementing alternative risk financing, risk transfer, loss prevention and loss control techniques.

Budget & Research	193.794	184,500	189,426	**191,117**
FTE Positions	3.00	2.00	2.00	**2.00**

The function of the Budget & Research Division is to plan, prepare and monitor the City's operating and capital budgets, review the efficiency of City activities, and provide assistance to the City Manager and other departments in performance management, planning and evaluation.

City Hall Operations	275.236	417,620	462,996	**464,216**
FTE Positions	6.00	8.00	8.00	**8.00**

The City Hall Operations staff strives to provide the highest quality of service to all employees and visitors to the City Hall building.

FINANCE AND MANAGEMENT SERVICES

DIVISION SUMMARY	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Sustainability	5,597	39,273	80,138	**82,611**
FTE Positions	1.00	1.00	1.00	**1.00**

The Sustainability Division coordinates the City's efforts to achieve the goal of reducing its carbon footprint by 4% each year for the next five years.

Finance Administration	338,342	391,965	483,898	**550,945**
FTE Positions	3.00	4.00	4.00	**4.00**

The Finance Administration Division provides leadership for the variety of responsibilities assigned to the department. This division also: monitors the City's Capital Improvement Program; directs and manages the Asheville Public Financing Corporation; and structures, implements and monitors special financial arrangements such as the City's self-insurance program and pension obligation financing. This division is also responsible for the City's internal audit functions.

Accounting	1,424,302	1,432,366	1,272,778	**1,189,689**
FTE Positions	18.00	18.00	15.00	**15.00**

The Accounting Division maintains City financial records in accordance with the North Carolina General Statutes and generally accepted principles of governmental accounting. This division's activities include: financial record keeping, all payroll related functions, accounts payable & accounts receivable activities, treasury management, and fiscal grant management.

DEPARTMENTAL GOALS

- Continue to carefully manage revenues, receivables, encumbrances, investments, grants and the City's overall cash position to maximize value and return.
- In conjunction with long range financial planning, work with Human Resources to develop a total compensation plan that is consistent with best practices and includes input from the workforce.
- Deliver monthly and quarterly financial reports, annual audit and educational sessions that provide clear information about the City's financial performance, processes and systems.
- Implement the City's five year Green CIP financing model.
- Obtain the best value for the commodities and services that the City needs using the most efficient and customer service oriented processes.
- Manage inventories to assure the timely, cost effective and efficient receipt and distribution of materials
- Provide payment processing services for City departments and management in order to ensure timely vendor payments for good and services.
- Reduce the number and severity of accidents and injuries for City personnel to enhance the quality of the work environment while minimizing costs and lost time.

FINANCE AND MANAGEMENT SERVICES

KEY PERFORMANCE OBJECTIVES & MEASURES

	2010/11 Actual	2011/12 Estimated	2012/13 Target
• *Unassigned General Fund fund balance as a % of General Fund expenditures & transfers out*	*15.2%*	*16.0%*	***15.3%***
• *Adjustments to employee compensation funded through the budget process*	*None funded*	*2%* COLA	***Market study funded***
• *Receipt of GFOA's excellence in financial reporting award for the CAFR and Distinguished Budget Presentation Award*	*Received*	*Received*	***Will submit***
• *Receive a clean audit opinion and meet the Local Government Commission's (LGC)published October 31 deadline for submission*	*N/A*	*Completed 10/28/11 & received clean opinion*	***10/31/12 submission***
• *Conversion of existing streetlights to energy efficient LED's*	*787*	*2,562*	***4,000***
• *Maintain inventory accuracy of 95%*	*N/A*	*97%*	***95%***

ADMINISTRATIVE SERVICES

Jeffrey B. Richardson, Assistant City Manager

MISSION: The City of Asheville's Department of Administrative Services is in the business of ensuring the highest quality of life in the community we serve so that Asheville remains one of the best places to live in the country. The department consults with operational departments to provide: community relations, marketing and communications services; and administration of the City Manager's office.

DEPARTMENT SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages	1,796,235	840,420	827,278	**823,859**
Fringe Benefits	578,803	238,283	231,066	**241,126**
Operating Costs	405,358	164,746	142,618	**221,678**
Capital Outlay	0	0	0	**0**
Cost Transfers	-72,679	0	0	**0**
Total	2,707,717	1,243,450	1,200,962	**1,286,663**
FTE Positions	31.00	9.00	9.75	**9.75**

BUDGET HIGHLIGHTS

- The Administrative Services Department adopted budget includes $79,060 for Changing Together, an initiative funded by the North Carolina Governor's Crime Commission. The partnership assists the Asheville Police Department in its work to improve safety in neighborhoods with high crime. The revenue received from the State of N.C. and Buncombe County cover the full cost of the program. This program is managed through the Community Relations division.

- Otherwise, the budget represents a continuation of existing programs and services.

ADMINISTRATIVE SERVICES

DIVISION SUMMARY	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Governing Body	168,743	176,142	175,469	**176,084**
FTE Positions	0.00	0.00	0.00	**0.00**

The Governing Body Division provides funding for the salaries and operating expenses of the Mayor and the City Council.

City Clerk	107,775	111,319	113,151	**114,245**
FTE Positions	1.00	1.00	1.00	**1.00**

The City Clerk gives notice of Council meetings, maintains a journal of proceedings of City Council, is the custodian of all official City records, and performs other duties that may be required by law or City Council.

City Manager	651,962	617,061	571,286	**579,436**
FTE Positions	4.00	4.00	4.75	**4.75**

The City Manager Division is responsible for managing and coordinating the operations of all City departments and for ensuring that City Council goals and objectives are incorporated into departmental goals and objectives.

Community Relations	530,797	338,928	341,056	**417,348**
FTE Positions	7.00	4.00	4.00	**4.00**

The Community Relations Division facilitates the creation and continuance of programs that focus on making information about City services and programs more accessible to communities, neighborhoods and individuals in Asheville.

DEPARTMENTAL GOALS

- Provide leadership strategies and implement policies and initiatives that support Asheville City Council's Strategic Plan and associated goals, objectives and action items.
- Record all official action of the City Council, safeguard all official records, and provide accurate information to citizens in an efficient and professional manner.
- Reduce the number of circumstances that lead to citizen complaints, respond effectively to complaints that do occur, and facilitate citizen requests for service.
- Foster an engaged and informed community by effectively communicating the City's goals, services, programs and initiatives.
- Continue our commitment to a diverse communication portfolio seeking to reach and engage residents and stakeholders through traditional tools such as, the government channel, relationships with neighborhoods and stakeholder groups and the city website. Social media will continue to be used in addition to continuous analysis and implementation of emerging communication and civic engagement tools.

ADMINISTRATIVE SERVICES

KEY PERFORMANCE OBJECTIVES & MEASURES

	2010/11 Actual	2011/12 Estimated	2012/13 Target
• *Average number of monthly service requests received in the City Manager's Office*	*N/A*	*50*	***50***
• *Average records request response time*	*N/A*	*8.3 days*	***8 days***
• *Average number of monthly requests for public information received in the City Manager's Office*	*N/A*	*18*	***18***

ECONOMIC DEVELOPMENT

Sam Powers, Director

MISSION: The focus of the City of Asheville, Office of Economic Development, is to promote the City's economic development policies through linked and collaborative initiatives that leverage resources to create a vibrant and robust Asheville economy.

DEPARTMENT SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages	243,891	240,687	234,750	**239,366**
Fringe Benefits	75,330	85,907	89,220	**90,067**
Operating Costs	84,237	141,461	118,476	**118,476**
Capital Outlay	0	0	0	**0**
Total	403,458	468,055	442,446	**447,909**
FTE Positions	4.50	4.50	4.50	**4.50**

BUDGET HIGHLIGHTS

- The Economic Development budget reflects a continuation of existing programs and services.

DEPARTMENTAL GOALS

- Promote Asheville's economic development policies through collaborative initiatives that create a diverse, vibrant and robust economy.

KEY PERFORMANCE OBJECTIVES & MEASURES

Recent Economic Development Announcements:

- September 2011: Thermo Fisher Scientific Inc. announced plans to expand operations in the City, with the creation of 110 new positions within the year. Within the City, the company manufactures ultra-low temperature freezers among other products supplied to pharmaceutical, biotech, and research institutions. The newly created positions support the manufacture and assembly of high-efficiency cooling pumps, used to control temperature in a variety of Thermo Fisher Scientific products.

- Summer of 2011: Linamar Corporation, a leading supplier of engine, transmission and driveline components, announced that it will invest $80 million to locate its newest manufacturing facility in the City at a former Volvo facility. The plant will produce precision machined components for customers of Linamar's Industrial, Commercial and Energy Group. The manufacturer plans to create 363 jobs over four years beginning in 2012. The City provided Linamar $2.2 million in tax incentives over four years. Linamar must meet job creation and investment targets to receive the incentives.

ECONOMIC DEVELOPMENT

KEY PERFORMANCE OBJECTIVES & MEASURES

Recent Economic Development Announcements:

- New Belgium Brewing Co., the nation's third-largest craft brewer and the maker of Fat Tire Ale, selected the former WNC Livestock Market, located in the City's River District, as its location for an east coast brewery. New Belgium has announced plans to invest $175 million transforming the former stockyards into a brewery, distribution warehouse, hospitality tasting room and rooftop beer garden. The first beer to be brewed in the City is expected in 2015. Construction of the facility is expected to create around 1,250 jobs during construction and approximately 150 jobs afterward. Hiring at the brewery is expected to begin in 2014. Additionally, approximately 260 jobs are expected to be created for vendors and suppliers. The City has tentatively agreed with New Belgium to provide grants and to participate in related public infrastructure improvements in the aggregate amount of up to $2.3 million over several years.

CITY ATTORNEY'S OFFICE

Bob Oast, City Attorney

MISSION: The City Attorney's Office advises and represents the City of Asheville in all settings where legal advice and representation are needed or requested.

DEPARTMENT SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages	449,549	409,855	428,508	**435,913**
Fringe Benefits	118,631	133,791	141,908	**143,445**
Operating Costs	114,727	88,244	69,436	**71,186**
Capital Outlay	0	0	0	**0**
Total	682,907	631,889	639,852	**650,544**
FTE Positions	5.50	6.00	6.00	**6.00**

BUDGET HIGHLIGHTS

- The City Attorney budget reflects a continuation of existing programs and services.

DEPARTMENTAL GOALS

- Handle all lawsuits (motions, etc.) in a timely fashion, including referral to outside counsel when appropriate.
- Process ordinances, resolutions and routine contracts (within Manager's signing authority) in a timely manner.
- Risk/loss minimization.
- Compliance as to regulatory and intergovernmental matters.
- Assist in development and pursuit of legislative program, including management of governmental relations.

CITY ATTORNEY

KEY PERFORMANCE OBJECTIVES & MEASURES

	2010/11 Actual	2011/12 Estimated	2012/13 Target
• *Respond to pleadings and motions by court or legally mandated deadlines*	*100%*	*100%*	*100%*
• *Complete reviews and edits of ordinances & resolutions within 10 days (30 days for conditional zoning permits.)*	*N/A*	*95%*	*90%*
• *Complete review and response on routine contracts & agreements within 2 weeks of receipt*	*N/A*	*90%*	*90%*
• *Advise boards and commissions (meeting attendance)*	*90%*	*90%*	*90%*

INFORMATION TECHNOLOGY SERVICES

Jonathan Feldman, Director

MISSION: Information Technology Services strives to provide a high level of customer service by providing quality technical deliverables with a high level of professionalism and responsiveness. We adhere to principles of technical and fiscal stewardship with an end goal of a high quality of life for employees and citizens.

DEPARTMENT SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages	1,270,270	1,134,189	1,095,965	**1,106,204**
Fringe Benefits	355,171	391,047	432,735	**437,297**
Operating Costs	1,232,316	1,178,814	1,490,712	**1,439,314**
Capital Outlay	44,633	34,136	25,000	**83,000**
Cost Transfers	-351,936	-335,313	-425,000	**-423,725**
Total	2,550,454	2,402,872	2,619,412	**2,642,090**
FTE Positions	19.50	19.00	19.00	**19.00**

BUDGET HIGHLIGHTS

- The Information Technology Services (ITS) Department budget includes $60,000 in the capital outlay budget for the replacement of end of life systems, including infrastructure and call center equipment.

- The City will continue to move away from the operational lease model for computer replacement in FY 2012-13. As it did in FY 2011-12, the ITS budget includes $360,000 in operating costs to fund the replacement purchase of computers and related equipment. This purchase will be funded with debt proceeds. The annual debt service payments are budgeted in a nondepartmental account instead of in the ITS budget. Staff expects savings between 14% and 30% over the life of the equipment by moving from operating leases.

INFORMATION TECHNOLOGY SERVICES

DIVISION SUMMARY	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Administration	316,475	283,744	327,730	**330,780**
FTE Positions	3.50	3.00	3.00	**3.00**

The Administration Division ensures that customer friendly, useful, and labor-saving technology services are deployed by each area of the department. To this end, we responsibly plan and manage personnel, budget, capital projects, and outsourcing activities; act as liaison to and provide performance metrics to external departments, City Council, vendors, and citizens; and provide administrative support to all divisions of the department.

GIS & Application Services	546,832	597,793	526,325	**553,928**
FTE Positions	5.00	6.00	6.00	**6.00**

The GIS & Application Services Division provides flexible, automated, and standards-based application services and software to the City's business units. By focusing and tailoring our products, we aim to provide increased business intelligence, leading to a more efficient and effective City. We will accomplish this goal by working with customers to best prioritize and use resources and by organizing information by geography to best serve our customers' location-based activities.

IT Support Services	567,823	611,619	539,501	**1,120,796**
FTE Positions	6.00	5.00	5.00	**5.00**

The IT Support Services Division ensures all customer information technology needs are met in a timely, efficient, and courteous way. To meet these needs, provide a centralized Help Desk service, documentation and knowledge management, and other task and project management tools and services.

Technical Services	1,119,324	909,716	1,225,856	**736,586**
FTE Positions	5.00	5.00	5.00	**5.00**

The Technical Services Division continuously improves network infrastructure in order to enhance the quality and reliability of both data and communication systems.

DEPARTMENTAL GOALS

- Ensure that technology services are focused on business requirements of the City staff and citizens; display innovative leadership automating City processes to save labor, improve efficiency, and reduce expenses.
- Pursue organizational development strategy, including staff industry certifications and industry accreditation.
- Significantly improve security and reliability by modernizing data center & data handling practices.
- Utilize test environment and automated deployment system to ensure quality & timely IT products are received by users and citizens.
- Monitor and act on metrics regarding work load, capacity, and network health to enable proactive management of resources.

INFORMATION TECHNOLOGY SERVICES

DEPARTMENTAL GOALS

- Monitor and act on metrics regarding work load, capacity, and network health to enable proactive management of resources.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2010/11 Actual	*2011/12 Estimated*	*2012/13 Target*
• *Percentage of good and excellent Customer Service Survey results*	*93.33%*	*90.4%*	***90%***
• *IT Services budget, as a percentage of all City operating funds (NC comps average 2.59%)*	*1.79%*	*1.74%*	***1.96%***
• *IT spending per City employee (NC comps average $4,096)*	*$2,130*	*$2,136*	***$2,280***
• *Network & system uptime*	*99.80%*	*99.80%*	***99.9%***
• *Percentage of normal priority calls resolved within 24 hours*	*52.07%*	*50.40%*	***60%***

HUMAN RESOURCES

Kelley Dickens, Director

MISSION: It is the mission of the City of Asheville Human Resources Department to provide excellent service in alignment with The Asheville Way organizational core values. The department will strive to provide for the personal and professional development of employees by encouraging opportunities for continuous improvement in an ethical, diverse, safe, healthy, and fair work environment.

DEPARTMENT SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages	924,692	781,152	685,219	**733,640**
Fringe Benefits	297,896	318,655	292,329	**304,195**
Operating Costs	299,365	255,767	226,388	**283,724**
Capital Outlay	0	0	0	**0**
Cost Transfers	-34,756	-36,623	0	**0**
Total	1,487,197	1,318,951	1,203,936	**1,321,559**
FTE Positions	15.63	13.63	15.67	**15.67**

BUDGET HIGHLIGHTS

- The adopted salaries and wages budget includes funding for a training position that was previously budgeted in the Administrative Services Department.
- The Human Resources budget includes $60,000 to fund a market based salary study to be completed during the first half of FY 2012/2013.

HUMAN RESOURCES

DIVISION SUMMARY	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Administration	1,105,245	945,590	1,040,575	**1,157,504**
FTE Positions	12.50	10.50	12.00	**12.00**

The Administration Division provides leadership for the variety of responsibilities assigned to the Human Resources Department.

CAYLA	140,792	151,867	163,361	**164,055**
FTE Positions	1.00	1.00	1.00	**1.00**

The City of Asheville Youth Leadership Academy (CAYLA) is committed to providing its students with a) a meaningful summer work experience, b) leadership development through seminars and community service, and c) college preparatory activities, including yearlong academic support. CAYLA recruits, trains and places local high school students at meaningful summer jobs with the City and with participating agencies, in addition to providing weekly day-long workshops on financial literacy, leadership, career exploration and 21st Century job skills.

Health Services	241,160	221,494	*	*
FTE Positions	2.13	2.13	2.67	**2.67**

The Health Services Division is responsible for providing programs on employee health and wellness, including certain OSHA compliance programs, initial management of work injuries, and Federal DOT and City drug & alcohol testing. Health Services also strives to improve the quality of life for City employees by serving as an accessible medical resource for all employees.

* The Health Services Division budget was moved to the Health Insurance Fund beginning in FY 2011-12.

DEPARTMENTAL GOALS

- To provide diversity strategies that will enable the organization to mirror our community.
- To provide sound compensation and benefit packages that will attract and retain highly qualified candidates and employees.
- To provide proactive recruiting strategies that attract well qualified, high performing, and diversified candidates.

HUMAN RESOURCES

KEY PERFORMANCE OBJECTIVES & MEASURES

FY 2011-12 Results:

Attract and retain quality employees with an emphasis on local labor pool development opportunities and by paying sound wages and benefits – 1) Human Resources implemented an online applicant tracking software which has enhanced our recruitment efforts and made it easier for applicants and interested individuals to apply and be notified of vacancies; 2) During FY2012, the employee Health Clinic added a part-time Physician Assistant to the staff to enhance the services offered to employees and implemented an electronic medical records system to improve efficiency and reporting capabilities.

Employee Relations:
Grievances: 10
To City Manager: 2
To Civil Service Board: 0

Recognition:
Service Award Pins: 179

Workforce Development:
Tuition reimbursement: 21 employees, $18,783
Total Training data: 73 classes; 730 attendees

NONDEPARTMENTAL GENERAL GOVERNMENT

BUDGET SUMMARY

Expenditures:	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Buncombe County Tax Collections	671,725	706,937	710,000	**720,000**
Board of Elections	213,948	0	223,000	**0**
Unemployment	120,073	134,324	134,330	**126,250**
Group Disability	60,165	61,493	0	**0**
Employee Transit Passes	4,533	2,725	7,542	**7,542**
City Stormwater Costs	140,067	127,748	145,001	**145,000**
Other	122,752	156,261	140,889	**142,098**
Total	1,333,263	1,189,488	1,360,762	**1,140,890**

BUDGET HIGHLIGHTS

- The payment to the Buncombe County Board of Elections for City Council elections occurs every other year. With no City Council elections scheduled for the fall of 2012, this funding is removed from the FY 2012-13 adopted budget.
- Otherwise, the budget reflects a continuation of existing programs and services.

PUBLIC SAFETY

Police
Fire
Nondepartmental

POLICE

William Anderson, Chief of Police

MISSION: We provide the highest level of police services in partnership with the community to enhance the quality of life. We provide public safety and maintain order; enforce the laws of North Carolina, uphold the United States Constitution and enhance national security. We adhere to the guiding principles of: Integrity, Fairness, Respect and Professionalism.

DEPARTMENT SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages	11,553,876	12,327,525	11,944,473	**12,259,731**
Fringe Benefits	4,458,404	4,803,345	4,991,562	**5,106,763**
Operating Costs	2,837,290	3,180,350	3,129,201	**3,494,323**
Capital Outlay	0	0	0	**100,000**
Total	18,849,570	20,311,219	20,065,236	**20,960,817**
FTE Positions	258.00	260.00	265.00	**265.00**

BUDGET HIGHLIGHTS

- The adopted salaries and wages and fringe benefits budgets include a full year of funding for the five additional grant-funded positions that were approved in FY 2011-12 as well as funding for the adopted citywide salary adjustments.
- The Police Department operating costs include $100,000 for an increase in the animal services contract with the Asheville Humane Society, and $100,000 for investments in the police evidence room.
- The Police Department also includes $100,000 to complete the remediation project at the old airport firing range which began in the current fiscal year.

POLICE

DIVISION SUMMARY	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Administration	1,948,461	2,037,941	2,056,171	**2,139,517**
FTE Positions	12.00	12.00	12.00	**12.00**

The Administration Division provides top management support, direction, and coordination for all operations and activities of the department. Specific activities include: professional standards, project management, and employee services.

Criminal Investigations	2,584,278	2,774,687	2,686,303	**2,721,267**
FTE Positions	41.00	39.00	39.00	**39.00**

The Criminal Investigations Division is responsible for investigating all serious crimes reported to police. Functions include: general investigations, youth services and sexual assault investigations, support for the Metropolitan Enforcement Group, forensic services, school liaison, and victim services.

Support Bureau	3,386,806	3,555,217	3,692,701	**4,027,903**
FTE Positions	39.00	39.00	39.00	**39.00**

The Support Services Division provides services to both the public and the police operating divisions. These services include: police/fire communications, property control, police records, court liaison, crime analysis, accreditation, and building maintenance. The animal control function is responsible for enforcing the City of Asheville animal control ordinance. The officers also investigate violations of state laws concerning domestic animals and coordinate with the Wildlife Resources Commission and the Humane Society.

Patrol Bureau	10,930,025	11,943,375	11,630,061	**12,072,130**
FTE Positions	166.00	170.00	175.00	**175.00**

The Patrol Division responds to public calls for service, conducts criminal incident and traffic accident investigations, enforces laws, maintains continuous 24-hour patrol, and provides organization and leadership in community-based problem solving activities.

DEPARTMENTAL GOALS

- Maintain the highest level of quality service by adhering to our Guiding Principles of: Integrity, Fairness, Respect and Professionalism.
- Enhance external and internal customer service through communication and community outreach.
- Utilize resources efficiently and effectively in preventing and suppressing criminal and drug activity.
- Partner with the community to enhance the quality of life and resolve neighborhood concerns.
- Establish a working environment that encourages teamwork, empowerment, communication and professional development.
- Maintain a dynamic organization that utilizes leading-edge technology and methods of enhancing community policing and drug enforcement activities.
- Create a criminal intelligence unit designated to educate employees and the public about local gangs and other subversive groups and track the criminal activity associated with each organization.

POLICE

KEY PERFORMANCE OBJECTIVES & MEASURES

	2010/11 Actual	2011/12 Estimated	2012/13 Target
• *Clear, as defined by UCR* Standards, 25% of assigned Part I Cases.*	*27%*	*39%*	***25%***
• *Enhance APD operations by securing $100,000 of grant funds, thus reducing dependence on the City's general fund.*	*$77,760*	*$779,167*	***$100,000***
• *Improve public acceptance within the community by increasing minority representation within the department's workforce through the hiring of eight protected class employees.*	*9*	*11*	***8***
• *Implement a traffic safety program focused on safer streets and sidewalks by increasing public awareness campaigns and conducting monthly traffic Checking Stations in targeted traffic accident reduction locations.*	*16 PSA's 29% Accident Reduction*	*15 PSA's 21% Accident Reduction*	***Eliminated FY12/13***
• *Increase neighborhood watch/business watch programs by 20%. Establish list of active groups and encourage neighborhood act ivies to increase membership.*			***20%***
• *Increase the applicant pool by actively pursuing and participating in 15 job fairs, targeting protected class candidates.*	*7 Job Fairs*	*5 Job Fairs*	***15 Job Fairs***
• *Improve quality of life for residents in targeted neighborhoods by conducting monthly drug enforcement activities, to include undercover operations and community awareness events.*	*34 Operations*	*52 Operations*	***25 Operations***
• *Increase youth participation awareness and interaction with the Police by recruiting and maintaining involvement in the Explorer Post. Conduct quarterly community awareness events to raise awareness levels.*	*12 Meetings 2 Regional Competitions New Uniforms*	*12 Meetings Regional Competitions Award for skills*	***12 Meetings Participate in Regional Competitions***
• *Increase the number of active members in our volunteer programs by 10% and increase hours worked by 20%.*			***10% & 20%***

* Uniform Crime Reporting (UCR) Part I Crimes are: criminal homicide, forcible rape, robbery, aggravated assault, burglary, motor vehicle theft and arson.

FIRE & RESCUE

Scott Burnette, Fire Chief

MISSION: The mission of the City of Asheville Fire and Rescue Department is to protect the lives, property and environment of all people within Asheville by preventing the occurrence and minimizing the adverse effects of fires, accidents and all other emergencies. This mission will be accomplished with firefighter pride, preparedness and professionalism, with a focus on quality customer service and continuous improvement.

DEPARTMENT SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages	12,387,821	12,022,092	11,598,549	**12,125,451**
Fringe Benefits	1,906,288	4,108,971	4,193,565	**4,239,635**
Operating Costs	3,849,387	2,259,976	2,007,295	**2,048,527**
Capital Outlay	73,775	1,003	0	**0**
Total	18,217,271	18,392,042	17,799,409	**18,413,612**
FTE Positions	239.00	239.00	239.00	**248.00**

BUDGET HIGHLIGHTS

- The Fire Department's adopted budget includes $400,000 to add nine firefighters to address staffing needs and reduce the reliance on overtime to maintain the City's standard of cover.
- Most of the increase in the Fire Department's operating cost budget for FY 2012-13 is related to the additional funds that are being budgeted to cover higher fuel prices.

DIVISION SUMMARY	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Accountability/Administration	2,023,217	2,235,251	1,850,907	**2,026,593**
FTE Positions	4.00	9.00	9.00	**9.00**

The Fire/Rescue Accountability and Administration Division is responsible for ensuring that our citizens and taxpayers are receiving the level and quality of fire and emergency services that they are paying for. This division encompasses the senior leadership of the department as well as the business office operations. Overall organizational management and leadership are focused in this division. Services include policy direction and development, problem resolution, comprehensive departmental human resource functions, long range and short term planning, payroll, purchasing, clerical and data processing and information management. Projects include all department capital improvements, contracts for specialized services, emergency service contracts and agreements, annexation service contracts, insurance rating programs, accreditation initiatives, performance measurement, organizational management and benchmarking, as well as being liaisons with neighboring fire and rescue departments, city government departments and divisions and other city, county, state and community based agencies and organizations.

Emergency Response	15,093,394	14,964,337	14,923,770	**15,342,732**
FTE Positions	224.00	216.00	216.00	**225.00**

The Emergency Response Division is responsible for response to 911 emergency calls for service. This division responds to emergencies throughout the city and all contractual areas. This responsibility is shared by shift operations personnel as well as necessary support personnel. Emergency responses to fires, medical emergencies, technical rescue incidents, hazardous materials spills, natural disasters and other type emergencies are provided 24/7/365 through three distinct work shifts. The department operates eleven (11) fire and rescue stations with fifteen (15) response companies, responding to over 15,000 emergencies annually. In addition, hydrant maintenance, fleet maintenance and repair, pre-emergency incident surveys, emergency preparedness, all safety and training programs, recruit academy partnerships, firefighter certification and career development as well as all other direct support services are provided for in this division.

Fire Marshal's Office	1,100,660	1,192,454	1,024,732	**1,044,287**
FTE Positions	11.00	14.00	14.00	**14.00**

The Fire Marshal's Office provides state mandated periodic fire inspections of all commercial properties within the City's jurisdiction. This division is responsible for ensuring that buildings and conditions meet minimum safety code requirements. Issuance of necessary permits and regulatory services are a function of this division. In addition, this division provides new construction plans review and new construction inspections. Fire scene investigation services and the City's fire investigation team are also a part of this division. Fire and injury prevention services, including child safety seats and public information, are also provided through this division to the public – especially for targeted groups such as children, the elderly and the business community.

FIRE & RESCUE

DEPARTMENTAL GOALS

The Fire Department has established a formal Strategic Operating Plan (SOP), consistent with the City SOP and approved by City Council. The SOP focuses on continuous improvement and development of people, infrastructure, and services. A representative sampling of goals related to performance measurement includes:

- Meet or exceed the standard of response coverage as Adopted by the Asheville City Council.
- Meet or exceed the standard of coverage minimum requirements for accredited, urban fire departments.
- Benchmark with industry standards for emergency response and staffing.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2010/11 Actual	*2011/12 Estimated*	*2012/13 Target*
• *Percentage of emergency responses in zones meeting CFAI 1st unit travel time requirements*	*90%*	*90%*	***90%***
• *Percentage of emergency responses in fire management zones meeting CFAI total effective response force travel time requirements*	*91%*	*90%*	***90%***
• *Reliability percentage of first in units to first due fire management zones*	*90%*	*90%*	***90%***
• *Percentage of compliance with state fire code inspection schedule*	*81%*	*87%*	***90%***
• *Percentage of completed initial plans review and issuance of small commercial permits (up-fits, small remodels, etc.) within 5 city business days, when no significant issues are present.*	*92%*	*95%*	***95%***
• *Percentage of completed initial plans review and issuance of large commercial permits (new construction, extensive remodel or renovations) within 20 city business days, when no significant issues are present.*	*94%*	*96%*	***95%***
• *Percentage of emergency response companies that are staffed in accordance with industry standard*	*53%*	*53%*	***63%***

NONDEPARTMENTAL PUBLIC SAFETY

Nondepartmental public safety appropriations for FY 2012-13 include the following:

BUDGET SUMMARY

Expenditures:	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Police ID Bureau	342,049	356,124	387,056	**377,605**
CrimeStoppers	21,015	53,980	39,902	**40,501**
Total	363,064	410,104	426,958	**418,106**

BUDGET HIGHLIGHTS

- The Police ID Bureau and Crimestoppers are both part of Buncombe County government, and the City pays 50% of the costs of the programs. The FY 2012-13 adopted Budget amounts are based on estimates supplied by Buncombe County.

ASHEVILLE

ENVIRONMENT & TRANSPORTATION

Water Resources Fund
Public Works
Stormwater Fund
Street Cut Utility Fund
Transportation
Transit Services Fund
Parking Services Fund
Nondepartmental

WATER RESOURCES FUND

Steve Shoaf, Director

MISSION: It is the mission of the Water Resources Department to manage and protect community resources and to provide the highest quality of water service to customers. The department will do this in the following ways: continuous improvement in products, systems and processes to maximize customer satisfaction; continuous communication among and between staff, customers and governing board; continuous involvement with the community and region; valuing honesty, hard work, creativity, faith in each other, perseverance, and respect for diversity.

DEPARTMENT SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages	5,989,996	5,580,052	6,200,824	**6,368,465**
Fringe Benefits	2,335,077	2,555,118	2,756,548	**2,783,228**
Operating Costs	8,842,944	9,408,318	10,358,403	**9,549,978**
Debt Service	7,647,970	7,117,083	6,202,580	**6,128,491**
Capital Outlay	6,861,867	6,407,105	7,371,897	**8,701,390**
Total	31,677,854	31,067,676	32,890,252	**33,531,552**
FTE Positions	152.00	146.00	147.00	**147.00**
Revenues:				
Charges For Service	31,177,452	32,781,581	32,289,928	**33,374,052**
Investment Earnings	300,866	142,300	225,000	**112,500**
Miscellaneous	139,696	154,051	16,000	**0**
Intergovernmental	0	32,780	0	**0**
Other Financing Sources	0	0	359,324	**45,000**
Total	31,618,015	33,110,712	32,890,252	**33,531,552**

BUDGET HIGHLIGHTS

- The FY 2012-13 Water Resources budget includes no rate increases for any customer classes. Because operating revenues are performing better than budget in the current fiscal year, which is partly due to improved meter accuracy from the new automated meter reading devices, staff was still able to budget additional revenue in FY 2012-13 even without a rate increase.
- The FY 2012-13 budget for operating costs in the Water Resources Fund is adjusted downward to reflect trends observed in actual expenses over the previous two fiscal years.
- The reduction in the operating cost budget, along with the additional revenue budgeted in FY 2012-13 allowed staff to increase capital outlay category by approximately $1.3 million. This category includes $7.4 million for water capital improvement projects, $256,000 for rolling stock replacement, and approximately $1.0 million (3% of Water revenue) for the Water Infrastructure transfer to support General Fund capital improvements associated with water line projects.

DIVISION SUMMARY	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Administration	674.119	728,254	747,921	**764,869**
FTE Positions	7.00	7.00	7.00	**7.00**

The Administration Division provides planning and management services for the Water Resources Department.

Meter Services	1,118,730	1,348,824	1,285,833	**1,355,492**
FTE Positions	17.00	17.00	19.00	**19.00**

The Meter Services Division is responsible for timely and accurate meter reading services and maintenance and replacement of meters.

Water Education	11,977	19,497	17,000	**7,040**
FTE Positions	0.00	0.00	0.00	**0.00**

The Water Education Division promotes customer education and directs and coordinates programs to make more efficient use of our existing water supplies. Water education programs are conducted for all members of the community with a special emphasis on school children. These efforts are currently accomplished through a partnership with the City's sustainability division whereby water quality, stormwater and environmental sustainability education are offered.

Construction Crew	584,977	576,650	714,989	**658,627**
FTE Positions	7.00	7.00	7.00	**7.00**

The Construction Crew Division is responsible for performing small water distribution system improvement projects.

Water Maintenance	3,987,123	3,692,447	4,198,836	**4,299,740**
FTE Positions	49.00	43.00	42.00	**42.00**

The Water Maintenance Division is responsible for maintaining and upgrading approximately 1,625 miles of distribution mains, service lines, valves, meters, fire hydrants, pumps, and storage reservoirs throughout the water system.

Water Production	4,827,433	4,453,304	5,591,222	**4,964,836**
FTE Positions	41.00	41.00	41.00	**41.00**

The Water Production and Quality Control Division is responsible for operating and maintaining the North Fork, Mills River, and Bee Tree Water Treatment Plants as well as protecting and managing a 22,000-acre watershed.

DIVISION SUMMARY	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Department-Wide Expenses	17,617,914	18,174,889	18,041,821	**19,118,690**

Costs of this activity are not allocable to individual divisions or activities. Examples include debt service, transfer to capital, bad debt expense, insurance, and cost allocation (administrative costs to the City) expenses.

Water Operating Equipment	1,058,859	296,740	342,000	**256,880**

There is a five-year replacement plan in place to ensure that capital equipment is replaced in a timely and cost effective manner. This plan is based on a comprehensive evaluation of all capital equipment, including rolling stock.

Customer Service	1,215,617	1,201,659	1,291,762	**1,446,851**
FTE Positions	22.00	22.00	23.00	**23.00**

The Customer Service Division is responsible for processing utility bill payments, establishing new water and sewer service, and assisting customers with various water and other City related issues or concerns.

Engineering Services	581,106	575,412	658,868	**658,527**
FTE Positions	9.00	9.00	8.00	**8.00**

The Engineering Services Division is responsible for providing timely plan review and inspection services to the development community, external customers, and internal customers. This includes processing water availability requests, reviewing and approving water line extensions, and inspecting newly installed water lines.

DEPARTMENTAL GOALS

- Ensure the highest quality drinking water to our customers at the lowest possible cost.
- Enhance the image of the City of Asheville through customer education programs and improved customer relations.
- Continuously improve our product, systems, and processes to maximize customer satisfaction.
- Provide efficient and timely maintenance and repair of water mains, service lines, valves, meters, and fire hydrants throughout the water system.
- Provide timely and professional engineering, management, financial, safety, and administrative services to the operating divisions of the Water Resources Department.
- Deliver excellent customer service, meter reading, meter reliability, and backflow assessment to our customers.
- Provide and implement a capital improvement program which satisfies all legal mandates and continues to improve water distribution system master planning and rehabilitation of critical needs.
- Maintain ISO 14001 Environmental Management System Registration.

WATER RESOURCES FUND

KEY PERFORMANCE OBJECTIVES & MEASURES

	2010/11 Actual	2011/12 Estimated	2012/13 Target
• *Water Supply Management and Water Production will meet community demands for safe water 100% of the time*	*100%*	*100%*	***100%***
• *Compliance with State and Federal Water Quality Regulations will be met 100% of the time*	*100%*	*100%*	***100%***
• *Water Quality and system status will be reported to customers annually in the Annual Water Quality Report*	*100%*	*100%*	***100%***
• *Use application and payment records to assess utilization of affordable housing rebate and incentive programs*	*38*	*59*	***50***
• *Repair or replace water lines discovered contributing to leakage and improve service to customers*	*100%*	*100%*	***100%***
• *Maintain the percentage of engineering plan reviews and maintenance work orders responded to within 10 days*	*100%*	*80%*	***100%***
• *Continue to fund capital improvement to refurbish and replace aging infrastructure and to meet future regulations*	*$5,625,000*	*$6,260,172*	***$7,438,564***
• *Answer incoming Customer Service calls as soon as possible. Meet or exceed Call Center Best Practices for abandoned calls*	*2.5 minutes*	*2.6 minutes*	***Less than 2.0 minutes***

PUBLIC WORKS

Cathy Ball, Director

MISSION: The Public Works Department exists to provide safe and efficient movement of people and goods within the City and to maintain a safe, litter-free environment in the most economical and efficient manner possible. The Department functions to maintain and improve a variety of services and infrastructures.

DEPARTMENT SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages	4,172,936	4,065,513	3,636,789	**3,714,337**
Fringe Benefits	1,753,843	1,967,058	1,910,176	**1,930,431**
Operating Costs	8,406,704	7,800,725	8,515,467	**9,383,860**
Capital Outlay	58,044	120,641	20,072	**34,928**
Cost Transfer	-1,982,036	-2,172,578	-3,231,590	**-2,546,390**
Total	12,409,491	11,781,357	10,850,914	**12,517,166**
FTE Positions	114.00	105.00	106.00	**106.00**

BUDGET HIGHLIGHTS

- Most of the increase in the Public Works Department budget for FY 2012-13 is the result of a technical budget change in which funds for street and sidewalk maintenance that were previously included in the capital pay-go transfer are now being included in the Public Works operating budget.

- With the installation of the LED streelights that began in FY 2011-12, the electricity costs associated with the City's streetlights have begun to decrease. Installation of LEDs will continue in FY 2012-13 as part of the City's Green Capital Improvement Program. The anticipated savings in electricity costs have been moved to a nondepartmental account to fund the debt service on the LED streetlights that were purchased in FY 2011-12.

- Otherwise, the Public Works budget represents a continuation of existing programs and services.

PUBLIC WORKS

DIVISION SUMMARY	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Administration	1,184,912	1,111,797	921,340	**1,088,139**
FTE Positions	4.00	5.50	6.50	**6.50**

The responsibilities of the Public Works Administration Division include overseeing, leading and directing the Public Works divisions. This division develops operational procedures and policies; keeps abreast of new cost effective materials, equipment and training opportunities; and ensures that service levels remain constant or are improved without increasing costs. Public Works Administration also manages general street, sidewalk, bridge, drainage and signalization improvements.

Street Lighting	1,774,909	1,693,237	1,696,139	**1,548,198**
FTE Positions	0.00	0.00	0.00	**0.00**

The Public Works Department is responsible for overseeing the City's street lighting. The budget above represents the cost for street lighting in the City of Asheville.

Streets & Sidewalks	3,241,627	2,239,559	2,980,008	**3,289,827**
FTE Positions	52.00	45.50	43.50	**43.50**

The Street Maintenance Division's mission is to construct and maintain the City's streets, sidewalks, and storm drainage systems in an efficient, customer-oriented manner; and to provide responsive emergency services in all types of weather.

Sanitation	4,704,699	4,687,742	4,623,400	**4,965,543**
FTE Positions	35.00	30.00	32.00	**32.00**

The Sanitation Division's mission is to provide quality services to all customers through on-schedule collection of municipal solid waste, bulky items, yard waste, and brush debris; and to ensure efficiency in every task, special project, equipment operation, and customer request.

Engineering Services	456,332	1,795,662	604,745	**1,646,630**
FTE Positions	9.00	9.00	9.00	**9.00**

The Engineering Services Division provides professional engineering, surveying and other technical services to all City departments. These services include the design and administration of capital improvement projects, all water system record-keeping, review and inspection of all extensions to the water system, water line design, storm drainage design, street paving, public inquiries of water availability, right-of-way research, and flood plain management. This division was moved to the Public Works Department during FY 2009-10.

PUBLIC WORKS

DIVISION SUMMARY	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Fleet Management	1,047,012	253,360	25,282	**148,030**
FTE Positions	14.00	15.00	15.00	**15.00**

The Fleet Management Division is responsible for the maintenance and repair of more than 700 vehicles and equipment within the City's fleet. Fleet's highly trained and competent staff typically completes more than 8,000 work orders annually. The Fleet Management Division supplies fuel for City vehicles as well as for several other government and non-profit agencies including the Buncombe County School Board. The budget for Fleet Management represents the remaining net budget after allocating costs back to the departments. At the end of FY 2010-11, the City changed its method of accounting for the purchase of fuel for external agencies such that these monies are now being recorded as an offset against the expense of providing the service so that these external agency activities are not reflected in City government expenses

DEPARTMENTAL GOALS

- Provide collection of municipal solid waste, yard waste collection, large item collection, special needs collection and increase diversion (recycling).
- To provide streets asphalt resurfacing program at a competitive rate.
- Increase the collection of silts and other debris to prevent sedimentation.
- Increase use of Compressed Natural Gas (CNG); internally/externally and increase external gasoline and diesel sales.
- Implement projects as funded by the American Recovery and Reinvestment Act (ARRA).

KEY PERFORMANCE OBJECTIVES & MEASURES

	2010/11 Actual	*2011/12 Estimated*	*2012/13 Target*
• *Divert 47% of waste from landfill through recycling and waste reduction*	*38.6%*	*39.5%*	***43%***
• *Collect 1,050 tons of solids from entering Asheville waterways through good storm water housekeeping programs*	*1,113 tons*	*1,143 tons*	***1,050 tons***
• *Complete one mile of new sidewalk linkages with realigned construction crew in Engineering Division*	*0.92 miles*	*2.0 miles*	***2.1 miles***
• *Complete 80% of vehicle preventative maintenance checks on time*	*N/A*	*80%*	***82%***
• *Sidewalk Cleaning with Nuisance Court labor*	*22.66 miles*	*34.61 miles*	***30.00 miles***
• *Conversion of existing streetlights to energy efficient LED's*	*787*	*2,562*	***4,000***

STORMWATER FUND

MISSION: The Stormwater Fund is responsible for the timely installation, maintenance, repair and revitalization of the storm drainage, catch basins, pipes, etc. within the City's streets and rights-of-way.

FUND SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages	1,400,692	1,232,782	1,286,262	**1,201,855**
Fringe Benefits	493,065	554,614	609,777	**590,336**
Operating Costs	671,640	569,708	953,362	**886,112**
Debt Service	46,269	44,638	88,684	**95,327**
Capital Outlay	40,574	360,000	1,178,133	**517,093**
Total	2,652,241	2,761,742	4,116,218	**3,290,723**
FTE Positions	37.00	35.00	34.00	**34.00**
Revenues:				
Charges For Service	2,980,755	2,917,995	2,775,218	**2,789,723**
Licenses & Permits	206,909	206,441	180,000	**180,000**
Other Financing Sources	23,460	47,808	1,130,000	**290,000**
Miscellaneous	0	6,800	20,000	**20,000**
Investment Earnings	11,757	7,107	11,000	**11,000**
Total	3,222,881	3,186,151	4,116,218	**3,290,723**

BUDGET HIGHLIGHTS

- The FY 2012-13 Stormwater Fund budget is reduced by approximately $825,000 compared to the FY 2011-12 budget, which included a $700,000 fund balance appropriation for the Victoria Road capital project as well as $430,000 in debt-funded vehicle and equipment replacements.

- The Stormwater Fund adopted budget does include a $290,000 fund balance appropriation for the Michigan Avenue capital project. Based on the City's fund balance policy, the Stormwater Fund should maintain reserves equal to 8% of the operating budget; which for the FY 2012-13 budget would equate to approximately $265,000. Based on current Stormwater Fund reserve estimates, after the $290,000 appropriation for the Michigan Avenue project, there will be approximately $870,000 in Stormwater fund balance in excess of the target amount.

STREET CUT UTILITY FUND

MISSION: The Street Cut Utility Fund is responsible for the repair of all street cuts on city streets made by private contractors, utility companies such as gas, power, and cable, and the City/County Water Department. It is also responsible for sidewalk, driveway and curb & gutter repairs.

FUND SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages		365,640	564,542	**601,152**
Fringe Benefits		230,069	267,635	**286,407**
Operating Costs		412,448	569,460	**569,460**
Debt Service		945	0	**161,261**
Capital Outlay		172,886	216,643	**216,643**
Total		1,181,988	1,618,280	**1,834,923**
FTE Positions		18.50	18.50	**18.50**
Revenues:				
Charges For Service		40,000	671,312	**671,312**
Other Financing Sources		0	0	**216,643**
Internal Charges		1,130,538	946,968	**946,968**
Total		1,170,538	1,618,280	**1,834,923**

BUDGET HIGHLIGHTS

- This 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.

- The adopted budget includes funding for vehicle and equipment replacement which will be funded with debt proceeds.

- Otherwise, the budget represents a continuation of the existing program.

TRANSPORTATION

Ken Putnam, Director

MISSION: The City of Asheville's Transportation Department is dedicated to providing for the safety, health, mobility, and quality of life for Asheville citizens and guests through the administration of engineering, infrastructure and transportation related projects.

DEPARTMENT SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages	818,414	588,816	548,037	**555,682**
Fringe Benefits	295,448	232,631	223,370	**226,415**
Operating Costs	229,488	249,167	190,056	**232,983**
Capital Outlay	4,435	0	4,500	**0**
Total	1,347,785	1,070,614	965,963	**1,015,080**
FTE Positions	13.63	12.63	11.63	**11.63**

BUDGET HIGHLIGHTS

- The $35,000 allocated to traffic safety improvements, which used to be included in the capital pay-go budget, has been moved to the Transportation Department budget.
- Otherwise, the FY 2012-13 adopted budget represents a continuation of existing programs and services.

TRANSPORTATION

DIVISION SUMMARY	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
City Engineering/Admin	466,645	226,359	184,265	**187,147**
FTE Positions	3.00	2.00	2.00	**2.00**

The City Engineering function moved to the Public Works Department during FY 2009-10, and the division was renamed Transportation Administration.

Traffic Engineering	207,269	154,707	177,949	**192,301**
FTE Positions	2.00	2.00	2.00	**2.00**

The Traffic Engineering Division is responsible for the planning, design, installation, operation, and maintenance of traffic control devices (signs, signals, street markings) throughout the City and on a contract basis with the North Carolina Department of Transportation for state routes within the City. The division also conducts traffic studies and surveys, and reviews major developments and curb cut requests. The division also works with citizens, other departments, and outside agencies on traffic-related issues.

Traffic Signal Maintenance	177,211	188,476	198,007	**198,507**
FTE Positions	2.00	2.00	2.00	**2.00**

The Traffic Signal Maintenance Division provides for the safe control and flow of all modes of transportation in the City through the development of standards, high quality customer service, quick response, and careful planning.

Transportation Planning	141,329	152,875	149,297	**150,904**
FTE Positions	1.63	1.63	1.63	**1.63**

The Transportation Planning Division provides citywide planning services, including MPO and transit projects.

Transportation Demand Mgt.	83,162	93,755	0	**0**
	1.00	1.00	0.00	**0.00**

The Transportation Demand Management Division seeks to alter the demand for roadway capacity and increase transportation system efficiency by moving more people in fewer vehicles. A series of strategies are used to decrease the use of the single occupancy vehicle (SOV) and encourage the use of alternatives such as transit, carpooling, vanpooling, bicycling, walking, teleworking and alternative work schedules.

Signs and Markings	272,669	254,442	256,445	**250,156**
FTE Positions	4.00	4.00	4.00	**4.00**

The Signs & Markings Division was previously accounted for in the Public Works Department.

Traffic Safety Funds	**35,000**

These funds were previously accounted for in a capital project fund.

TRANSPORTATION

DEPARTMENTAL GOALS

- Providing traffic-engineering related services on a "customer first" basis by consistently applying sound and reasonable traffic engineering principles.
- Providing transportation-planning related services including pedestrian and bicycle needs on a "customer first" basis by consistently applying sound and reasonable transportation planning principles.
- Providing transit related services on a "customer first" basis.
- Providing parking related services on a "customer first" basis.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2010/11 Actual	***2011/12 Estimated***	***2012/13 Target***
• *Respond to customer complaints & concerns in a timely, professional, & courteous manner*	*98%*	*100%*	***100%***
• *Perform preventative maintenance on all City maintained traffic signals*	*100%*	*100%*	***100%***
• *Provide appropriate response times for emergency and standard service calls for traffic signal malfunctions and missing/damaged signage*	*98%*	*100%*	***100%***
• *Review development plans, traffic impact studies, and driveway access points for compliance with City policies*	*100%*	*100%*	***100%***

TRANSIT SERVICES FUND

MISSION: It shall be the mission of the Transit Services division to provide public transportation, within the confines of available resources, in such a manner as to maximize service to all destinations necessary for the benefit and well-being of the citizens of this community. This includes access to health, employment and recreation facilities, as well as to the goods and services necessary for everyday living.

FUND SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages	152,133	152,290	145,588	**153,566**
Fringe Benefits	46,359	55,312	55,080	**56,813**
Operating Costs	4,613,141	4,837,468	4,964,738	**4,976,110**
Operating Pass Through	356,943	161,051	553,500	**553,500**
Capital Outlay	0	5,030	0	**0**
Total	5,168,576	5,211,151	5,718,906	**5,739,989**
FTE Positions	3.00	3.00	3.00	**3.00**
Revenues:				
Operating Revenue	831,063	907,340	843,000	**883,000**
Miscellaneous	-2,879	1,462	0	**0**
Federal/State Grants	2,691,567	2,832,316	2,517,111	**2,381,319**
Operating Pass Through	356,943	161,051	553,500	**553,500**
General Fund Subsidy	872,831	642,196	985,295	**985,295**
Parking Fund Subsidy	248,116	484,000	500,000	**616,875**
Other	0	1,401	0	**0**
Motor Vehicle License Fee	313,863	300,715	320,000	**320,000**
Total	5,311,505	5,341,821	5,718,906	**5,739,989**

BUDGET HIGHLIGHTS

- The adopted budget includes an expected $160,000 reduction in State funding for transit.
- The Transit Services budget includes additional operational funding to implement bus service on holidays on main routes during the highest usage hours. The total cost of this service enhancement is projected to be $30,000. It is expected that additional passenger fare revenue will cover $4,000 of this cost. The remaining $26,000 will be paid for by increasing the transfer from the Parking Services Fund.
- In addition to funding the holiday service, the Parking Fund transfer is also being increased to help offset the reduction in state grant funding. In total, the Parking Fund support for Transit in FY 2012-13 will be $616,875, up from $500,000 in FY 2011-12. The General Fund transfer to Transit will remain at the FY 2011-12 level.
- Trends in the current fiscal year indicate that the new hybrid buses are having a positive impact on fuel consumption. The FY 2011-12 Transit budget assumes that lower fuel consumption will offset the increase in fuel prices such that the total amount spent on fuel will not exceed FY 2011-12 levels.
- The Transit capital improvements budget includes $250,000 to fund improvements at the downtown transit center.

TRANSIT SERVICES FUND

DIVISION SUMMARY	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Administration	375,638	334,628	350,579	**348,034**
FTE Positions	3.00	3.00	3.00	**3.00**

The Administration Division will evaluate and implement strategies and routes necessary to achieve the mission of the department. This division includes the salary, fringe benefits, and operating costs for the Transit Services Director.

Transit Operations	4,810,438	4,876,524	5,368,327	**5,391,955**
FTE Positions	0.00	0.00	0.00	**0.00**

The City contracts with a private sector management firm for transit operation services. The Transit Operations Division includes those contract costs, as well as the costs for para-transit service.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2010/11 Actual	*2011/12 Estimated*	*2012/13 Target*
• *Annual Ridership Per Million*	*1.4*	*1.4*	***1.5***
• *Operating Cost Per Hour*	*$77*	*$77*	***$77***
• *On-time Performance*	*77%*	*75%*	***80%***

PARKING SERVICES FUND

MISSION: The City of Asheville is dedicated to providing safe, reliable and efficient parking in downtown Asheville. The city's Parking Services Division provides for the orderly turnover of parking and the maximum utilization of parking spaces. Asheville provides on-street parking as well as three parking garages and several permit lots downtown.

FUND SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages	474,590	515,535	590,778	**638,954**
Fringe Benefits	230,041	277,656	316,965	**311,132**
Operating Costs	540,329	593,921	756,433	**877,433**
Debt Service	0	24,155	522,811	**926,960**
Transfer to Transit Fund	248,116	484,000	500,000	**616,875**
Transfer to General Fund	0	0	0	**120,000**
Capital Outlay	81,834	604,777	431,260	**55,000**
Total	1,574,909	2,500,045	3,118,247	**3,546,354**
FTE Positions	19.00	19.00	19.00	**21.00**
Revenues:				
Garage Revenues	1,146,345	1,307,460	1,214,625	**1,675,000**
Parking Meters	1,002,940	1,051,121	940,000	**1,075,000**
Parking Violations	516,598	407,337	660,822	**653,554**
Parking Lots & Peripheral	134,088	124,703	260,000	**100,000**
Other	25,527	35,108	42,800	**42,800**
Total	2,825,498	2,925,728	3,118,247	**3,546,354**

BUDGET HIGHLIGHTS

- The Parking Services Fund budget shows a $428,000 or 13.7% increase in FY 2012-13. This increase is the result of the first full year of expenses associated with operating Biltmore Avenue Parking Garage (including 2 new FTEs) and debt service.

- The transfer to the Transit Services Fund is increased to $616,875. In addition, $120,000 will be transferred from the Parking Fund to the General Fund to support increasing the Economic Development Coalition allocation by $20,000, and to fund phase I implementation of the form-based planning policy ($100,000).

- The Parking Fund budget includes $55,000 for capital outlay to replace approximately 100 parking meters and replace one vehicle. The new meters will include a credit card payment option.

PARKING SERVICES FUND

DIVISION SUMMARY	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Parking Garages	875,532	1,163,648	1,838,827	**2,682,763**
FTE Positions	9.50	9.50	9.50	**11.50**

The Parking Garages Division is responsible for the daily operation and maintenance of the City's three parking garages. This division also handles special event parking operations.

Parking Services	699,378	1,336,399	1,279,420	**863,591**
FTE Positions	9.50	9.50	9.50	**9.50**

The Parking Services Division manages and coordinates the operation of all parking facilities except parking garages. This includes on-street parking, meter installation and repair, parking enforcement, administration of parking rules and regulations, and the depositing of all revenues generated from parking operations, including garages.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2010/11 Actual	*2011/12 Estimated*	*2012/13 Target*
• *Increase the number of on-street, metered parking spaces in the CBD (Baseline = 744 metered parking spaces)*	*0%*	*1.5%*	*5%*
• *Increase parking meter revenue by increased meter maintenance to minimize parking meter downtime.*	*0%*	*5.3%*	*5%*
• *Increase monthly parking customers in the parking garages*	*0%*	*1%*	*2%*

NONDEPARTMENTAL ENVIRONMENT & TRANSPORTATION

BUDGET SUMMARY

Expenditures:	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
GF Transfer to Transit Fund	872,831	642,196	985,295	**985,295**
Total	872,831	642,196	985,295	**985,295**

BUDGET HIGHLIGHTS

- As discussed elsewhere in the budget, the transfer from the General Fund to the Transit Services Fund shows no increase in FY 2012-13.

ASHEVILLE

CULTURE & RECREATION

Parks, Recreation & Cultural Arts
Golf Fund
Civic Center Fund
Nondepartmental

PARKS, RECREATION & CULTURAL ARTS

Roderick Simmons, Director

MISSION: The Parks, Recreation & Cultural Arts Department is dedicated to enhancing your quality of life by providing diverse cultural and recreational experiences.

DEPARTMENT SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages	4,668,022	4,329,102	4,261,130	**4,205,382**
Fringe Benefits	1,965,345	1,800,378	1,934,385	**1,856,805**
Operating Costs	2,396,929	2,617,260	3,513,583	**3,576,679**
Capital Outlay	69,888	0	6,944	**0**
Total	9,100,184	8,746,740	9,716,042	**9,638,866**
FTE Positions	106.02	101.40	97.15	**97.15**

BUDGET HIGHLIGHTS

- Four facility maintenance personnel and their associated operating costs were transferred from the Parks Department to the building maintenance division of the Building Safety Department during FY 2011-12 after adoption of the budget. The FY 2012-13 adopted budget reflects the budget impact of this organizational change.
- In another technical budget adjustment, the funding for parks and recreation center maintenance ($400,000 in FY 2012-13) which was previously included in the capital pay-go transfer is now being budgeted in the Parks Department operating budget.
- Outside of these two technical changes, the Parks adopted budget represents a continuation of existing programs and services.

PARKS, RECREATION & CULTURAL ARTS

DIVISION SUMMARY	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Administration	403,318	435,554	400,661	**393,559**
FTE Positions	2.00	2.00	2.00	**2.00**

The Administration Division provides overall leadership and coordination of the department's activities and goals; coordinates department activities with other departments; and is responsible for execution of the Master Plan for the department.

Recreation Programs	3,231,242	2,273,564	2,316,898	**2,382,823**
FTE Positions	35.02	31.90	31.90	**31.90**

The Recreation Division oversees all Community Centers and their City-organized activities; provides management of the youth and adult athletics programming; provides recreational programming in the community; and serves special populations including seniors and afterschool.

Cultural Arts	275,545	222,826	953,022	**914,905**
FTE Positions	3.00	2.00	4.75	**4.75**

The Cultural Arts Division promotes all aspects of the department's Cultural Arts programming; manages the W.C. Reid Center; oversees permitting of COA events; coordinates City of Asheville Events/Festivals; and manages the City of Asheville's Public Art collection.

Park Maintenance	2,619,676	2,869,668	2,929,256	**3,158,777**
FTE Positions	38.75	38.75	34.75	**34.75**

The Park Maintenance Division oversees maintenance of all City of Asheville Parks and Public Facilities; manages the grounds keeping at McCormick Field; and oversees Park Security and safety with the assistance of APD.

Business Services	619,738	1,138,207	1,301,936	**1,202,143**
FTE Positions	9.50	9.00	7.00	**7.00**

The Business Services Division provides business planning and strategic planning expertise; provides "back of house" operational support for the department; and oversees marketing, communications and media relations.

PARKS, RECREATION & CULTURAL ARTS

DIVISION SUMMARY	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Planning	185,674	205,693	198,436	**139,263**
FTE Positions	2.00	2.00	2.00	**2.00**

The Parks Planning and Development Division manifests vision for all park projects; provides site planning and detailed project plans; and manages the contracting process for construction projects.

Specialized Facilities: The Specialized Facilities Division provides management and/or oversight of: McCormick Field, Municipal Golf Course, WNC Nature Center, Swimming Pools, Riverside Cemetery, Food Lion Skate Park, and Aston Park Tennis Center. The budgets for those individual cost centers are listed below.

Nature Center	1,041,857	1,026,915	925,053	**911,507**
FTE Positions	12.75	12.75	11.75	**11.75**
Aston Park	233,241	202,156	219,724	**220,196**
FTE Positions	2.00	2.00	2.00	**2.00**
Swimming Pools	177,426	156,427	181,991	**184,689**
FTE Positions	0.00	0.00	0.00	**0.00**
McCormick Field	143,939	104,147	166,932	**0**
FTE Positions	0.00	0.00	0.00	**0.00**
Food Lion Skate Park	85,839	82,300	94,257	**94,737**
FTE Positions	1.00	1.00	1.00	**1.00**
Riverside Cemetery	62,013	28,619	27,876	**29,127**
FTE Positions	0.00	0.00	0.00	**0.00**
Specialized Facilities	20,676	0	0	**0**
FTE Positions	0.00	0.00	0.00	**0.00**

DEPARTMENTAL GOALS

- Maximize the planning effort
- Improve administration effectiveness and transparency
- Create management resources to increase efficiency, continuity and sustainability in critical focus areas needed in department
- Enhance marketing, communications, and credibility
- Enhance public confidence for and appreciation of the arts -- including festivals and the WNC Nature Center

DEPARTMENTAL GOALS (Cont.)

- Strengthen the organizational structure of public and cultural arts delivery
- Build public and organizational capacity for the arts
- Ensure a continued high level of service in parks
- Strategically increase recreational programming level of service
- Develop an annual list of completed existing Facility Enhancements projects and post to website
- Increase the level of service and access for Parks, Facilities and Greenways

KEY PERFORMANCE OBJECTIVES & MEASURES

	2010/11 Actual	2011/12 Estimated	2012/13 Target
• *Complete upgrades to Red Wolf habitat & exhibit area, as well as playground at the WNC Nature Center*	*	*Design was completed Q4 FY 2012*	***Construction completed by June 30, 2013***
• *Complete the WNC Nature Center Site Plan*	*	*Completed Q2 FY 2012*	***N/A***
• *Deliver Cultural Arts programs through the Mobile Art Lab*	*	*621 hours of program in FY12*	***180 program hours per quarter***
• *Implement maintenance plan for the public art collection*	*	*Repaired, restored and/or cleaned 5 artworks in FY12*	***Repair, restore and clean artwork as identified on dept. schedule by June 30,2013***
• *Maximize use of volunteers.*	*	*33,390 volunteer hours*	***18,000 volunteer hours***

KEY PERFORMANCE OBJECTIVES & MEASURES (Cont.)

	2010/11 Actual	2011/12 Estimated	2012/13 Target
• *Provide recreation programming for at risk youth*	*	*9,527 program hours*	***15,000 program hours***
• *Prioritize a list of needed easements to connect greenways and parks*	*	*List completed Q2 FY 2012*	***20% to be acquired for next corridor***
• *Completion of new Community Center at Livingston St Park*	*	*Grand Opening of Cultural Arts Phase held in Q2 FY 2012*	***Phase II pending CIP funding***
• *Complete the development of the Reed Creek Greenway Phase II by Q2 FY 2012*	*	*.3 miles completed Q4 FY 2012*	***N/A***
• *Develop Construction Drawings for Town Branch, Clingman, and Beaucatcher Greenways*	*	*RFQ process completed Q4 FY 2012*	***To be completed in Q4 FY 2013***
• *Develop Construction Drawings for Splash Pad, Trail & Playground at Livingston St Park*	*Completed*	*N/A*	***N/A***

* New performance measures were developed mid-year and were not tracked previously.

GOLF FUND

FUND SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages	402,718	385,377	382,524	**386,349**
Fringe Benefits	154,629	169,538	171,103	**171,832**
Operating Costs	367,758	330,456	366,373	**366,373**
Capital Outlay	0	0	0	**0**
Total	925,104	885,370	920,000	**924,554**
FTE Positions	11.00	11.00	11.00	**11.00**
Revenues:				
Pro Shop Sales	22,421	17,840	10,000	**18,000**
Membership Fees	134,240	91,000	180,000	**136,554**
Snack Bar	54,860	46,560	40,000	**50,000**
Equipment Rental	201,249	223,652	255,000	**225,000**
Green Fees	314,789	353,842	435,000	**355,000**
Other	0	9,288	0	**0**
Subtotal Operations	727,559	742,182	920,000	**784,554**
General Fund Subsidy	0	0	0	**140,000**
Total	727,559	742,182	920,000	**924,554**

BUDGET HIGHLIGHTS

- Staff has adjusted the revenue budget to reflect trends from the prior two fiscal years and included a $140,000 transfer from General Fund to balance the Golf Fund budget.
- Staff also continues to explore alternatives for management efficiencies. Responses to the Request for Proposals (RFP) have been received, and staff is evaluating the proposals. It should be noted that the pursuit of any alternative operating/management option will likely require additional funds for operating and capital budgets.

CIVIC CENTER FUND

Sam Powers, Director

MISSION: The mission of the U.S. Cellular Center Asheville, formerly the Asheville Civic Center, is to foster exceptional experiences for patrons and promoters in the heart of Asheville. The Center has been providing facilities for entertainment, convention, commercial, cultural and sports activities for the City and surrounding community since 1974. The Center includes a 7,200-seat arena, a banquet hall, a performing arts auditorium with seating capacity of 2,431, and an exhibition hall.

DEPARTMENT SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages	826,834	939,441	915,955	**983,194**
Fringe Benefits	280,279	339,409	350,473	**352,367**
Operating Costs	745,132	901,196	839,426	**869,426**
Debt Service	0	0	0	**303,091**
Capital Outlay	0	0	0	**0**
Total	1,852,244	2,180,045	2,105,854	**2,508,078**
FTE Positions	16.25	16.25	16.25	**18.25**
Revenues:				
Food & Beverage Sales	549,212	1,004,802	769,000	**859,033**
Rent	429,958	454,406	459,860	**484,860**
Admissions & Other Sales	349,717	437,236	390,000	**370,000**
Capital Maintenance Fee	68,716	121,798	70,900	**90,000**
Investment Earnings	14,164	7,998	20,000	**5,000**
Other	20,858	8,480	3,500	**3,500**
Subtotal Operations	1,432,626	2,037,502	1,713,260	**1,812,393**
General Fund Transfer	391,315	0	392,594	**695,685**
Total	1,823,941	2,037,502	2,105,854	**2,508,078**

BUDGET HIGHLIGHTS

- The General Fund operating transfer to the Civic Center Fund shows an increase of $303,000. This increase will cover the first year annual debt service costs for the funds that were borrowed to complete the Southern Conference renovations at the Civic Center. This increase in the operating transfer to the Civic Center Fund is being funded by shifting a portion of the $400,000 budget that was previously allocated to the Civic Center pay-go capital program over to operations.

- With the completion of the renovations, the Civic Center is going from 14 to 28 points of sale. To handle the additional workload associated with this increase in points of sale, one concessions stockroom worker FTE is added to the budget. In addition, one labor crew leader FTE is added to the budget due to the increase in the square footage of the building, which creates a greater area to clean and maintain. The cost of these two new positions will be covered by additional revenue generated from the renovations.

CIVIC CENTER FUND

DEPARTMENTAL GOALS

"Exceptional Experiences Through Superior Service"

- Continue to operate the Civic Center with minimal subsidy from the general fund for annual operating expenses and small capital equipment.
- Continue to improve the customer experience through superior service.
- Continue to invest in capital projects that will improve customers' experiences and improve operational efficiency.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2010/11 Actual	*2011/12 Estimated*	*2012/13 Target*
• *General Fund subsidy as a % of total Civic Center Fund revenue*	*0.0%*	*18.6%*	***27.8%****

Events at the Center attracted approximately 300,000 people to 220 actual event days in 2011. The Southern Conference league's men's and women's basketball tournament was held in the City in 2012 and will be held in the City again in 2013 and 2014.

** Increase due to debt service associated with Southern Conference Renovations. Funded by reducing General Fund transfer to Civic Center capital fund.*

NONDEPARTMENTAL CULTURE & RECREATION

Outside agency and nondepartmental culture & recreation funding for FY 2012-13 includes the following:

BUDGET SUMMARY

Expenditures:	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Transfer to Festivals Fund	184,726	162,652	0	**0**
Transfer to Civic Center Fund	391,315	0	392,594	**695,685**
Transfer to Golf Fund	0	0	0	**140,000**
Asheville Art Museum	3,750	1,250	0	**0**
Pack Place HVAC	0	284,000	0	**0**
Total	579,791	447,902	392,594	**835,685**

BUDGET HIGHLIGHTS

- The General Fund nondepartmental budget includes the transfers to the Civic Center and Golf Funds, which are discussed earlier in the Culture and Recreation section.

ASHEVILLE

COMMUNITY DEVELOPMENT

Planning & Development
Community Development & HOME Funds
Housing Trust Revolving Fund
Building Safety
Nondepartmental

PLANNING & DEVELOPMENT

Judy Daniel, Director

MISSION: The mission of the Asheville Planning & Development Department is to encourage sustainable sound physical and economic development through implementation of City Council policies that value our resources (historic, natural, housing, etc.) and ongoing community involvement; and by providing quality service, information and assistance.

DEPARTMENT SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages	1,216,187	1,191,138	1,153,816	**1,112,517**
Fringe Benefits	391,090	439,057	454,648	**450,898**
Operating Costs	173,744	115,715	151,708	**240,066**
Capital Outlay	0	0	0	**0**
Total	1,781,021	1,745,910	1,760,172	**1,803,481**
FTE Positions	22.75	22.75	19.38	**19.38**

BUDGET HIGHLIGHTS

- The Planning Department adopted budget includes a $100,000 contingency allocation to fund the first phase of pursuing a form-based planning policy.
- The reduction in the salaries and wages budget reflects personnel reductions that were implemented as part of the FY 2011-12 budget and additional changes that have occurred since budget adoption.

PLANNING & DEVELOPMENT

DIVISION SUMMARY	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Planning Services	1,550,413	1,523,993	1,512,516	**1,587,316**
FTE Positions	19.75	19.75	16.88	**16.88**

The Planning Services Division conducts current and long-range planning. Planners are responsible for reviewing plans for development and redevelopment in the City's jurisdiction to ensure conformance with sound planning principles and City regulations, and for revising the City development guidelines as necessary. This division is also responsible for all comprehensive and small area plans and related matters. This division provides assistance to the Planning and Zoning Commission, the Board of Adjustment, the River District Design Review Board, and the Technical Review Committee. The primary focus of the code enforcement section is to enforce City of Asheville's codes, policies, & procedures which relate to land development. These activities include flood plain, zoning, sign and other ordinances. This division is also involved in enforcement of the junked car ordinance and the noise ordinance.

Historic Resources	148,858	143,993	157,119	**131,712**
FTE Positions	2.00	2.00	1.50	**1.50**

The Historic Resources Division provides assistance to the Historic Resources Commission in its efforts to protect and preserve the architectural history of Asheville.

Homeless Program	82,023	77,924	90,537	**84,453**
FTE Positions	1.00	1.00	1.00	**1.00**

DEPARTMENTAL GOALS

- Improve the quality of life in Asheville by working with citizens, community organizations and developers to identify guidelines for growth and to establish and enforce sound standards for development.
- Preserve the natural and built environment of the City of Asheville while accommodating new growth and development.
- Provide timely and accurate review and permitting of land development projects.
- Provide thorough, effective, and timely code enforcement services and assistance.
- Promote a range of housing options for residents of Asheville by providing opportunities for the development of different housing types.
- Improve the economic climate through support of community and economic development activities.
- Encourage sustainable development and promote redevelopment in accordance with the City's Smart Growth Policies.
- Preserve and protect the historic, cultural and architectural resources of the City and help educate the community about the importance of preservation to the planning process.
- Improve collection, coordination and dissemination of data in order to end homelessness in Asheville and Buncombe County.

PLANNING & DEVELOPMENT

KEY PERFORMANCE OBJECTIVES & MEASURES

	2010/11 Actual	2011/12 Estimate	2012/13 Target
Planning Services			
• *Improve customer access to accurate information – perform monthly updates*	*80%*	*80%*	***80%***
• *Develop, present and complete 100% of key UDO amendments in FY 11/12 and FY 12/13*	*80%*	*90%*	***90%***
• *Maintain timeliness of reviews – number of applications reviewed within the specified time period*	*95%*	*95%*	***95%***
Growth Management			
• *Maintain Annexation Program – timely response to all Council requests*	*100%*	*100%*	***100%***
• *Develop, update, adopt neighborhood plans and small area plans*	*1 adopted 1-initiated*	*1-initiated*	***1-adopted 1-initiated***
Zoning Code Enforcement			
• *Complaints investigated within 24 hours*	*80%*	*80%*	***85%***
• *Cases closed within 30 days*	*85%*	*85%*	***85%***
Historic Resources			
• *Extend protection of resources –*			
• *Local landmarks designated*	*0*	*1*	***1***
• *National Register properties reviewed*	*0*	*21 (added to Downtown District)*	***1***
• *Certificates of Appropriateness issued*	*165*	*140*	***150***

HOUSING TRUST FUND

The Housing Trust Fund provides resources to increase the supply of affordable housing in the City of Asheville. The Fund's activities are administered by the Planning & Development Department's Community Development Division.

BUDGET SUMMARY	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
General Fund Contribution	300,000	300,000	300,000	**500,000**

BUDGET HIGHLIGHTS

- The FY 2012-13 adopted budget includes a $200,000 increase in the General Fund contribution to the Housing Trust Fund.

BUILDING SAFETY

Robert Griffin, Director

MISSION: The mission of the Asheville Building Safety Department is to protect lives, health, and property in Asheville, to support economic development by providing building and development permitting services, enforce the North Carolina State Building Code, Asheville's Minimum Housing Code, related environmental codes and to maintain all city facilities incorporating sustainable and cost saving improvements whenever feasible and possible.

DEPARTMENT SUMMARY

	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Expenditures:				
Salaries & Wages	2,099,885	1,954,306	1,904,803	**2,064,241**
Fringe Benefits	686,894	804,456	857,368	**921,774**
Operating Costs	381,383	808,911	870,709	**1,149,643**
Capital Outlay	1,922	5,151	7,800	**7,800**
Total	3,170,084	3,572,824	3,640,680	**4,143,458**
FTE Positions	50.00	46.00	50.00	**50.00**

BUDGET HIGHLIGHTS

- Four facility maintenance personnel and their associated operating costs were transferred from the Parks Department to the building maintenance division of the Building Safety Department during FY 2011-12 after adoption of the budget. The FY 2012-13 adopted budget reflects the budget impact of this organizational change.

- In addition, operating funds in the Fire and Police Departments that were used for facility maintenance have also been consolidated under the Building Safety Department.

BUILDING SAFETY

DIVISION SUMMARY	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Permitting & Inspections	2,541,230	2,536,589	2,572,552	**2,605,662**
FTE Positions	40.00	37.00	37.00	**37.00**

The purpose of the Permitting and Inspections Division is to provide for a One Stop Permit Center, the enforcement of the State Building Code, City Housing Code and related environmental/safety codes. The division processes permits, conducts plan reviews, and inspects structures under renovation, construction, or change of occupancy. Upon the completion of final inspections, either certificates of occupancy confirming compliance with the state codes, or housing certificates confirming compliance with the local housing code are issued.

Building Maintenance	628,854	1,036,235	1,068,128	**1,537,796**
FTE Positions	10.00	9.00	13.00	**13.00**

The Building Maintenance Division is committed to maintaining all City facilities in such a manner that will minimize the impact of facility operations and equipment on the scheduled day-to-day operations. This division was moved to the Building Safety Department during FY 2009-10.

DEPARTMENTAL GOALS

- To provide effective and timely NC State Building Code enforcement through inspection of new construction, repairs, remodels, or rehabilitation.
- To provide a one-stop development and permit information center to assist the public in the permitting and approval of all development and construction projects.
- To provide effective and timely plan review services through the review of plans submitted for permitting.
- To provide continuing education opportunities for code enforcement officers, contractors, designers, and realtors.
- To provide fee rebates supporting environmental and sustainable construction.
- To provide all building code enforcement, plan review, and development services center activities through user fees and charges for building permits, inspections, and plan reviews.
- To issue all new privilege licenses required by Ordinance.
- Maintain all city buildings, provide oversight to repairs, and to incorporate sustainable and cost saving improvements.

BUILDING SAFETY

KEY PERFORMANCE OBJECTIVES & MEASURES

	2010/11 Actual	2011/12 Estimate	2012/13 Target
• *Complete 100% of inspections within 24 hours of request*	*98*	*99*	***100***
• *Reduce inspection disapprovals to 10% of completed inspections*	*13.7*	*14.3*	***10***
• *Eliminate substandard structures in the City through demolition*	*15*	*15*	***10***
• *Replace all electric motors, pumps, lights, and other energy consumption devices with sustainable products as defined by COA Sustainable Energy Guidelines*		*80%*	***90%***
• *Deliver 12 education session for code enforcement officers, contractors, and designers on building codes*	*14*	*14*	***12***
• *Complete application processing in Development Service Center within 1 working day*	*2*	*2*	***1***
• *Complete initial review of single family home plans within 5 days*	*8*	*7*	***5***

NONDEPARTMENTAL COMMUNITY DEVELOPMENT

The City provides funding to outside agencies for the purpose of promoting community and economic development in the City of Asheville. The City also supports community and economic development through nondepartmental activities, such as the Economic Incentives program. Outside agency and nondepartmental funding includes the following:

BUDGET SUMMARY

Expenditures:	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Adopted
Community Relations Council	50,000	24,998	50,000	**35,000**
One Youth at a Time	7,000	5,950	5,600	**5,440**
YWCA	10,000	6,000	8,000	**8,000**
Kids Voting	750	250	1,000	**0**
Children First	22,500	17,800	17,800	**15,740**
United Way 211	5,000	0	0	**2,500**
Economic Incentives	450,958	609,174	525,000	**519,997**
AHOPE	20,000	20,000	20,000	**20,000**
Asheville Greenworks	10,000	8,000	8,000	**8,000**
Economic Development Coalition	50,000	40,000	40,000	**60,000**
Meet the Geeks	1,500	0	0	**0**
Youthful Hand	5,000	3,750	4,000	**4,720**
Child Abuse Prevention Services	4,500	5,250	5,000	**5,000**
Asheville Design Center	5,000	4,000	4,000	**4,000**
YMI Utilities	24,000	24,000	24,000	**24,000**
Hall Fletcher PTO	0	5,000	0	**0**
Governor's Western Residence	0	0	5,000	**0**
A/B Sports Commission	0	0	45,000	**45,000**
Green Opportunities	0	0	0	**25,000**
Other	12,000	0	4,000	**0**
Total	678,208	774,172	766,400	**782,397**

BUDGET HIGHLIGHTS

- The adopted budget reflects the Outside Agency funding amounts that were approved by City Council on May 22, 2012.
- The Economic Incentives budget reflects the City's annual payment for the Biltmore Town Center annexation agreement.

CAPITAL IMPROVEMENTS & DEBT MANAGEMENT

Narrative & Overview
General Capital Fund
Enterprise Capital Funds
Debt Management

CAPITAL IMPROVEMENT PROGRAM
2012/13 TO 2016/17

Capital Budget Process

The Capital Improvement Program (CIP) is a five-year financing plan for infrastructure improvements, facility construction and improvement, and equipment acquisition. The City's emphasis on long-range capital improvement planning focuses attention on the current and future needs of the community and on balancing those needs with the City's fiscal resources.

Expenditures in the General Capital Project section are divided into five categories: Multi-modal, Infrastructure, Buildings and Facilities, Equipment and Technology and Vehicle Replacement. Within each category, projects are organized by program area (i.e., street maintenance, sidewalk maintenance, etc.) or specific projects.

Project Selection

Every project or program area was submitted and evaluated using a team-based scoring model. After the scoring process, results were reviewed and optimized to ensure consistency with Council policy direction, Master Plan priorities and other qualitative factors. Some program areas have specific evaluation tools that help prioritize capital investments. Examples of these areas include:

- Streets – Every city street is evaluated and assigned a score based on condition, allowing the city to resurface the streets with the highest needs first.
- New Sidewalk Construction – Sidewalk projects were divided into two categories: major projects and minor projects. Major projects are considered to be higher capital investment projects that are good candidates for debt financing. These projects tend to be along DOT roads or other major traffic corridors. Minor projects are considered smaller capital investment projects that are good candidates for pay-go funding and in-house construction. These projects tend to be on city streets. Both groups of projects were scored and ranked based on criteria identified in the Pedestrian Thoroughfare Plan. The projects with the highest scores were considered for the available funding.
- Vehicle Replacement – All vehicles in the fleet were evaluated and assigned a score according to a model developed by the American Public Works Association. The model evaluates vehicle age, usage, type of service, reliability, condition and repair costs. The vehicles with the highest score are considered for replacement first.

CIP Structure and Outcomes

As adopted, the FY 2011-12 capital improvement budget totaled $19.17 million, with $13.79 million in funding coming from the issuance of the Limited Obligation Bonds (LOB's) that were discussed earlier in the budget document. A number of the projects in the FY 2011-12 capital budget will still be underway in FY 2012-13, including City Hall exterior repairs, new sidewalk construction, Beaucatcher Greenway construction, and the Wild Cherry Bridge replacement.

With a limited capacity for additional debt issuance in the coming fiscal year, the FY 2012-13 general capital budget is funded primarily with pay-as-you-go resources and totals just under $6.0 million. The total five-year general CIP projects $46.5 million in investments. While the CIP assumes that the General Fund transfer to the capital budget remains flat all five years, the city is able to increase the overall level of capital investment by reinvesting funds into the capital program that are becoming available as a result of debt retirement in FY 2013-14. If and when city revenues improve as a result of economic recovery, staff would recommend that City Council consider increasing the General Fund transfer to the capital budget in future years. It is important to note that project detail in the CIP can and often changes during the year based various factors. Staff updates City Council within the quarterly financial reports on progress with capital projects.

Fiscal Years 2013-14 through 2016-17 represent planning years that are not officially adopted by City Council during the budget process. The projects identified for funding in those years are included for illustrative purposes. The City Council Finance Committee intends to pursue a long range capital planning process that takes a closer look at the capital planning years. The committee will bring forward recommendations to the full City Council during FY 2012-13.

CAPITAL IMPROVEMENT PROGRAM
2012/13 TO 2016/17

RELATIONSHIP TO THE ANNUAL OPERATING BUDGET

An important aspect of capital improvement planning is the effect that capital projects have upon the annual operating budget. Most CIP projects in the City of Asheville are funded through annual operating funds, such as the General Fund and the Water Resources Fund. In these instances, the Capital Improvement Program (CIP) and the annual operating budget are directly linked since these projects receive authorization with the adoption of the annual operating budget. Projects funded through debt financing also impact the operating budget through ongoing debt service expenses.

In addition, some completed CIP projects will impact the operating budget through ongoing expenses for staffing and operations. For example, when a new fire station or recreation center is built, the costs of maintaining and staffing the new facility must be funded in the operating budget. Advance knowledge of these costs aids in the budgeting process. Some CIP projects, such as new parking decks, may impact the operating budget by generating additional revenue as well as additional costs. Other projects may create cost savings by reducing annual operating expenses.

The estimated impact of the capital improvement budget on the annual operating budget in FY 2012-13 is $24.74 million, including debt service costs incurred from the long-term financing of capital projects approved this year and in prior years, and pay-as-you-go financing of current year projects. None of the capital projects approved in the FY 2012-13 CIP are expected to add costs to the City's operating budget in future years. The table below summarizes the total impact of the capital budget on the FY 2012-13 operating budget.

Total Impact of Capital Budget on FY 2012-13 Operating Budget	
General Fund Pay-Go/Debt	8,403,447
Water Resources Fund CIP Transfer	7,438,564
Water Resources Fund Debt Service	6,128,491
Water Resources Fund Sullivan Act	990,336
Non-Major Enterprise Funds Pay-Go/Debt	1,776,639
Total	**24,737,477**

CAPITAL IMPROVEMENT PROGRAM
2012/13 TO 2016/17

GENERAL CAPITAL FUND SUMMARY

Pay-As-You-Go	2012/13	2013/14	2014/15	2015/16	2016/17
Revenue Sources:					
General Fund	2,818,225	2,818,225	2,818,225	2,818,225	2,818,225
Water Infrastructure Transfer	990,336	1,320,448	1,650,560	1,650,560	1,650,560
Debt Savings	215,250	-	-	-	-
Fee In Lieu of Sidewalks	100,000	50,000	50,000	50,000	50,000
Grants	200,000	40,000	40,000	40,000	40,000
Savings from Closed Projects	275,000	75,000	75,000	75,000	75,000
Total Available Funds	4,598,811	4,303,673	4,633,785	4,633,785	4,633,785
Use of Funds:					
Multi-Modal Maintenance/Improve.					
Street Resurfacing & Maintenance	1,323,693	1,281,029	1,389,317	1,397,317	1,380,317
Sidewalk Maintenance	480,112	657,149	767,187	767,187	751,187
New Sidewalk Construction	871,337	772,374	884,475	1,014,795	997,795
Traffic Safety/Pedestrian Improve.	35,000	35,000	35,000	35,000	35,000
Transit System Projects	250,000	130,313	100,000	50,000	50,000
Greenway Development	100,000	-	-	-	-
Bicycle Connector Projects	81,000	-	50,000	-	50,000
Facility Maintenance/Improvements					
Roof Replacements	214,000	200,000	200,000	200,000	200,000
Park/Recreation Center Maintenance	400,000	400,000	400,000	400,000	400,000
Civic Center Renovations/Debt	400,000	400,000	400,000	400,000	400,000
General Facility Maintenance	90,862	50,000	30,000	50,000	50,000
Public Art Maintenance	40,000	40,000	40,000	45,000	45,000
Public Art Capital Projects	47,807	47,807	47,807	47,807	47,807
Equipment & Technology					
Public Safety Radio Replacements	100,000	200,000	200,000	136,680	136,680
Fuel Station Pump Replacement	75,000	-	-	-	-
Roll Cart Replacement	90,000	90,000	90,000	90,000	90,000
Total Use of Funds	4,598,811	4,303,673	4,633,785	4,633,785	4,633,785

CAPITAL IMPROVEMENT PROGRAM
2012/13 TO 2016/17

GENERAL CAPITAL FUND SUMMARY (Cont.)

Pay-As-You-Use (Debt-Funded)	2012/13	2013/14	2014/15	2015/16	2016/17
Revenue Sources:					
Debt Proceeds	1,000,000	10,416,000	3,025,000	3,050,000	-
Grants	-	6,204,000	-	-	-
Total Available Funds	1,000,000	16,620,000	3,025,000	3,050,000	-
Use of Funds:					
Vehicle & Equipment Replacement					
Vehicle Replacements	1,000,000	2,000,000	1,000,000	900,000	-
Emergency Response Vehicle	-	245,000	-	-	-
Multi-Modal Investments					
New Sidewalk Construction	-	8,115,000	-	-	-
Greenway Development Program	-	350,000	250,000	1,050,000	-
Street Rebuilds	-	315,000	-	-	-
Infrastructure					
CBD Traffic Signal Pole Replacements	-	450,000	-	-	-
Buildings & Facilities					
Radio Infrastructure	-	4,500,000	-	-	-
Dr. Grant Southside Center Phase II	-	350,000	-	-	-
McCormick Field	-	100,000	275,000	-	-
Airport Road Fire Station	-	-	1,000,000	-	-
Community Center Renovations	-	-	-	350,000	-
Fire Station 9 Remodel	-	-	-	750,000	-
Equipment & Technology					
VHF Radio Replacement	-	195,000	-	-	-
Total Use of Funds	1,000,000	16,620,000	3,025,000	3,050,000	-

GRAND TOTAL BOTH PAGES	**5,598,811**	**20,923,673**	**7,658,785**	**7,683,785**	**4,633,785**

CAPITAL IMPROVEMENT PROGRAM
2012/13 TO 2016/17

GENERAL CAPITAL FUND YEAR ONE PROJECT DETAIL

CIP Area:	**Multi-Modal**		
Program:	**Streets**		
STREET RESURFACING PROGRAM			
Revenue:			
Pay-Go			$463,469
CIP Savings			$200,000
Water Infrastructure			$660,224
TOTALS			$1,323,693
Likely Projects for FY 2012-13:			
City Quadrant	**Street Name**	**Linear Feet**	**Project Cost**
West	Hanover Street	3,643.00	$128,561
Central	Asheland Avenue	3,643.00	$247,576
North	Stratford Road	4,118.00	$104,875
North	East Larchmont	528.00	$18,632
East	Ravenna Street	1,003.00	$22,708
South	Pebble Creek Drive	1,478.00	$41,831
Central	Woodfin*	1,478.00	$100,393
North	W.T. Weaver*	2,535.00	$193,845
Central	MLK, Jr. Blvd.*	4,224.00	$350,887
Various	General Paving	--	$117,171
TOTALS		**22,650.00**	**$1,323,693**

* Water Infrastructure project

CAPITAL IMPROVEMENT PROGRAM
2012/13 TO 2016/17

GENERAL CAPITAL FUND YEAR ONE PROJECT DETAIL

CIP Area:	**Multi-Modal**		
Program:	**Sidewalks**		
SIDEWALK MAINTENANCE PROGRAM			
Revenue			
Pay-Go			**$480,112**
Project Details:			
City Quadrant	**Project Name**	**Linear Feet**	**Project Cost**
West	Patton to Rumboldt	3,000.00	$55,000
North	Robindale Street	880.00	$40,000
Central	Pearl/Cherry	1,020.00	$55,000
Central	Starnes	1,600.00	$80,000
Central	South French Broad Ave.	500.00	$50,000
West	Michigan Ave.	550.00	$60,112
North	Crescent	800.00	$40,000
Various	Sidewalk Repairs and ADA Improvements		$100,000
TOTALS		**8,350.00**	**$480,112**

CIP Area:	**Multi-Modal**		
Program:	**Traffic Safety & Pedestrian Improvements**		
TRAFFIC SAFETY & PEDESTRIAN IMPROVEMENTS			
Revenue			
Pay-Go			$35,000
Project Details:			
City Quadrant	**Project Name**		**Project Cost**
North	Charlotte St, from I-240 to Edwin Place		$35,000

CAPITAL IMPROVEMENT PROGRAM
2012/13 TO 2016/17

GENERAL CAPITAL FUND YEAR ONE PROJECT DETAIL

CIP Area:	**Multi-Modal**		
Program:	**New Sidewalk Construction**		
NEW SIDEWALK CONSTRUCTION PROGRAM			
Revenue			
Pay-Go			$441,225
Fee-in-lieu			$100,000
Water Infrastructure			$330,112
TOTAL			**$871,337**
Project Details:			
City Quadrant	**Project Name**		**Project Cost**
	Sidewalk crew labor costs & related expenses		**$871,337**
	Potential projects to be completed by the crew or contracted out include:		
North	Lakeshore Drive, from Mt. Vernon Place to Osborne Rd*		
West	Brevard Road, from Fairfax Ave to I-240		
West	Michigan Ave, from Haywood Rd to Waynesville Ave		
South	Overlook Road, from Springside Road to Briarcliff Drive		
West	Sand Hill School Road, from Acton Cir to Sand Hill Rd*		

* Water Infrastructure project

CIP Area:	**Multi-Modal**		
Program:	**Greenways**		
GREENWAY DEVELOPMENT PROGRAM			
Revenue			
Pay-Go			$100,000
Project Details:			
City Quadrant	**Project Name**		**Project Cost**
Central	Design work for Town Branch Greenway		$100,000

CAPITAL IMPROVEMENT PROGRAM
2012/13 TO 2016/17

GENERAL CAPITAL FUND YEAR ONE PROJECT DETAIL

CIP Area:	**Multi-Modal**		
Program:	**Transit System Improvements**		
TRANSIT SYSTEM PROGRAM			
Revenue			
Pay-Go			$50,000
Grants			$200,000
TOTAL			**$250,000**
Project Details:			
Project Name		**Description**	**Project Cost**
Transit Center Maintenance		ADA features, lighting, painting, etc.	$250,000

CIP Area:	**Multi-Modal**		
Program:	**Bicycle Connector Projects**		
GREENWAY DEVELOPMENT PROGRAM			
Revenue			
Pay-Go			$81,000
Project Details:			
City Quadrant	**Project Name**		**Project Cost**
North	Sharrow Network North		$51,000
West	West End Bicycle Connector	design plans	$15,000
North	North End Bicycle Connector	design plans	$15,000
	TOTAL		**$81,000**

CAPITAL IMPROVEMENT PROGRAM
2012/13 TO 2016/17

GENERAL CAPITAL FUND YEAR ONE PROJECT DETAIL

CIP Area:	**Facility Maintenance and Improvements**	
Program:	**Roof Replacement**	
ROOF REPLACEMENT PROGRAM		
Revenue		
Pay-Go		$214,000
Project Details:		
Project	**Description**	**Cost**
Fire Stations diverted from FY 11/12		$100,000
Hunt Hill Purchasing		$62,000
Burton Street Center		$52,000
TOTAL		**$214,000**

CIP Area:	**Facility Maintenance and Improvements**	
Program:	**Park/Recreation Center Maintenance**	
PARK/RECREATION CENTER MAINTENANCE		
Revenue		
Pay-Go		$400,000
Project Details:		
Project	**Description**	**Cost**
General Maintenance		$20,000
Gym Floor Replacement		$100,000
Gym Center Upgrade		$50,000
Aston Park Court Lifts		$60,000
Rebuild Outdoor Courts		$50,000
Resurface Velodrome		$120,000
TOTAL		**$400,000**

CAPITAL IMPROVEMENT PROGRAM
2012/13 TO 2016/17

WATER RESOURCES CAPITAL IMPROVEMENT FUND SUMMARY

	2012/13	2013/14	2014/15	2015/16	2016/17
Revenue Source:					
Transfer from Water Operating Funds	7,438,564	7,008,500	6,905,000	7,375,739	7,954,250
Use of Funds:					
NCDOT Projects:					
Brevard Rd (Long Shoals to NC 280)				950,000	950,000
Brevard Rd (Parkway to Long Shoals)				711,489	
I-26 Widening Project				1,000,000	1,000,000
Long Shoals I-26 to 191				569,250	569,250
Pond Bridge Road	50,000				
Distribution System Projects					
Affordable Housing Infill Development Incentive	50,000	50,000	50,000	50,000	50,000
Automated Meter Reading (AMR)	2,146,914				
Craven Street Water Line Improvement	87,000				
Fairview Reservoir - 1 MG	500,000	1,050,000			
Long Street Water Line Improvement	70,000				
Main Transmission Line Evaluation	357,500				
Merrimon Avenue Main Replacement			1,200,000	1,400,000	1,300,000
Meter Vault Installation / Repair		300,000			
Mills River Raw Water Reservoir 15 MG					35,000
New Maintenance Facility	250,000	500,000	1,000,000		
North Fork WTP Dam / Tunnel Eval. & Repairs	750,000	750,000			
North Fork WTP Generator Transfer Switch		250,000	300,000		
Peach Knob Pump Station Building	50,000				
Pump Station Meters		250,000	250,000		
Ridgeview Tank 95,000 GAL					300,000
Software Updates / HMI - all WTP's		50,000	150,000		
Spivey Mountain Tank				800,000	500,000
Water Storage Tank / Pump Station Maint.	150,000	100,000	100,000	100,000	100,000
Water Treatment Plant Improvements		400,000	1,500,000		

CAPITAL IMPROVEMENT PROGRAM
2012/13 TO 2016/17

WATER RESOURCES CAPITAL IMPROVEMENT FUND SUMMARY (Cont.)

	2012/13	2013/14	2014/15	2015/16	2016/17
Neighborhood Water Line Replacement Projects					
Courtland Avenue	157,500				
Dogwood Road South	50,000				
Grovemont Development	716,000				
Hazelnut Drive		55,000			
Horizon Hill	419,650				
Innsbrook & Maplewood Roads	100,000	350,000			
Joe Jenkins Road				250,000	
Lindsey Road from Old 19/23 to Pisgah Hwy			175,000		
McIntosh Road "A" and "C"		123,500			
McIntosh Road "B"	234,000				
Mountain Crest Road / Patton Cemetery Road	325,000	310,000			
Mount Carmel Line Replacement	250,000				
Muirfield Subdivision		195,000	195,000		
Pearson Bridge Line Replacement	100,000				
South Malvern Hills Subdivision		325,000			
US 19/23				400,000	350,000
Water System Master Plan Projects:					
Beaucatcher Rd from Buckstone to Kenilworth			950,000		
Candler School Rd / Old Candler Town Rd					1,150,000
College Street from Windswept to Clemmons			510,000		
Enka Lake Rd from Sand Hill to Ironwood			525,000	625,000	
Fairmont Rd from Old 19/23 to Justice Ridge					550,000
Mills Gap from Concord PS to tank on Keswick					1,100,000
Monte Vista / Sand Hill School Road	625,000	1,950,000			
Swannanoa River Rd from Caledonia to Bryson				280,000	
Tunnel Rd from Overbrook and Crockett				240,000	
Total Use of Funds	7,438,564	7,008,500	6,905,000	7,375,739	7,954,250

CAPITAL IMPROVEMENT PROGRAM
2012/13 TO 2016/17

PARKING FUND CAPITAL SUMMARY

	2012/13	2013/14	2014/15	2015/16	2016/17
Revenue Source:					
Parking Operating Funds	55,000	90,000	275,000	275,000	
Parking Fund Reserves			250,000	355,000	
Total Revenue	55,000	90,000	525,000	630,000	
Use of Funds:					
Vehicle Replacement	15,000	50,000			
Lighting in Civic Center Garage (LEDs)			160,000	140,000	
Replace Parking Meters - 100 per year	40,000	40,000	40,000	40,000	
Civic Center Parking Garage Restoration				450,000	
PARCS Equipment Replacement (Gates, etc)			325,000		
Total Expenditures	55,000	90,000	525,000	630,000	

GREEN CAPITAL PROJECTS

	2012/13	2013/14	2014/15	2015/16	2016/17
Revenue Source:					
Debt Proceeds	1,736,761	480,139	162,000	0	0
Utility Savings	154,263	331,722	410,858	382,400	324,400
Transfer from Reserves		3,496			45,434
Total Revenue	**1,891,024**	**815,357**	**572,858**	**382,400**	**369,834**
Use of Funds:					
LED Streetlight Upgrades	1,259,761	294,139			
Facility Energy Improvements	477,000	186,000	162,000		
Transfer to Reserves	66,848	0	18,540	974	
Transfer to Debt Service	87,415	335,218	392,318	381,426	369,834
Total Expenditures	**1,891,024**	**815,357**	**572,858**	**382,400**	**369,834**

DEBT MANAGEMENT

Debt service expenditures in the general fund are as follows:

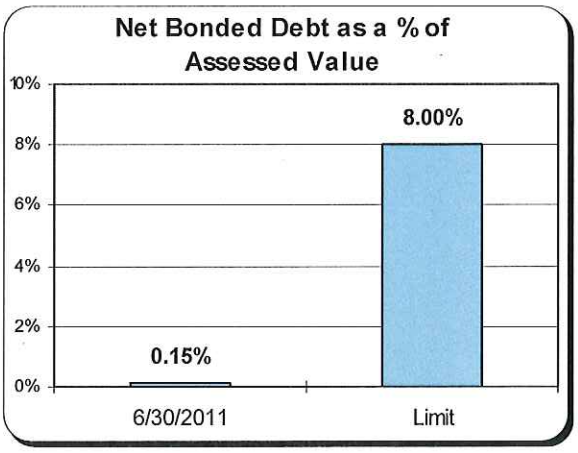
	2012/13	2013/14	2014/15	2015/16	2016/17
Use of Funds:					
Existing Debt	1,768,906	412,289	397,981	126,000	121,000
2012 Project Debt	1,586,774	2,055,150	2,007,700	1,951,300	1,815,980
2012 Refunding Debt	2,031,341	1,700,650	1,690,600	1,681,000	1,675,500
2013 Debt	-	240,700	233,525	226,350	219,175
2014 Debt	-	-	1,705,000	1,653,400	1,596,800
2015 Debt	-	-	-	497,200	481,800
2016 Debt	-	-	-	-	529,200
Total Expenditures	5,387,021	4,408,789	6,034,806	6,135,250	6,439,455

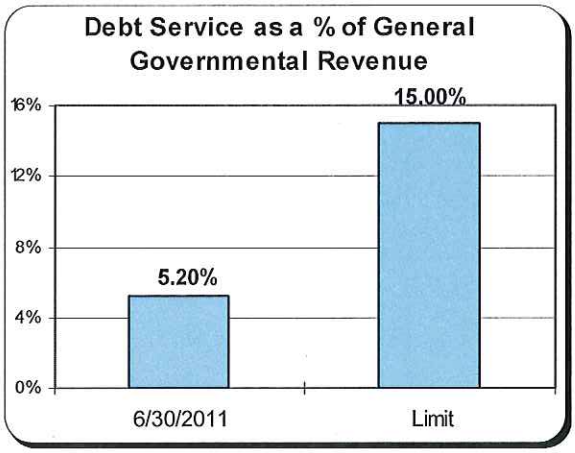
DEBT MANAGEMENT

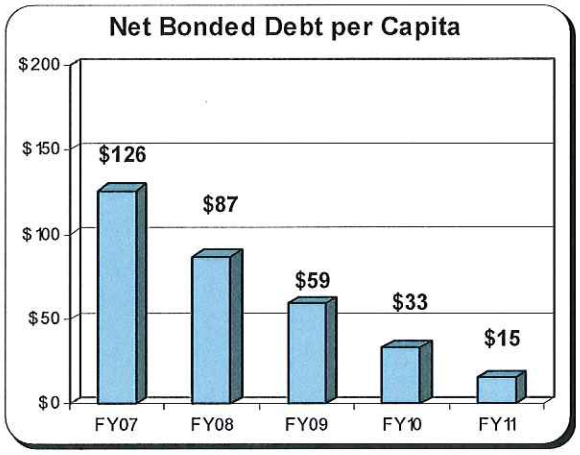
The objective of the City of Asheville debt management policy is to maintain the City's ability to incur present and future debt at the most beneficial interest rates without adversely affecting the City's ability to finance essential City services.

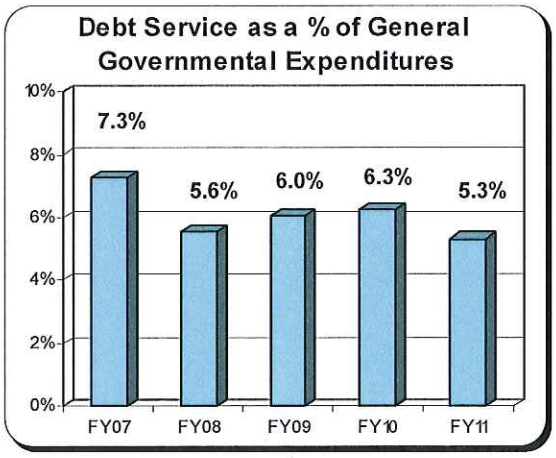
Policy Statements:

- Capital projects financed through the issuance of bonds shall be financed for a period not to exceed the expected useful life of the project.
- The general obligation debt of the City of Asheville will not exceed 8% of the assessed valuation of the taxable property of the City.
- Total debt service on tax-supported debt of the City will not exceed 15% of total general government operating revenue.
- Payout of aggregate principal outstanding shall be no less than 50% repaid within 10 years.
- The City will maintain its financial condition so as to maintain a minimum AA bond rating.
- The City's Water Resources Utility will maintain its financial condition so as to maintain a AA bond rating.
- The City's debt policy will be comprehensive and the City will not knowingly enter into any contracts creating significant unfunded liabilities.









DEBT MANAGEMENT

Legal Debt Limit. In accordance with the provisions of the State Constitution and the Local Government Bond Act, as amended, the City had the statutory capacity to incur additional net debt in the amount of $870,940,000 as of June 30, 2011.

General Obligation Debt of the City. As of February 29, 2012, the City's outstanding general obligation bonds are as follows:

General Obligation Bonds	Principal Outstanding as of February 29, 2012
Street & Sidewalk Bonds, Series 1993A & B	$90,000
General Obligation Bonds Refunding Bonds, Series 1999	85,000
General Obligation Bonds, Series 2000	870,000
Total	$1,045,000

The City has no authorized but unissued general obligation bond debt.

General Obligation Debt Ratios.

At June 30	Total GO Debt *(in thousands)*	Assessed Valuation *(in thousands)*[1]	Percent of Valuation	Population[2]	Total GO Debt per Capita[3]	Total Assessed Value per Capita
2007	$9,579	$9,746,647	0.10%	75,947	$126	$128
2008	6,735	10,014,816	0.07	77,838	87	129
2009	4,680	10,301,982	0.05	79,395	59	130
2010	2,640	10,771,020	0.02	79,973	33	135
2011	1,290	10,902,131	0.01	83,986	15	130

[1] Real property in the City was revalued as of 2007 for the first time since 2003.
[2] Source: State Demographer.
[3] Total General Obligation Debt divided by Population.
[4] Based on 2010 population estimate.

General Obligation Debt Service Requirements and Maturity Schedule as of June 30, 2011.

Fiscal Year Ending June 30	Principal	Interest	Total General Obligation Debt Service
2012	$330,000	$61,685	$391,685
2013	190,000	45,675	235,675
2014	100,000	36,000	136,000
2015	100,000	31,000	131,000
2016	100,000	26,000	126,000
2017	100,000	21,000	121,000
2018	100,000	16,000	116,000
2019	100,000	11,000	111,000
2020	100,000	6,000	106,000
2021	70,000	1,750	71,750
Total	$1,290,000	$256,110	$1,546,110

Revenue Debt of the City. As of February 29, 2012, the City has $32,910,000 of its Water Revenue Refunding Bonds, Series 2005 and $35,430,000 of its Water Revenue Bonds, Series 2007 outstanding. These bonds are special obligations of the City and are secured by and payable solely from the revenues received from operation of the water system.

Other Long-Term Commitments. As of February 29, 2012, the City has outstanding installment financing contracts and other obligations with a total principal amount of $17,445,132. The debt service on these obligations, which includes the Prior Obligations to be refinanced, is listed in the table below.

Fiscal Year	Principal	Interest	Total Principal and Interest Payments
2012	$2,234,197	$417,909	$2,652,106
2013	3,057,757	794,615	3,852,372
2014	1,992,176	684,761	2,676,937
2015	2,048,406	592,345	2,640,751
2016	1,849,636	499,048	2,348,684
2017	1,914,636	409,390	2,324,026
2018	2,024,636	316,190	2,340,826
2019	554,636	94,194	648,830
2020	559,636	71,058	630,694
2021	564,636	47,601	612,237
2022	184,483	23,823	208,306
2023	189,483	14,822	204,305
2024	91,443	7,917	99,360
2025	83,243	4,171	87,414
2026	46,581	836	47,417
2027	9,910	-	9,910
2028	9,910	-	9,910
2029	9,910	-	9,910
2030	9,910	-	9,910
2031	9,908	-	9,908
Total	$17,445,133	$3,978,680	$21,423,813

SUPPLEMENTAL INFORMATION

Asheville Community Profile
Budget Ordinance
Glossary of Budget Terms

ASHEVILLE COMMUNITY PROFILE

Community Description

The City of Asheville, with a population of 83,393, is the largest city in western North Carolina, the 11th largest in the State of North Carolina and is the county seat of Buncombe County. It sits on approximately 45 square miles on a high plateau near the Great Smoky Mountains National Park. It is 240 miles west of Raleigh, North Carolina, the State's capital, and 204 miles north of Atlanta, Georgia. The City is also the center of western North Carolina's only Metropolitan Statistical Area, which is comprised of Buncombe, Madison, Henderson and Haywood Counties. Known as Morristown in 1792, the community later became the Village of Ashville (without the first "e"). The Town of Asheville, named in honor of Governor Samuel Ashe, was incorporated January 27, 1798 and was reincorporated in 1883 as the City of Asheville

The City is the regional center of health care, manufacturing, transportation, banking, professional services and retail trade. Other leading industry sectors include tourism, government, hospitality and food services. In June 2011 Forbes.com ranked the City as the 24th best metropolitan area for business and careers. Asheville is nestled between the Blue Ridge and Great Smoky Mountains and located astride the French Broad and Swannanoa Rivers. The City is surrounded by lush mountains, many with elevations above 5,000 feet.

Recreational opportunities abound in the Asheville area with approximately 16% of the region's area designated as public or recreational. The Biltmore Estate, George Vanderbilt's 19th century estate, comprises over 8,000 acres just outside the city limits. The Blue Ridge Parkway is also headquartered in Asheville. The City also has a strong historic preservation program. This assistance in the preservation of downtown housing and historic structures has created a truly unique and vibrant urban atmosphere in downtown Asheville.

Asheville's natural and architectural beauty, moderate climate, strong job market, and outstanding educational and health care facilities make it one of the most attractive locations in the United States. Asheville is consistently ranked high among the best places to live, work and retire. The City's long-range planning is directed toward preserving this area's high quality of life, so that it shall remain one of the "best places."

Form of City Government

The City of Asheville operates under a Council/Manager form of government. The six-member City Council and the Mayor are elected at-large for staggered terms of four years. City Council, which acts as the City's legislative and policy-making body, selects the City Manager, who is the City's chief administrator and is responsible for implementing the policies and programs adopted by the City Council. The City's workforce provides basic City services including fire and police protection, planning and economic development, public works (streets, traffic, solid waste and stormwater services), parks and recreation, and water.

Demographic Information

The United States Department of Commerce, Bureau of the Census, has recorded the population of the City as follows:

1990	2000	2010
61,855	68,889	83,393

Personal per capita income for the City and the State of North Carolina (the "*State*") as of June 30 is presented in the following table:

Year	City	State
2006	$31,882	$33,373
2007	33,531	34,761
2008	34,386	35,740
2009	33,620	34,108
2010	34,362	34,977

Source: United States Department of Commerce, Bureau of Economic Analysis (latest data available).

ASHEVILLE COMMUNITY PROFILE

Statistical Information

Climate	
Avg. Yearly Temp.	55.6 F
Avg. Yearly Rainfall	47.07 in
Avg. Yearly Snowfall	13.3 in
Avg. Elevation	2,165 ft
Police Protection	
Number of Stations	6
Number of Police Personnel	265
Number of Patrol Districts	3
Number of:	
Calls for Service Dispatched	111,230
UCR Part I Crimes Reported	5,204
UCR Part I Crimes Cases Cleared	2,039
Traffic Accidents Reported	4,475
Fire Protection	
Number of Stations	11
Number of Fire Personnel	248
Number of Responses (FY11)	14,038
Number of Inspections (FY11)	3,780

Utilities	
Miles of Streets	379.38
Number of Street Lights	9,809
Number of City-Maintained Intersections	62
Miles of Water Mains	1,666
Treatment Plants	3
Water Service Connections	56,419
Fire Hydrants	6,736
Daily Avg. Consumption of Water (gal)	21.05 million
Max. Daily Capacity of Treat. Plants (gal)	43.5 million
Culture & Recreation	
Community Centers	11
Parks & Playgrounds	59
Park Acreage	874
Swimming Pools	3
Tennis Courts	26

Education

There are two public school systems serving the City, the Asheville City Schools and the Buncombe County Schools. The State provides funding for a basic minimum educational program that is supplemented by the County and federal governments. This minimum program provides funds for operational costs only, while financing of public school facilities has been a joint State and County effort. Thus, local financial support is provided by the County for capital and operating costs that are not provided for by the State or federal government. The City does not provide any funding for the school system.

School Year	No. of Schools	Elementary (K-5) ADM	Intermediate (6-8) ADM	Grades (9-12) ADM	Total ADM
2007-08	9	1,845	701	1,193	3,739
2008-09	9	1,892	701	1,145	3,738
2009-10	9	1,902	698	1,158	3,758
2010-11	9	1,970	735	1,167	3,872
2011-12	8	2,033	769	1,228	4,030

Note: ADM or Average Daily Membership (determined by actual records at the schools) is computed by the North Carolina Department of Public Instruction on a uniform basis for all public school units in the State. The ADM computation is used as a basis for teacher allotments.

Source: North Carolina Department of Public Instruction website

The Buncombe County Board of Commissioners levies an Asheville City Schools tax for enhanced education funding on real and personal property located within the Asheville City Schools district. Approximately 52% of property parcels located within the City are subject to the supplemental school tax.

A portion of the City is also served by the Buncombe County Schools. Approximately 4,925 of the 25,556 students attending the Buncombe County Schools system reside within the corporate limits of the City. The following table shows the number of schools and the ADM for the last five school years for the Buncombe County Schools:

School Year	No. of Schools	Elementary (K-5) ADM	Intermediate (6-8) ADM	Grades (9-12) ADM	Total ADM
2007-08	38	11,825	5,978	7,931	25,734
2008-09	39	11,931	5,846	8,070	25,847
2009-10	39	11,823	5,845	7,977	25,645
2010-11	39	11,685	5,854	8,067	25,606
2011-12	41	11,651	5,963	7,942	25,556

Note: ADM or Average Daily Membership (determined by actual records at the schools) is computed by the North Carolina Department of Public Instruction on a uniform basis for all public school units in the State. The ADM computation is used as a basis for teacher allotments.

Source: North Carolina Department of Public Instruction website

There are several post-secondary institutions located in the County area. The City is home to The University of North Carolina Asheville ("*UNC Asheville*"), a four-year liberal arts university that is part of the University of North Carolina system. Of the 17 constituent institutions in the University of North Carolina system, UNC Asheville is the only institution dedicated to liberal arts. UNC Asheville offers more than 30 majors leading to the bachelor of arts, bachelor of science and master of liberal arts degrees. Approximately 3,700 undergraduate students attend the university, which has approximately 330 full- and part-time faculty members and 300 staff members.

Asheville-Buncombe Technical Community College ("*AB Tech*") offers both general and trade curriculums for students of all ages. AB Tech offers 66 curriculum programs, 54 degrees, 22 diplomas and 64 certificates. Its main campus in the City includes 22 buildings on 145 acres. Montreat College, Warren Wilson College, Brevard College and Mars Hill College are located within 10 to 30 miles of the City. The colleges are four-year private, coeducational, comprehensive liberal arts colleges offering undergraduate degrees in over 48 major programs. The combined full-time enrollment at these four colleges approaches 4,000 students. Several of the colleges are named by the U.S. News & World Report and the Fiske Guide to Colleges 2012 as some of the nation's "Best Buys" among private colleges and universities.

Economic Indicators

Growth in many of the City's revenues depends on the state of the economy. When the economy is expanding, revenues are up, and when the economy slows, revenues react accordingly. Given this relationship, key economic indicators, such as retail sales, unemployment rates, job growth, construction starts and hotel/motel sales are helpful in assessing why revenues are either up or down, and how they might be trending in the future. Although the City's revenues are most directly impacted by the local economy, trends in North Carolina and across the nation are also important.

Retail Sales - Taxable sales figures are not available for the City. The taxable sales for the County fiscal years ended June 30, 2007 through 2011 are shown in the following table:

Fiscal Year Ended June 30	Total Taxable Sales	Increase (Decrease) Over Previous Year
2007	$3,336,213,094	N/A
2008	3,283,356,807	(1.58%)
2009	2,995,665,910	(8.76%)
2010	2,954,277,382	(1.38%)
2011	3,125,296,879	5.78%

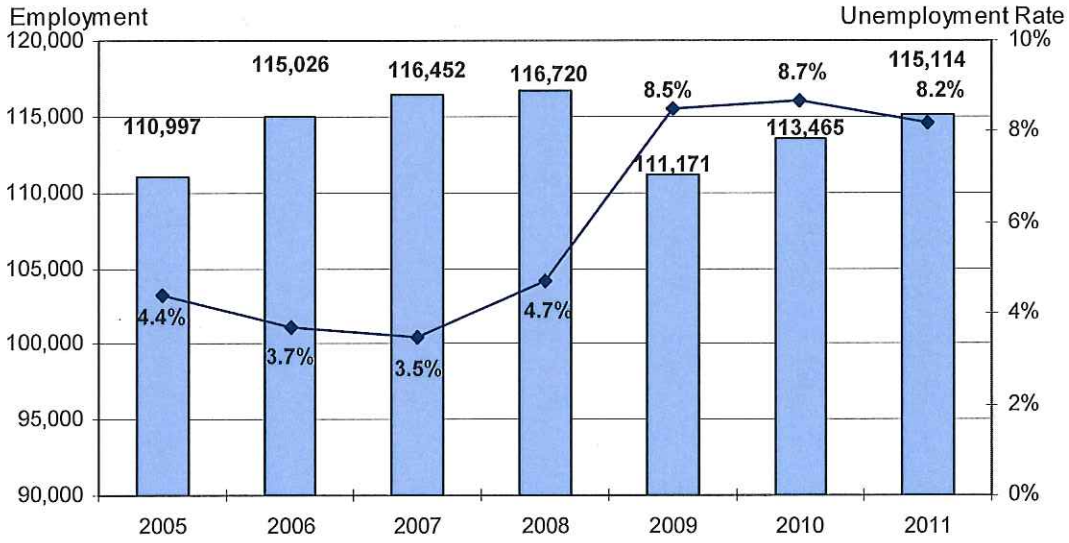
Source: North Carolina Department of Revenue, Sales and Use Tax Division.

In addition to being an important indicator of overall local economic health, Buncombe County retail sales activity also directly impacts the City's general fund budget through sales tax receipts. The economic recession and its lingering effects caused retail sales to drop substantially in FY 2008, FY 2009, and FY 2010, with sales falling over 11% during this time period. Sales rebounded in FY 2011, with year-over-year growth of 5.78%.

Approximately 75% of the retail sales in Buncombe County occur within the City of Asheville. Among the large cities in North Carolina, Asheville has one of the highest levels of retail sales per resident. This data reflects Asheville's position as the regional economic center for Western North Carolina. Asheville's high level of retail sales per resident is also likely associated with Asheville's status as a tourist destination. According to a recent Standard and Poor's credit report, per capita retail sales in the Asheville area were 239% of the national average in 2011.

Labor Market Trends *(Sources: N.C. Employment Security Commission & the Asheville Area Chamber of Commerce)* - The unemployment rate is a critical indicator of relative strength in the local economy. As the effects of the recession began to be felt in Buncombe County, the average unemployment climbed throughout 2009 and the early part of 2010, peaking at 9.7% in February 2010. The local employment data have improved since then, and as of June 2012, the county's unemployment rate stood at 7.9%. Local unemployment rates are below both the statewide rate (9.4%) and the national rate (8.2%).

Between 2001 and 2008, the total employment in Buncombe County increased by 12,740 jobs or 12.3%. With the onset of the recession, average employment in 2009 dropped by 4.7%. Although employment began growing again 2010, it has yet to reach the levels seen prior to the recession. The Asheville metro area's leading industry in terms of employment is health care & private education. Other leading industry sectors include government, leisure & hospitality, and retail trade. Together these four sectors account for approximately 64% of all Asheville metro area jobs.



ASHEVILLE COMMUNITY PROFILE

Metro Area Workforce

Largest Employment Sectors (NAICS)	% of Employment
Health Care & Social Assistance	20.1%
Retail Trade	13.3%
Accommodation & Food Services	12.5%
Manufacturing	9.5%
Educational Services	7.4%
Administrative & Waste Services	5.9%
Public Administration	5.5%
Construction	4.1%
Professional & Technical Services	4.0%
Transportation & Warehousing	3.4%

Buncombe County Employment Growth

Year	Avg. Employment	% Change
2002	102,665	
2003	107,854	5.05%
2004	108,879	0.95%
2005	110,997	1.95%
2006	115,026	3.63%
2007	116,452	1.24%
2008	116,720	0.23%
2009	111,171	-4.75%
2010	113,465	2.06%
2011	115,114	1.45%

Major Buncombe County Employers

Company/Institution	Type of Enterprise	Approximate Number of Employees
Mission Health System and Hospitals	Health Services	5,000+
Buncombe County Public Schools	Educational Services	3,000-4,999
City of Asheville	Public Administration	1,000-2,999
The Biltmore Company	Leisure and Hospitality	1,000-2,999
Buncombe County Government	Public Administration	1,000-2,999
The Grove Park Inn Resort & Spa[1]	Leisure and Hospitality	1,000-2,999
Ingles Markets, Inc. (Home Office Buncombe County)	Food & Beverage Stores	1,000-2,999
Veterans Administration	Public Administration	1,000-2,999
Wal-Mart Associates Inc.	Trade Food & Beverage Stores	1,000-2,999
BorgWarner Turbo Systems	Manufacturing	750-999
Community CarePartners Inc.	Health Services	750-999
Eaton Corporation – Cutler Hammer Inc.	Manufacturing.	750-999
Asheville City Schools	Educational Services	500-749
Arvato Digital Services	Manufacturing	500-749
Sitel, A Subsidiary of Onex Corp.	Administrative & Support Services	500-749
Thermo Fisher Scientific, Inc.	Machinery Manufacturing	500-749
Black Mountain Neuro-Medical Center	Health Services	500-749
UNC – Asheville	Educational Services	500-749

[1] The Grove Park Inn was acquired by KSL Capital Partners in spring 2012. It is now managed by KSL Resorts as an independent resort.

Source: Asheville Area Chamber of Commerce and North Carolina Employment Security Commission - September 2011

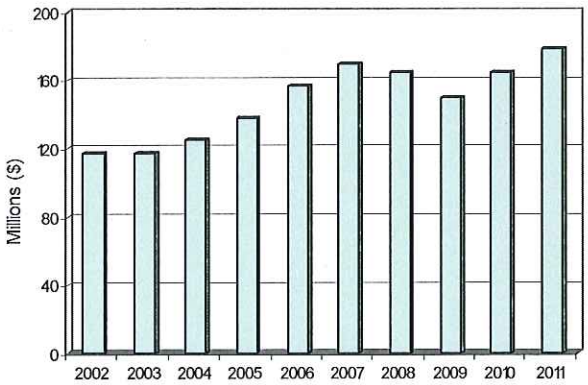
ACCRA Cost of Living Index (2011 Annual Avg.)

Cities	All Items	Food	Housing
Asheville	**101.7**	**102.0**	**99.0**
Raleigh	93.8	101.3	79.7
Charlotte	93.3	100.1	81.9
Winston-Salem	91.2	101.4	74.5

(100 = The Composite National Average)

Buncombe County Hotel/Motel Sales *(Sources: N.C. Department of Commerce & the Asheville Area Chamber of Commerce)*

	Hotel/Motel Sales	% Change
2002	117,411,941	10.8%
2003	117,444,465	0.0%
2004	124,767,177	6.2%
2005	138,271,482	10.8%
2006	156,752,276	13.4%
2007	168,839,645	7.7%
2008	163,836,134	-3.0%
2009	149,598,804	-8.7%
2010	164,471,930	10.1%
2011	177,743,689	8.1%



Asheville's setting, in the heart of a vast and beautiful recreational area, has made tourism an important part of the local economy. The most recent data from the N.C. Department of Commerce indicate that domestic tourism in Buncombe County generated an economic impact of $783.01 million in 2011. Buncombe County ranks 5th in travel impact among the state's 100 counties. Over 9,070 jobs in Buncombe County are directly linked to travel and tourism. Hotel/motel sales are a good indicator of the status of the local tourist economy. Hotel/motel sales grew steadily between 2004 and 2007, however the effects of the recession began being felt in 2008 and extended into 2009, with hotel/motel sales falling by a combined 11.7% over those two years. Sales rebounded in 2010 and 2011.

Construction Trends

The following table summarizes the number and value of new building permits issued in the City:

CALENDAR YEAR	BUILDING PERMITS ISSUED	BUILDING PERMITS VALUES
2007	2,895	$493,366,100
2008	3,078	340,238,287
2009	2,520	181,043,771
2010	3,003	206,160,646
2011	2,867	178,100,849

Source: City of Asheville Building Safety Department.

OPTION 1

ORDINANCE NO. 4093

AN ORDINANCE ADOPTING THE ANNUAL BUDGET AND FIXING THE TAX RATE FOR THE CITY OF ASHEVILLE FOR THE FISCAL YEAR 2012-13

WHEREAS, Article 3 of Chapter 159 of the N. C. General Statutes requires local governments in North Carolina to adopt ordinances establishing an annual budget, in accordance with procedures specified in said Article 3; and

WHEREAS, the Asheville City Council, following a public hearing as required by law has considered the proposed annual budget for the City of Asheville for the 2012-13 fiscal year;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

Section 1. The following anticipated revenues and authorized expenditures by fund, together with a financial plan for internal service funds, are hereby appropriated for operating City government for the fiscal year beginning July 1, 2012 and ending June 30, 2013.

GENERAL FUND

Revenues:		
Taxes-Ad Valorem	$47,375,063	
Other Taxes	16,990,325	
Intergov Revenue	11,218,229	
Licenses and Permits	5,344,000	
Sales and Services	4,044,560	
Investment Earnings	225,000	
Miscell Revenue	1,100,563	
Oth Financing Source	3,624,697	
Total Revenues		$89,922,437
Appropriations:		
Departmental Operations		$89,922,437

WATER RESOURCES FUND

Revenues:		
Sales and Services	$33,374,052	
Investment Earnings	112,500	
Oth Financing Source	45,000	
Total Revenues		$33,531,552
Appropriations:		
Water Resources Operations		$33,531,552

OPTION 1

PARKING SERVICES FUND

Revenues:		
Sales and Services	$500	
Investment Earnings	20,000	
Miscell Revenue	3,525,854	
Total Revenues		$3,546,354
Appropriations:		
Parking Services Operations		$3,546,354

STORMWATER FUND

Revenues:		
Licenses and Permits	$180,000	
Sales and Services	2,789,723	
Investment Earnings	11,000	
Miscell Revenue	20,000	
Oth Financing Source	290,000	
Total Revenues		$3,290,723
Appropriations:		
Stormwater Operations		$3,290,723

TRANSIT SERVICES FUND

Revenues:		
Intergov Revenue	$2,934,819	
Licenses and Permits	320,000	
Sales and Services	883,000	
Oth Financing Source	1,602,170	
Total Revenues		$5,739,989
Appropriations:		
Transit Services Operations		$5,739,989

CIVIC CENTER FUND

Revenues:		
Sales and Services	$1,713,893	
Investment Earnings	5,000	
Miscell Revenue	93,500	
Oth Financing Source	695,685	
Total Revenues		$2,508,078
Appropriations:		
Civic Center Operations		$2,508,078

OPTION 1

GOLF FUND

Revenues:		
Sales and Services	$784,554	
Oth Financing Source	140,000	
Total Revenues		$924,554
Appropriations:		
Golf Operations		$924,554

STREET CUT UTILITY FUND

Revenues:		
Sales and Services	$671,312	
Oth Financing Source	1,163,611	
Total Revenues		$1,834,923
Appropriations:		
Street Cut Operations		$1,834,923

HOUSING PARTNERSHIP FUND (GENERAL FUND)

Revenues:		
Miscell Revenue	$150,000	
Oth Financing Source	500,000	
Total Revenues		$650,000
Appropriations:		
Housing Partnership Fund Ops.		$650,000

INTERNAL SERVICE FUNDS

Revenues:		
Sales and Services	$16,259,108	
Investment Earnings	25,000	
Miscell Revenue	1,885,100	
Oth Financing Source	1,400,000	
Total Revenues		$19,569,208
Appropriations:		
Health Insurance	$14,051,164	
Property & Liability	4,360,270	
Workers Compensation	1,157,774	
Total Expenditures		$19,569,208

OPTION 1

Section 2. All appropriations included in the following Capital Project and other multi-year project funds are approved for the financing life of each project, which may extend beyond one fiscal year.

GENERAL CAPITAL PROJECTS FUND

Revenues:		
Transfer from General Fund	$1,004,894	
Debt Proceeds	2,736,761	
Transfer from Water Resources Fund	330,112	
Miscellaneous	100,000	
Capital Reserves	275,000	
Total Revenues		$4,446,767
Appropriations:		
General Capital Project Fund Expenditures		$4,446,767

WATER CAPITAL PROJECTS FUND

Revenues:	
Transfer from Water Resources Fund	$7,438,564
Appropriations:	
Water Capital Fund Expenditures	$7,438,564

TRANSIT CAPITAL PROJECTS FUND

Revenues:		
Transfer from General Fund	$50,000	
Intergovernmental	200,000	
Total Revenues		$250,000
Appropriations:		
Transit Capital Fund Expenditures		$250,000

STORMWATER CAPITAL PROJECTS FUND

Revenues:	
Transfer from Stormwater Fund	$290,000
Appropriations:	
Stormwater Capital Fund Expenditures	$290,000

OPTION 1

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

Revenues:		
Federal Grant	$917,526	
Program Income	296,366	
Total Revenues		$1,213,892
Appropriations:		
Fiscal 2012-13 CDBG Program		$1,213,892

HOME OWNERSHIP GRANT FUND

Revenues:		
Federal Grant	$942,529	
Program Income	96,611	
Total Revenues		$1,039,140
Appropriations:		
Fiscal 2012-13 HOME Program		$1,039,140

SECTION 108 REHAB GRANT FUND

Revenues:	
Program Income	$67,962
Appropriations:	
Section 108 Expenditures	$67,962

Section 3. It is estimated that revenues in the amounts indicated in the foregoing schedule will be available to support the foregoing appropriations. The fees & charges, as readopted and changed on February 14, 2012 in ordinance number 4058 and amended by City Council thereafter, shall be set forth in a Fees and Charges Manual to be kept on file in the Office of the City Clerk.

Section 4. There is hereby levied for the fiscal year ending June 30, 2013, the following tax on each $100 assessed valuation of taxable property as listed on January 1, 2012 for purposes of raising the revenues from current year's property tax as set forth in the foregoing estimates of revenues and in order to finance the foregoing appropriations:

Tax Rate per $100 Assessed Valuation $0.4200

Such rate of tax is based on an estimated total assessed value of property for the purposes of taxation of $10,717,346,561 assuming 99.00% collection of the levy. In addition, Ad Valorem Tax revenue from taxes levied on motor vehicles at the same tax rate is estimated at $2,050,000.

Section 5. The City Manager is authorized to amend the budget by transfer of appropriations within each fund. All amendments affecting revenues or total fund appropriations shall be approved by ordinance by the City Council, to be acted on at any regular or special meeting and approved by a simple majority of those present and voting, a quorum being present. Only one reading

OPTION 1

will be required and a public hearing or publication of notice is not necessary unless requested by Council.

Section 6. The City Manager is authorized to expend up to $20,000 in general contingency funds in the event of any need he deems an emergency. Said action shall be reported to the City Council at the next regularly scheduled Council meeting and the budget ordinance amended accordingly.

Section 7. The reserve for encumbrances at June 30, 2012 and carry-over appropriations, representing prior commitments as of that date shall be reappropriated pursuant to North Carolina General Statute 159-13, to the departments within various funds, under which expenditures may be made during fiscal year 2012-13 as the previous commitments are satisfied.

Section 8. Copies of this ordinance shall be furnished to the City Manager and Director of Finance, to be kept on file by them for their direction in the collection of revenues and expenditures of amounts appropriated.

Section 9. Should any section, paragraph, sentence, clause or phrase of this ordinance be declared unconstitutional or invalid for any reason, the remainder of said ordinance shall not be affected thereby.

Section 10. That this ordinance shall be in full force and effect upon date of final passage.

Read, approved and adopted this 12th day of June, 2012.

Magdalen Bauleson
City Clerk

Mayor

Approved as to form:

City Attorney

GLOSSARY OF TERMS

Accrual Basis - Method of accounting in which transactions are recognized at the time they are incurred as opposed to when cash is received or spent.

Adopted Budget - The budget approved by City Council and enacted via a budget appropriation ordinance, on or before June 30 of each year.

Ad Valorem Taxes - Commonly referred to as property taxes, ad valorem taxes are levied on the value of real, certain personal, and public utility property according to the property's valuation and the tax rate.

Appropriated Fund Balance - The amount of fund balance appropriated as a revenue for a given fiscal year to offset operating expenses that exceed current revenue.

Appropriation - An authorization made by City Council which permits the City administrative staff to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period.

Assessed Value - The fair market value placed on personal and real property owned by taxpayers by the Buncombe County Tax Supervisor. Real property is reappraised and assessed value established every four years.

Basis of Budgeting – This refers to the form of accounting utilized throughout the budget process.

Bond - A written promise to pay a specified sum of money (principal) at a specific future date, along with periodic interest payments paid at a specified percentage of the principal.

Budget - A plan of financial operation comprised of an estimate of proposed expenditures for a fiscal year and the proposed means of financing those expenditures (revenue estimates).

Budget Amendment - Formal action by City Council to change an appropriation or revenue estimate during the fiscal year.

Budget Calendar - The schedule of key dates or milestones which the City follows in the preparation and adoption of the budget.

Budget Document - The official written statement prepared by the City's administrative staff which presents the proposed budget to the City Council.

Budget Message - A general discussion of the proposed budget presented to the City Council by the City Manager as a part of the budget document. The budget message explains principal budget issues against the background of financial experience in recent years and presents recommendations made by the City Manager.

Budget Ordinance - The official enactment by City Council establishing the legal authority for City administrative staff to obligate and expend funds.

Budget Process - Activities that encompass the development, implementation, and evaluation of a plan for the provision of services and capital needs.

Capital Outlay - Items of significant value (more than $1,000) and having a useful life of several years, also referred to as fixed assets.

Capital Improvement Program - A plan to identify, prioritize, and approve capital needs (over $25,000) for a six-year period.

Capital Projects - Projects established to account for the cost of capital improvements. Typically, a capital project encompasses a purchase of land and/or the construction of or improvements to a building or facility.

Certificates of Participation (COPs) - A financing mechanism in which certificates or securities are sold to investors who underwrite a project. The issuance of COPs is secured by lease-purchase agreements to which the City is a party.

GLOSSARY OF TERMS

Community Development Block Grant (CDBG) - A U.S. Department of Housing & Community Development federal assistance grant to support local provision of decent housing and a suitable living environment for persons of low and moderate income.

Contingency Reserve - A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Cost Transfer – A reallocation of cost from one activity to another. The City uses cost transfers to avoid double counting expenditures associated with internal transactions between City departments. For example, when fleet maintenance repairs a fire engine, that expense is recorded in both the fleet division and the fire department. A negative expense or cost transfer is then entered in the fleet division to eliminate the double counting. The remaining expenses in the fleet division after all cost transfers represent the net cost of that activity to the City.

Debt Service - Payment of interest and principal on borrowed funds, such as bonds or lease-purchase payments.

Department - A management unit of closely associated City divisions and activities.

Departmental Mission - A brief statement explaining the general purpose and goal of the department in relation to the overall City mission.

Depreciation – An accounting charge associated with expiration in the service life of fixed assets. Depreciation is not recorded as an expense for budget purposes.

Division - A term used to describe a City cost center with distinct objectives and activities.

Enterprise Fund - A type of fund that accounts for governmental operations that are financed and operated in a manner similar to private business enterprises. It is financed primarily from charges to users for services provided. Included in this category are the Civic Center, Water Resources, Transit Services, and Parking Services Funds.

Encumbrance – The legal commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

Expenditures - The measurement focus of governmental fund accounting. Financial resources expended during a period for operations, capital outlay, and long-term principal retirement and interest. Expenditures reflect the cost incurred to acquire goods or services.

Expenses – The measurement focus of propriety fund accounting. Costs expired during a period, including depreciation and other allocations, as in business accounting. Expenses reflect the cost of goods or services used.

Fiscal Year - An accounting period extending from July 1 through the following June 30.

Fixed Assets – Assets, such as land, buildings, machinery, furniture, and other equipment, which are intended to be held or used over a long time period.

Full Time Equivalent Position (FTE) - A unit for measuring staffing levels equal to one position working 37.5 hours per week for an entire year. Temporary/seasonal positions, such as summer Parks & Recreation staff, are not included in the FTE count.

Fund - A fiscal entity with a self-balancing set of accounts used to account for an activity(s) with common objectives.

Fund Balance - The cumulative excess of revenues over expenditures in a fund at the end of a fiscal year. With certain limitations, fund balance may be used to balance the subsequent year's budget.

General Fund - A type of governmental fund used to account for revenues and expenditures for regular day-to-day operations of the City, which are not accounted for in the proprietary funds; i.e., Enterprise and Intergovernmental Service Funds. The primary sources of revenue for this fund are local taxes and state-shared revenues.

GLOSSARY OF TERMS

General Obligation Bonds - Bonds issued by City government, usually requiring voter approval, that are backed by the the City's full faith, credit, and taxing power.

Generally Accepted Accounting Principles (GAAP) - The set of accounting rules and procedures used by governmental agencies to account for the receipt and expenditure of funds.

Goal - The underlying reason(s) for the provision of essential City services.

Interfund Transfer – The movement of monies between funds of the same governmental entity.

Internal Charges - Charges for goods or services provided by one City department to other departments within the City on a cost reimbursement basis.

Internal Service Fund - A type of proprietary fund used to account for the financing of goods or services provided by one City activity to other City activities on a cost-recovery basis.

ITRE: Standard rating system used to assess street pavement condition.

Lease-Purchase - A contractual agreement to purchase a fixed asset over a period of several years. Also known as installment purchasing.

Line-Item Budget - A budget summarizing the detail categories of expenditure for goods and services that the City intends to purchase during the fiscal year.

Local Government Budget and Fiscal Control Act - The legal guidelines of the State of North Carolina which govern budgetary and fiscal affairs of local governments.

Modified Accrual Basis - A method for recording receipts and expenditures in which expenditures are recognized when the goods or services are received, and revenues are recognized when measurable and available to pay expenditures in the accounting period.

NCDOT: North Carolina Department of Transportation.

Operating Budget - The City's financial plan which outlines proposed expenditures for the fiscal year and estimates the revenues which will be used to finance them.

Pay-As-You-Go Financing - A method of paying for capital projects that relies on current revenue rather than on debt.

Payment In Lieu of Taxes (PILOTs) - Money transferred from an enterprise fund or an outside non-profit agency into the General Fund. The principle underlying such transfers is that the City would have received the equivalent amount in taxes had the service been provided by a private firm.

Performance Measure - Indicators used to determine how effectively and efficiently a department achieved its objectives.

Performance Objective - A statement of expected results or impacts which is specific, measurable, realistic, and consistent with overall departmental and organizational goals.

Proposed Budget - The City Manager's recommended balanced budget, which is submitted to City Council prior to June 1.

Proprietary Fund - A type of fund that accounts for governmental operations that are financed and operated in a manner similar to a private business enterprise. It is financed primarily from charges to users for services provided. Proprietary funds used by the City of Asheville include the Enterprise and Internal Service Funds.

Revenue - A term used to represent actual or expected income to a specific fund.

Tax Collection Rate - The percentage of the tax levy that can reasonably be expected to be collected during the fiscal year.

Tax Rate - The level at which taxes are levied. For example, the tax rate is $0.42 per $100 of assessed value.

Tax Levy - The total dollar amount of tax that optimally should be collected based on tax rates and assessed values of personal and real properties.

Transmittal Letter – A letter from the City Manager summarizing the major differences between the proposed budget and the adopted budget.