

City of Asheville, North Carolina

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009



Prepared by the Finance Department



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CITY OF ASHEVILLE

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City of Asheville, NC

Finance Department

December 1, 2009

To the Honorable Mayor,
Members of the Governing Council,
and Citizens of the City of Asheville, North Carolina

State law requires that all municipal governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America (GAAS) and generally accepted government auditing standards (GAGAS), if required, by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Asheville (the "City") for the fiscal year ended June 30, 2009.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The independent certified public accounting firm of Dixon Hughes PLLC has audited the City's financial statements. The objective of the audit was to provide reasonable assurance that the City's financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based on their audit, Dixon Hughes concluded that the City's financial statements, for the fiscal year ended June 30, 2009, are presented fairly in accordance with GAAP in all material respects. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also report on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. In addition, the state of North Carolina has a similar requirement for state funds required under the "*State Single Audit Implementation Act*". The results of the City's Single Audit engagement can be found in the compliance section of this report.

Management’s discussion and analysis (“MD&A”) immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of Government

The City, incorporated in 1797, is located in the western part of the state, which is considered to be the top growth area in the state and one of the top growth areas in the country. Asheville currently occupies a land area of 43.64 square miles and serves a population of 79,395. The City is the county seat of Buncombe County, the largest city in Western North Carolina and thirteenth largest city in the State. 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. 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.”

The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council (“Council”) consisting of the mayor and six other members. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three council members elected every two years. The mayor is elected to serve a four-year term. The Council is responsible for adopting the budget and appointing the city manager, city attorney and city clerk. The city manager is responsible for implementing council policies, city ordinances, and managing daily operations and appointing department directors.

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets, and other infrastructure; solid waste services and water service; and recreational activities and cultural events. The financial reporting entity includes all the funds and account groups of the City of Asheville (primary government), as well as all of its component units. Component units are legally separate entities for which the government is financially accountable. Blended component units, although legally separate entities, are in substance part of the City’s operations and, as such, are included in the reporting entity. The Asheville Public Financing Corporation and the Asheville Claims Corporation are reported as blended component units, and, as such, are not presented in the Basic Financial Statements. The Asheville Alcoholic Control Board is reported as a discretely presented component unit and is presented in a separate column in the Basic Financial Statements to emphasize that it is legally separate from the primary government and to distinguish its financial position, results of operations and cash flows from that of the primary government.

In government, much more than in private business, the budget is an integral part of a unit’s accounting system and daily operations. The North Carolina General Statutes require all governmental units to adopt a balanced budget by July 1 of each year. The City’s budget ordinance, passed by Council, establishes a legal limit on spending authorizations. In general, the City’s operating budget remains in effect for one year. However, capital projects funds and grant funds are budgeted, as permitted by statute, for the life of each individual project. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by fund or project total. For internal management

purposes, the budget is detailed and compared to expenditures and encumbrances by line item within each department or project. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary controls. Encumbered amounts lapse at year-end. However, encumbrances are re-appropriated in the following year's budget. Budgetary control is also facilitated by the use of an automated employee position classification system, which requires that every permanent position be budgeted.

Local Economy

The City is the regional center of manufacturing, transportation, health care, banking, professional services and shopping. The economy in this area is diverse, with strong representation in health care, retail trade and tourism. The area's leading industry in terms of employment is health services and private education, which currently employs approximately 30,000 people. Other leading industry sectors include government, retail trade, and leisure and hospitality. Together these four sectors account for 60% of all jobs in the Metropolitan Statistical Area ("MSA").

The City'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 indicates that domestic tourism in Buncombe County generated an economic impact of \$711.04 million in 2008, an increase of 0.23% over 2007. A good indicator of the status of the local tourist economy is growth in hotel/motel sales. Because of the economic decline during the last two years, hotel/motel sales decreased 10.9% between 2008 and 2009. However, Buncombe County ranks 5th in travel impact among the state's 100 counties, and the number of jobs in this sector remains strong. Approximately 22,200 of the County's jobs are directly linked to hospitality and leisure.

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. During the current recession, Buncombe County retail sales have seen a sharp decline, falling 8.8% from FY2008 to FY2009. Of the \$3.0 billion in retail sales recorded in Buncombe County during FY2009, \$2.29 billion or 76.6% of those sales occurred within the City of Asheville. Among the eighteen cities in North Carolina with population exceeding 50,000, Asheville had the highest level of retail sales per resident in FY2009 which reflects the City's position as the regional economic center for Western North Carolina. This high level of retail sales per resident is also likely associated with the City's status as a tourist destination.

The unemployment rate is another critical indicator of the relative strength in the economy, and as of October 2009, Buncombe County's unemployment rate was 8.3%. By comparison, Buncombe County's unemployment rate in October 2008 was 5.1%, and in October 2007 it was 3.3%; so the economic recession has had a significant impact on local employment. Data show that more than 8,000 jobs have been lost in the Asheville MSA during this recession. Buncombe County's unemployment rate has, however, remained lower than both the statewide and national unemployment rates throughout the recession. As of October 2009, the state unemployment rate was 10.7% and the national rate was 9.5%.

Long-Term Financial Planning

The Capital Improvement Program ("CIP") is a six-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 current and future needs of the community and on balancing those needs with the City's fiscal resources.

The CIP is updated annually based on input from Council, the public and city staff. The FY2010 CIP was influenced by a number of other planning processes, including the City's long-range Strategic Operating Plan, the Unified Development Ordinance, the Parks & Recreation Master Plan, the Pedestrian Thoroughfare Plan, and the 1998 Parking Study. However, the most significant factor in the FY2010 CIP plan was the economy, which negatively affected revenues and limited the projects and purchases undertaken by the City.

In order to be included in the CIP, a capital item or construction project must have a useful life of more than one year and an initial cost of at least \$25,000. All capital items not meeting these criteria are included in the annual operating budget as capital outlay. The one exception to this rule is vehicle purchases which, regardless of price, are included in the CIP.

The General Capital Reserve Fund provides funding for all general government capital needs. FY2010 funding was provided by an \$8,367,222 pay-as-you-go contribution from the General Fund, \$2,076,000 in debt proceeds, and \$534,000 in Sewer Project Savings.

CIP items and projects in the Water Resources Operating & Capital Improvement Funds were funded with utility revenues generated by the Water Resources Operating Fund and the capital maintenance fee. The capital improvement project budget for FY2010 was \$5.6 million, and an additional \$1.38 million was budgeted for rolling stock replacement and small capital equipment. Debt service payments continue for the \$40 million in revenue bonds that were issued in FY2008.

Relevant Financial Policies

The Fiscal Management Section of the North Carolina State Treasurer's Office suggests local governments with taxing authority maintain an available fund balance, in their general fund, equal to (the larger of) eight percent of general fund expenditures or half the population group average. The City's fund balance policy is to maintain an unreserved fund balance no less than 15 percent of the General Fund operating budget excluding capital expenditures. In recent years, the City's fund balance grew to 31 percent of expenditures, exceeding the State's minimum suggested threshold, as well as the City's internal policy threshold. As a result, Council based upon staff's recommendation made the conscious decision to spend down fund balance in order to address critical infrastructure needs as well as maintain adequate service levels during the current economic downturn. The City's fund balance in the General Fund has decreased over the past couple of years and is currently 18.7 percent of General Fund expenditures.

Insurance Programs

The City maintains "insurance programs" for certain general liability and casualty risks, fringe benefits and workers compensation obligations. Revenues and expenses for this program are recorded in the City's internal service fund. For all of its self-insured retention programs, the City retains the services of outside third party administrators for the professional management and adjustments of claims. The City is protected by the placement of a \$15,000,000 excess-only liability program across the liability lines under the contract. The City also insures its real and property holdings, including its dams for a total of \$240,000,000 in assets. For the City's self-insured Workers Compensation and Employer Liability, the City retains out-of-pocket losses of \$300,000 on specific claims and an aggregate loss of \$3,600,000 over a three-year period. The City carries a \$3,000,000 specific and aggregate excess over these deductibles, with the aggregate excess attachment 75 percent of the annual loss over a three-year period.

Awards and Acknowledgements

The Governmental Finance Officers Association (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the twenty-ninth time that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2008. In order to qualify for the Distinguished Budget Presentation Award, the City’s budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

We recognize the City’s responsibility for the contents of this report and would like to express our appreciation for the cooperation and assistance of our independent auditors, Dixon Hughes PLLC, in its preparation. Also, this report would not have been possible without the efficient and dedicated service of the entire staff of the City’s Accounting Division as well as the cooperation of all other departments and divisions of the City. We would also like to thank the members of Council for their interest and support.

As required by North Carolina General Statute 159-34, a copy of this report will be filed with the Secretary of the North Carolina Local Government Commission. In addition, a copy will be sent to the City Clerk to be available for public inspection.

Respectfully submitted,



Gary W. Jackson
City Manager



Benjamin C. Durant, III
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Asheville
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



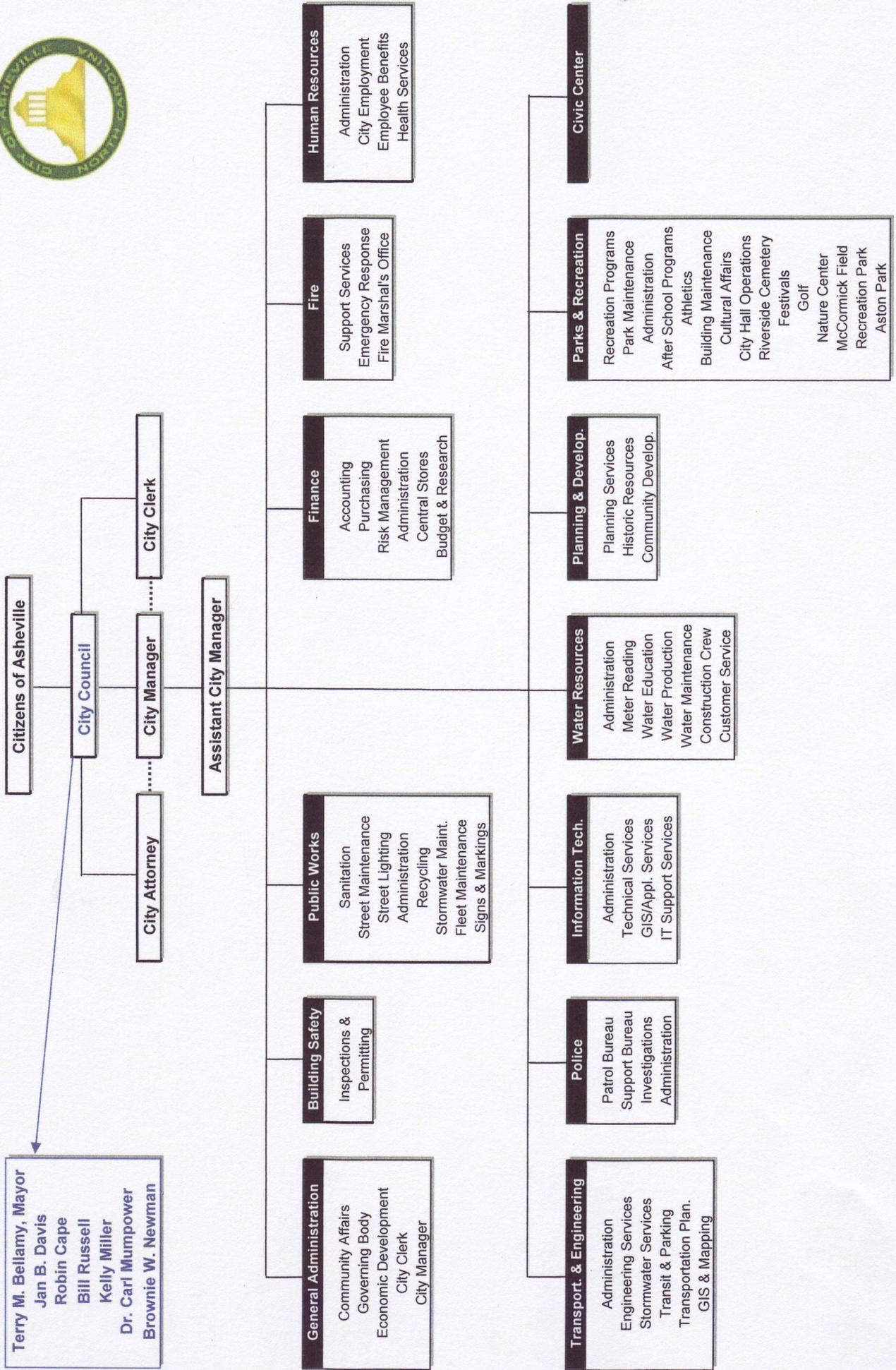
A stylized, handwritten signature in black ink, appearing to be "JHR".

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

CITY OF ASHEVILLE ORGANIZATION CHART



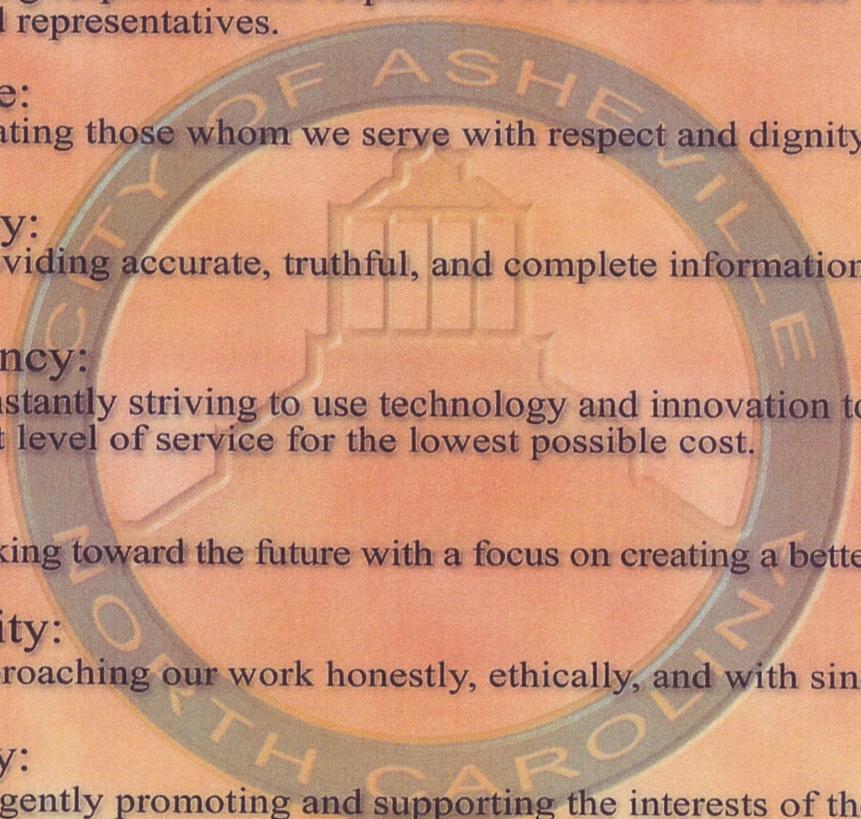
City of Asheville

MISSION STATEMENT

The City of Asheville is committed to delivering an excellent quality of service to enhance your quality of life.

CORE VALUES

In order to achieve our mission of providing quality service to enhance the quality of life in Asheville, we adhere to the following core values:

- 
- A**ccountability:
By being responsive and responsible to citizens and their elected representatives.
- S**ervice:
By treating those whom we serve with respect and dignity.
- H**onesty:
By providing accurate, truthful, and complete information.
- E**fficiency:
By constantly striving to use technology and innovation to provide the highest level of service for the lowest possible cost.
- V**ision:
By looking toward the future with a focus on creating a better Asheville.
- I**ntegrity:
By approaching our work honestly, ethically, and with sincerity.
- L**oyalty:
By diligently promoting and supporting the interests of the community we serve.
- L**eadership:
By being a model for quality service and professionalism in our community and throughout the nation.
- E**qual Opportunity:
By encouraging our diverse population to participate in the government of our city as citizens and employees.

"Our Quality of Service, Your Quality of Life"

- **Independent Auditors' Report** -

The Honorable Mayor and Members of the City Council of the
City of Asheville, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Asheville, North Carolina (the "City"), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the City of Asheville ABC Board. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Asheville ABC Board, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of the City of Asheville ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Asheville, North Carolina, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditors' Report
Page Two

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 2009, on our consideration of the City of Asheville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Accordingly, we express no opinion. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress and Schedule of Employer Required Contributions, and Other Postemployment Benefits Schedule of Funding Progress and Schedule of Employer Required Contributions (on Pages 3 - 14 and 61 - 64, respectively) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Asheville, North Carolina. The introductory section, combining and individual non-major fund financial statements and schedules, other supplementary information and the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statement and schedules, other supplementary information and the schedule of expenditures of federal and State awards information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

November 12, 2009

Dixon Hughes PLLC

**CITY OF ASHEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

As management of the City of Asheville (The City), we offer readers of the City of Asheville's financial statements this narrative overview and analysis of the financial activities of the City of Asheville for the fiscal year ended 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's Notes to the Financial Statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The assets of the City of Asheville exceeded its liabilities at the close of the most recent fiscal year by \$367,864,677 (net assets). Of this amount, \$92,258,346 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$425,125.
- As of the close of the current fiscal year, the City of Asheville's governmental funds reported combined ending fund balances of \$37,293,111 a decrease of \$5,380,495 in comparison with the prior year. \$10,561,635 is the undesignated portion of the general fund, therefore available to spend at the City's discretion.
- At the end of the current fiscal year, reserved fund balance for governmental funds was \$16,549,341, while unreserved totaled \$20,743,770 for all governmental funds.
- The City's total long-term liabilities decreased by approximately \$5.8 million during the current fiscal year. This net decrease is attributable to the normal debt service principal pay-down.
- The City holds the following bond ratings:

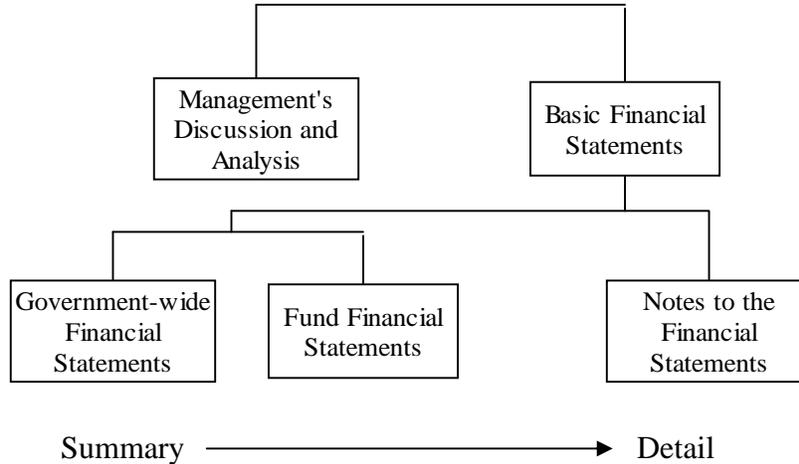
Moody's	Aa2
Standard & Poor's	AA

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Asheville's basic financial statements. The financial statements include two kinds of statements that present different views of the City: 1) Government-Wide Financial Statements and 2) Fund Financial Statements. Both perspectives, however, are essential and complementary components that allow the user to address relevant questions, broaden a basis for comparison, and enhance the City's accountability. Another element of the basic financial statements is the notes to the financial statements. In addition to the basic financial statements, the report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Asheville as well as compliance issues that are addressed by Government Auditing Standards, Office of Management and Budget (OMB) Circular A-133 and the North Carolina Single Audit Implementation Act.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-wide Financial Statements**. They provide a broad overview of the City's financial position and operations, in a manner similar to a private-sector business. The *statement of net assets* presents the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving. The *statement of activities* presents information on how the city's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of related cash flows. Therefore, revenues and expenses are reported in this statement, which result in cash flows in future fiscal periods, such as uncollected taxes and earned but unused vacation leave.

Government-wide statements are divided into governmental and business-type activities. The governmental activities include most of the City's basic services such as public safety, recreation, transportation, community and economic development, and general government. Property taxes, intergovernmental revenues, and other local taxes finance about 75% of the costs of these activities. Business-type activities include water utility, stormwater management, parking, festivals, golf course, civic center, and mass transit services. These activities are primarily paid from charges to customers excluding transit which receives federal grants and transfers from general fund as its primary source of funding.

The **Fund Financial Statements** (Exhibits C through K) provide a more detailed look at the City's most significant activities. A fund is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting ensures and reflects compliance, or non-compliance, with related legal requirements, such as General Statutes, grantor provisions, or the City's budget ordinance. The funds of the City are divided into three categories: 1) the governmental fund statements, 2) the proprietary fund statements, and 3) the fiduciary fund statement.

Governmental Funds. Governmental funds are used to account for most basic services and are reported as governmental activities in the government-wide financial statements. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a short-term spending focus. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the entity-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet (Exhibit C) and the governmental fund statement of revenues, expenditures, and changes in fund balances (Exhibit E) provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. (Exhibit C & F)

The City of Asheville maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Asheville adopts an annual appropriated budget for its General Fund as required by General Statute. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. (Exhibit G)

Proprietary Funds. The City of Asheville maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the entity-wide financial statements. The City of Asheville uses enterprise funds to account for its Water Resources, Civic Center, Festivals, Parking Services, Golf Course, Stormwater Management, and Mass Transit Operations.

Internal Service funds are an accounting device used to accumulate and allocate costs internally among the functions of the City of Asheville. The City uses one internal service fund to account for its self-insurance operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Resources Fund, which is considered to be a major fund of the City of Asheville. The basic proprietary fund financial statements can be found in Exhibit H through J of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Asheville's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Asheville maintains one agency fund, which is its only fiduciary fund. The basic fiduciary fund financial statement can be found on Exhibit K of this report.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 29-60 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Asheville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 61-64 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. The other supplemental information shows details about the City's individual funds, including budgetary information required by the North Carolina General Statutes, as well as other data that the City considers helpful to the reader.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole. The two government-wide statements report the City's net assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to gauge the City's financial condition.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial condition. In the case of the City of Asheville, assets exceeded liabilities by \$367,864,677 as of June 30, 2009.

By far the largest portion of the City's net assets (\$282,809,248 or 77%) reflects the City's investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt that is still outstanding that was issued to acquire those assets. The City of Asheville uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Asheville's investment in its capital assets

is reported net of the outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets are committed to the continued provision of service and cannot be used to liquidate these liabilities. Restricted net assets, 1.3% of the City's net assets, represent resources that are subject to external restrictions. These restrictions consist of employee paid health benefits and cemetery maintenance. In addition, total unrestricted net assets amounted to 22% of total net assets. Unrestricted net assets may be used to meet the government's ongoing obligation to citizens and creditors.

Government-Wide Financial Analysis
The City of Asheville's Net Assets
(amounts expressed in thousands)
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 61,718	\$ 62,557	\$ 59,392	\$ 86,741	\$ 121,110	\$ 149,298
Capital assets	186,523	189,769	194,805	166,922	381,328	356,691
Total assets	248,241	252,326	254,197	253,663	502,438	505,989
Non-current liabilities	30,927	30,962	82,351	85,923	113,278	116,885
Other liabilities	11,848	8,844	9,447	12,821	21,295	21,665
Total liabilities	42,775	39,806	91,798	98,744	134,573	138,550
Net assets:						
Invested in capital assets, net of related debt	163,616	165,821	119,193	133,002	282,809	298,823
Restricted	4,642	6,362	-	-	4,642	6,362
Unrestricted	37,208	40,338	43,206	21,917	80,414	62,255
Total net assets	\$ 205,466	\$ 212,521	\$ 162,399	\$ 154,919	\$ 367,865	\$ 367,440

Net assets for business-type activities increased approximately \$7.5 million. This increase is primarily due to the results from operations of the City's water operations as discussed in more detail on Page 11. Net assets invested in capital assets, net of related debt, decreased as the City continues to spend down the water revenue bond proceeds on improvements to the water system.

Governmental activities. Net assets of governmental activities decreased by \$7,055,249. Key elements of this increase are as follows:

- Sales tax revenues fell short of budget by \$2.5 million due to the severe economic recession.
- \$1.4 million in health care reserves were appropriated in order to fund health care expenses that exceeded initial budget estimates.
- There was a reduction in Grants and Contributions of Approximately \$1.6 million, again attributable to the severe economic recession.

- The City purchased two fire trucks totaling \$1.3 million. Due to the timing of the purchases, the debt proceeds to fund the trucks were not recorded in FY 2009, but will instead be recorded in FY 2010.

City of Asheville Changes in Net Assets

(amounts expressed in thousands)

Figure 3

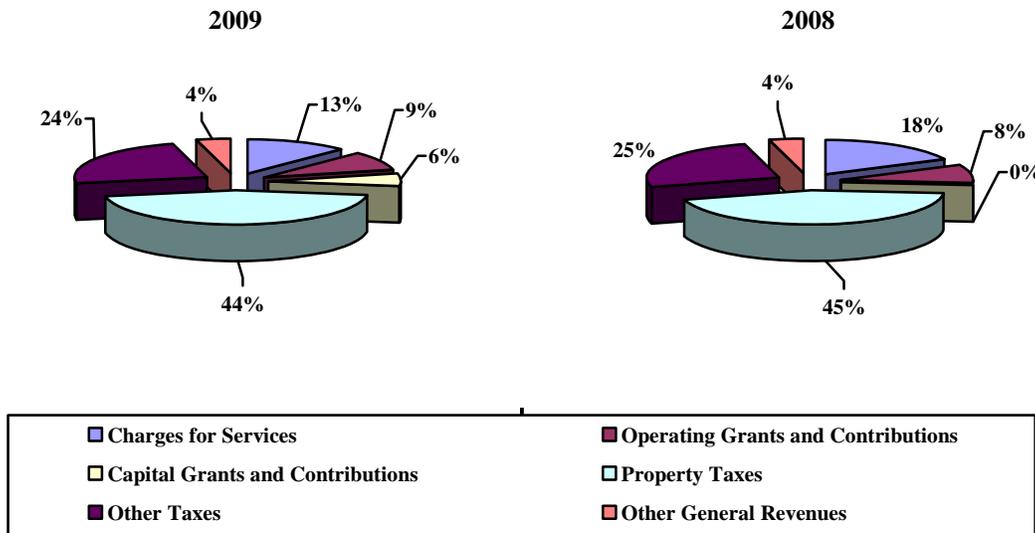
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 12,352	\$ 17,046	\$ 41,100	\$ 42,268	\$ 53,452	\$ 59,314
Operating grants and contributions	8,690	8,114	2,554	2,076	11,244	10,190
Capital grants and contributions	5,639	103	1,043	3,751	6,682	3,854
General revenues:						
Property taxes	43,971	42,119	-	-	43,971	42,119
Other taxes	23,091	24,004	-	-	23,091	24,004
Grants and contributions not restricted to specific programs	1,770	1,242	-	-	1,770	1,242
Investment earnings	1,434	1,588	1,203	1,679	2,637	3,267
Miscellaneous	820	1,268	2	21	822	1,289
Total revenues	<u>97,767</u>	<u>95,484</u>	<u>45,902</u>	<u>49,795</u>	<u>143,669</u>	<u>145,279</u>
Expenses:						
General government	14,206	21,702	-	-	14,206	21,702
Public safety	43,305	39,465	-	-	43,305	39,465
Highway/streets	28,754	21,571	-	-	28,754	21,571
Community development	2,941	5,046	-	-	2,941	5,046
Culture and recreation	12,626	10,122	-	-	12,626	10,122
Interest on long-term debt	1,125	977	-	-	1,125	977
Water resources	-	-	24,823	22,202	24,823	22,202
Civic Center	-	-	2,374	2,259	2,374	2,259
Festivals	-	-	2,013	1,170	2,013	1,170
Parking services	-	-	1,106	1,769	1,106	1,769
Mass transit	-	-	5,475	5,086	5,475	5,086
Stormwater	-	-	3,382	2,919	3,382	2,919
Golf course	-	-	1,114	1,050	1,114	1,050
Total expenses	<u>102,957</u>	<u>98,883</u>	<u>40,287</u>	<u>36,455</u>	<u>143,244</u>	<u>135,338</u>
Increase (decrease) in net assets before transfers	(5,190)	(3,399)	5,615	13,340	425	9,941
Transfers	<u>(1,865)</u>	<u>(2,701)</u>	<u>1,865</u>	<u>2,701</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	(7,055)	(6,100)	7,480	16,041	425	9,941
Net assets, beginning of year	<u>212,521</u>	<u>218,621</u>	<u>154,919</u>	<u>138,878</u>	<u>367,440</u>	<u>357,499</u>
Net assets, end of year	<u>\$ 205,466</u>	<u>\$ 212,521</u>	<u>\$ 162,399</u>	<u>\$ 154,919</u>	<u>\$ 367,865</u>	<u>\$ 367,440</u>

For the most part, increases in expenses closely parallel inflation and growth in the demand for services. In Fiscal 2009 the City implemented the third year of the Market Based Compensation Plan. This caused an increase in salaries across the City. The General government expenses decreased by 34.5% for the fiscal year. This was due primarily to a concentrated effort to reduce spending and tabling some projects. Public Safety expenses increased by 9.7%. This was due to the addition of six new firefighters and the salary increases from the Market Based pay plan. Culture and recreation expenses increased by 24.7% during Fiscal 2009. This was also due primarily to the market based pay adjustments. Highways and streets expenses increased by 33.3% due to market based pay adjustments and an increase in material costs such as Concrete and asphalt.

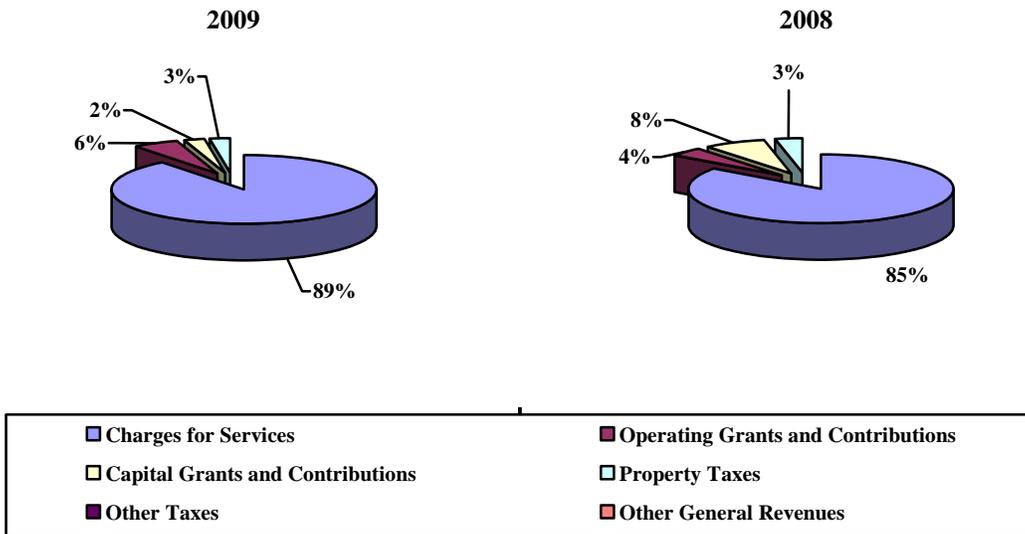
Other general government activities regarding housing initiatives include:

- CDBG and HOME funds assisted the production of 202 affordable housing units by the City and non-profit partners. CDBG funds were also used to assist over 24,500 people with needed services, including 74 homeless people, with a 91% retention rate for the 26 “Housing First” units completed in 2008 – 2009 of which all were occupied by chronically homeless individuals who moved out of homelessness into permanent housing, and to start or expand 39 small businesses.
- CDBG and HOME funds assisted in upgrading the transit system by adding bus shelters, benches, and route signs.

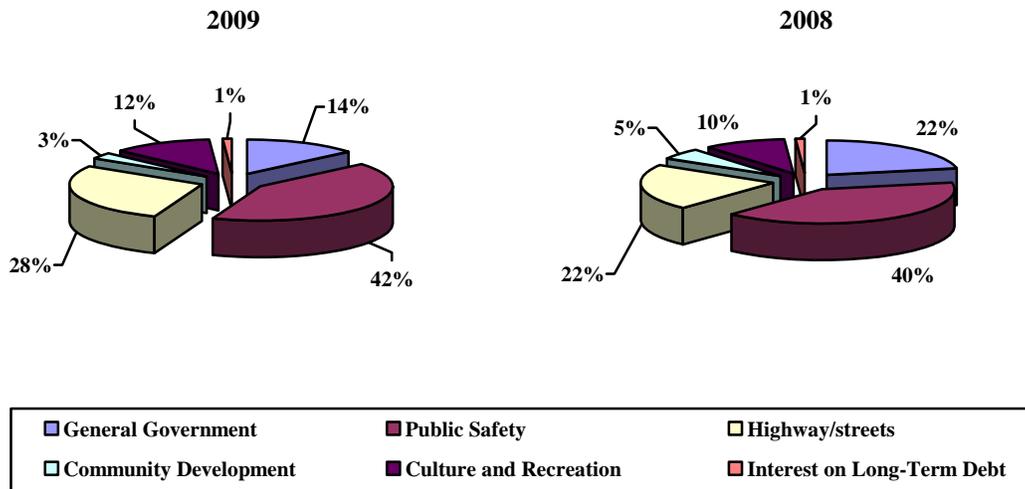
**Government-Wide Revenues
Governmental Activities
Figure 4**



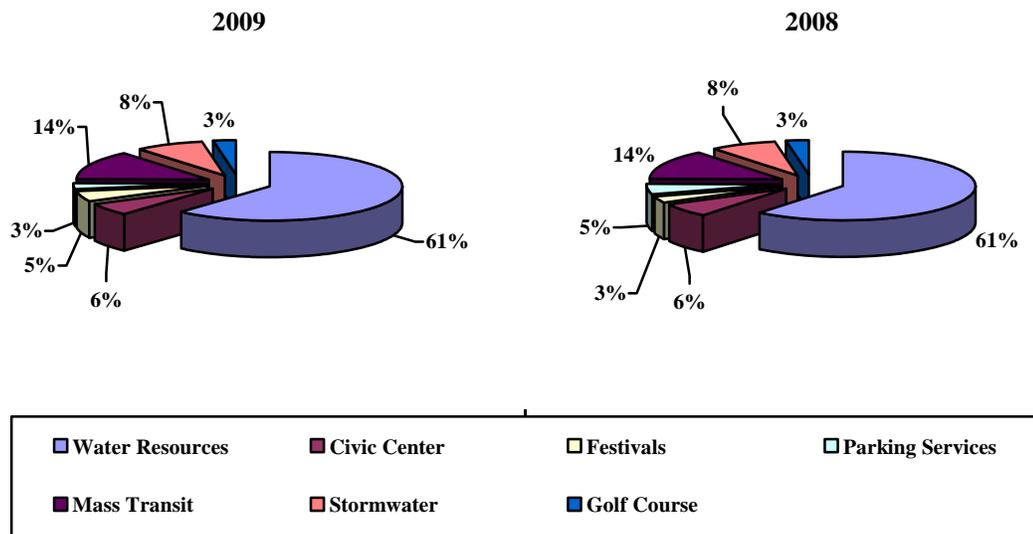
**Government-Wide Revenues
Business-type Activities
Figure 5**



**Government-Wide Expenses
Governmental Activities
Figure 6**



**Government-Wide Expenses
Business-type Activities
Figure 7**



Business-type activities. Business-type activities increased the City of Asheville's net assets by approximately \$7.4 million for FY 2009. Key elements of this increase are as follows:

- The majority of this increase was due to a 4% increase in the water rates, resulting in an increase in Charges for Services of approximately \$7 million.
- Non-major enterprise funds had a combined decrease in revenue of \$.9 million attributable mainly to a reduction in interest earnings, a reduction in operating revenue and a reduction in capital grants and contributions. These reductions in revenue reflect the severe economic downturn that took place across the nation during 2009.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for the governmental and business-type activities as of June 30, 2009, totals \$381,327,718 (net of accumulated depreciation). These assets include land, buildings, improvements other than buildings (infrastructure assets, such as streets, sidewalks, and water lines), machinery and equipment, and construction in progress. Major capital purchases funded in 2009 included the replacement of 2 fire engines, replacement of vehicles within public works, water and the police departments and the replacement of public safety radios. Additional information regarding the City's capital assets can be found in Note 4 on Pages 42 and 43 of this report.

City of Asheville Capital Assets
(amounts expressed in thousands)

Figure 8

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 31,494	\$ 30,152	\$ 10,281	\$ 10,281	\$ 41,775	\$ 40,433
Buildings and improvements	26,114	27,438	47,633	49,676	73,747	77,114
Machinery and equipment	15,805	15,963	11,654	6,414	27,459	22,377
Infrastructure	88,853	97,814	94,858	75,998	183,711	173,812
Construction in process	24,257	18,402	30,379	24,553	54,636	42,955
Net capital assets	<u>\$ 186,523</u>	<u>\$ 189,769</u>	<u>\$ 194,805</u>	<u>\$ 166,922</u>	<u>\$ 381,328</u>	<u>\$ 356,691</u>

Long-term Debt. As of June 30, 2009, the City of Asheville had total bonded debt outstanding of \$80,730,000. Of this, \$4,680,000 is backed by the full faith and credit of the City. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources (e.g. revenue bonds). The City of Asheville's total general obligation and revenue bonds debt decreased by \$4,175,000 during the current fiscal year in accordance with its regularly scheduled maturity dates. The City did not issue any new debt in the current year.

The City of Asheville maintains an "AA" rating from Standard & Poor's and an "Aa2" rating from Moody's for general obligation debt. This bond rating is a clear indication of the sound financial condition of the City.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8% of its total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City of Asheville is approximately \$819,479,000, which is significantly in excess of the City's outstanding general obligation debt. Additional information regarding the City of Asheville's long-term debt can be found in Note 6 on Pages 44 - 49 of this report.

City of Asheville
General Obligation and Revenue Bonds
(amounts expressed in thousands)

Figure 9

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
General obligation bonds	\$ 2,279	\$ 2,985	\$ 2,401	\$ 3,750	\$ 4,680	\$ 6,735
Revenue bonds	-	-	76,050	78,170	76,050	78,170
Total bonds	<u>\$ 2,279</u>	<u>\$ 2,985</u>	<u>\$ 78,451</u>	<u>\$ 81,920</u>	<u>\$ 80,730</u>	<u>\$ 84,905</u>

General Fund Budgetary Highlights

During fiscal 2009, there was a \$3,847,858 increase in appropriations between the original and final amended General Fund budget. Some of the components of that increase were:

- \$3,225,416 appropriated for reserve for encumbrances;
- \$119,013 appropriated to clean the City Hall ventilation system;
- \$50,000 appropriated to fund development of an energy management plan;
- \$47,250 appropriated for an economic development incentive grant to Unison Engine;
- \$40,000 donation from the Grove Park Inn for holiday fireworks.

Because of the severe economic recession, sales tax revenue declined by an unprecedented 8.9% in FY 2009 compared to FY 2008. Sales tax revenue fell short of budget in FY 2009 by approximately \$2.5 million. Revenue from ad valorem taxes grew by 4.0% in FY 2009 as construction projects that began prior to the recession continued to come onto the property tax rolls. Overall, ad valorem taxes exceeded budget by \$400,000. The other major General Fund revenue categories – intergovernmental, licenses & permits and charges for services – also exceeded budget estimates.

Economic Factors

- The unemployment rate for Buncombe County is currently 8.2%, up from a rate of 4.9% one year ago. This compares favorably to the state's average unemployment rate of 10.4% and the national rate of 9.5%.
- Population of 78,313 has grown 13.7% from 2000 to 2008.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Asheville's budget for the 2010 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2010.

The City's adopted General Fund budget for FY 2010 totaled \$92,688,293, which represents a 3.8% increase over the FY 2009 budget. The FY 2010 budget was prepared under very difficult circumstances due to the deep economic recession and unavoidable cost increases in key areas. As a result, the FY 2010 budget included no merit or market based pay increases for City employees and there was an overall net reduction of 10.26 FTE positions citywide. Due to rising health care costs, the fringe benefit budget included a \$1.1 million increase in the City's contribution to the employee health care program. The budget for operating costs increased by \$2.5 million or 11.3% in FY 2010. A number of unavoidable cost increases impacted the FY 2010 adopted budget including the following: 1) the addition of \$300,000 in new contract expenses for the operation of Pack Square Park; 2) a \$375,000 increase in electricity and streetlighting costs; 3) the inclusion of the \$450,000 economic development/annexation payment to the Biltmore Town Center; 4) the addition of \$160,000 to pay for the fall 2009 City Council

elections; 5) \$150,000 in expenses associated with the transition expenses associated with the BTIP project; 6) A \$100,000 increase in fire district annexation contracts; and 7) a \$107,000 increase in the cost of joint City/County programs such as CJIS and the Police ID Bureau. Police and Fire expenditures continue to be the largest component of the City's General Fund budget, comprising 41% of the total FY 2010 General Fund budget. The General Fund budget also includes \$3.0 million in pay-as-you-go capital improvement funding. This funding will allow the City to replace aging vehicles in police, fire and public works and continue the City's street and sidewalk maintenance program. The fiscal year 2010 General Fund budget includes \$5.4 million in debt service for the City's general obligation bonds, certificates of participation (COPS) and other general debt obligations, which is a decrease compared to the prior year. The City will issue new general fund debt in FY 2010 to fund several projects including the installation of sewer lines in annexation areas, the replacement of the irrigation system at the golf course and improvements the Walton Street pool.

Business-type Activities. The FY 2010 budget for the Water Resources Fund includes a 4% increase in water rates and the capital improvement fees. These rate increases, along with some other fee adjustments will generate approximately \$1.8 million in additional revenue for the Water Fund. The capital outlay category includes \$5.6 million for capital improvement projects, \$701,000 for rolling stock replacement and \$681,000 for small capital equipment. The debt service budget for FY 2010, which includes payments on the \$40 million in revenue bonds issued in FY 2008 for capital improvements, is approximately 23% of the total budget. Operating costs are up 15% primarily due to increases in electricity rates and increases costs for materials including the chemicals used in water treatment.

Requests for information

This financial report is designed to provide a general overview of the City of Asheville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, City of Asheville, PO Box 7148, Asheville NC 28802.

Basic Financial Statements

The basic financial statements for the City of Asheville consist of both entity-wide and fund financial statements.



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CITY OF ASHEVILLE
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Asheville ABC Board
ASSETS				
Cash and investments	\$ 43,914,988	\$ 25,350,831	\$ 69,265,819	\$ 2,456,740
Restricted cash and investments	1,142,788	27,496,121	28,638,909	1,031,831
Receivables (net of allowance for uncollectibles)	13,713,719	7,176,079	20,889,798	1,930
Due from Component Unit	187,500	-	187,500	-
Internal balances	1,792,522	(1,792,522)	-	-
Inventories	845,046	104,546	949,592	1,596,508
Prepays	121,349	1,051	122,400	130,283
Capital assets:				
Land	31,494,448	10,280,911	41,775,359	1,967,368
Buildings and improvements	45,698,929	80,626,957	126,325,886	4,333,432
Machinery and equipment	37,916,071	25,670,443	63,586,514	1,137,943
Infrastructure	205,812,607	139,451,921	345,264,528	-
Construction in progress	24,257,046	30,379,268	54,636,314	2,335
Accumulated depreciation	(158,656,141)	(91,604,742)	(250,260,883)	(1,736,505)
Unamortized debt issuance cost	-	1,055,745	1,055,745	-
Total assets	<u>248,240,872</u>	<u>254,196,609</u>	<u>502,437,481</u>	<u>10,921,865</u>
LIABILITIES				
Accounts payable and other accrued liabilities	6,529,636	7,195,206	13,724,842	1,819,073
Customer deposits	-	564,318	564,318	-
Accrued interest payable	96,516	1,466,768	1,563,284	-
Due to primary government	-	-	-	187,500
Unearned revenue	517,830	219,965	737,795	-
Estimated claims payable	4,704,219	-	4,704,219	-
Non-current liabilities:				
Due within one year	6,129,093	4,737,683	10,866,776	92,357
Due in more than one year	24,797,977	77,613,593	102,411,570	2,657,643
Total liabilities	<u>42,775,271</u>	<u>91,797,533</u>	<u>134,572,804</u>	<u>4,756,573</u>
NET ASSETS				
Invested in capital assets, net of related debt	163,616,229	119,193,019	282,809,248	3,975,043
Restricted for:				
Health benefits	1,129,520	-	1,129,520	-
Workers' compensation	3,184,920	-	3,184,920	-
Working capital	-	-	-	576,809
Perpetual care	326,868	-	326,868	-
Capital projects	-	-	-	738,966
Unrestricted	37,208,064	43,206,057	80,414,121	874,474
Total net assets	<u>\$ 205,465,601</u>	<u>\$ 162,399,076</u>	<u>\$ 367,864,677</u>	<u>\$ 6,165,292</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ASHEVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 14,205,718	\$ 6,179,596	\$ 2,641,508	\$ 467,107
Public safety	43,304,910	4,466,630	368,094	-
Highways and streets	28,754,028	324,455	2,584,883	4,128,726
Community development	2,941,268	-	2,852,758	-
Culture and recreation	12,626,387	1,380,912	242,795	1,043,141
Interest on long term debt	1,124,451	-	-	-
Total governmental activities	<u>102,956,762</u>	<u>12,351,593</u>	<u>8,690,038</u>	<u>5,638,974</u>
Business-type activities:				
Water resources	24,822,993	30,841,116	-	982,606
Civic Center	2,374,150	1,730,453	-	-
Festivals	2,013,165	2,849,477	-	-
Parking Services	1,106,424	770,903	-	-
Mass Transit	5,474,456	1,135,995	2,553,611	60,927
Stormwater	3,382,061	2,901,319	-	-
Golf Course	1,113,682	870,355	-	-
Total business-type activities	<u>40,286,931</u>	<u>41,099,618</u>	<u>2,553,611</u>	<u>1,043,533</u>
Total primary government	<u>\$ 143,243,693</u>	<u>\$ 53,451,211</u>	<u>\$ 11,243,649</u>	<u>\$ 6,682,507</u>
Component unit:				
ABC Board	<u>\$ 18,825,000</u>	<u>\$ 19,171,438</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Sales taxes				
Other taxes				
Grants and contributions not restricted to specific programs				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Changes in net assets				
Net assets - beginning				
Net assets - ending				

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	City of Asheville ABC Board
\$ (4,917,507)	\$ -	\$ (4,917,507)	\$ -
(38,470,186)	-	(38,470,186)	-
(21,715,964)	-	(21,715,964)	-
(88,510)	-	(88,510)	-
(9,959,539)	-	(9,959,539)	-
(1,124,451)	-	(1,124,451)	-
<u>(76,276,157)</u>	<u>-</u>	<u>(76,276,157)</u>	<u>-</u>
-	7,000,729	7,000,729	-
-	(643,697)	(643,697)	-
-	836,312	836,312	-
-	(335,521)	(335,521)	-
-	(1,723,923)	(1,723,923)	-
-	(480,742)	(480,742)	-
-	(243,327)	(243,327)	-
<u>-</u>	<u>4,409,831</u>	<u>4,409,831</u>	<u>-</u>
<u>(76,276,157)</u>	<u>4,409,831</u>	<u>(71,866,326)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>346,438</u>
43,971,418	-	43,971,418	-
15,036,347	-	15,036,347	-
8,054,205	-	8,054,205	-
1,770,445	-	1,770,445	-
1,434,166	1,203,298	2,637,464	11,665
819,679	1,893	821,572	135
(1,865,352)	1,865,352	-	-
<u>69,220,908</u>	<u>3,070,543</u>	<u>72,291,451</u>	<u>11,800</u>
<u>(7,055,249)</u>	<u>7,480,374</u>	<u>425,125</u>	<u>358,238</u>
<u>212,520,850</u>	<u>154,918,702</u>	<u>367,439,552</u>	<u>5,807,054</u>
<u>\$ 205,465,601</u>	<u>\$ 162,399,076</u>	<u>\$ 367,864,677</u>	<u>\$ 6,165,292</u>

**CITY OF ASHEVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 23,621,909	\$ 9,074,915	\$ 32,696,824
Restricted cash and investments	-	1,142,788	1,142,788
Receivables (net of allowance for uncollectibles)	6,585,550	7,121,980	13,707,530
Due from other funds	2,194,233	-	2,194,233
Due from component unit	187,500	-	187,500
Inventories	845,046	-	845,046
	<u>\$ 33,434,238</u>	<u>\$ 17,339,683</u>	<u>\$ 50,773,921</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and other accrued liabilities	\$ 5,162,697	\$ 1,320,075	\$ 6,482,772
Due to other funds	-	401,711	401,711
Deferred revenue	2,472,676	3,605,821	6,078,497
Unearned revenue	436,618	81,212	517,830
Total liabilities	<u>8,071,991</u>	<u>5,408,819</u>	<u>13,480,810</u>
Fund balances (deficit):			
Reserved:			
For inventories	845,046	-	845,046
For encumbrances	1,325,615	2,172,158	3,497,773
For housing partnership	-	2,078,834	2,078,834
By state statute	6,494,607	3,306,213	9,800,820
For perpetual care	-	326,868	326,868
Unreserved, reported in:			
Designated:			
Designated for subsequent year's budget	1,898,364	-	1,898,364
Designated for law enforcement special separation allowance	4,236,980	-	4,236,980
Undesignated:			
General fund	10,561,635	-	10,561,635
Special revenue funds	-	(438,451)	(438,451)
Capital project funds	-	4,485,242	4,485,242
Total fund balances (deficit)	<u>25,362,247</u>	<u>11,930,864</u>	<u>37,293,111</u>
	<u>\$ 33,434,238</u>	<u>\$ 17,339,683</u>	<u>\$ 50,773,921</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ASHEVILLE
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2009

Total fund balances for Governmental Funds (Exhibit C)	\$ 37,293,111
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	186,522,960
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	6,078,497
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.	(29,458,231)
The internal service fund is used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.	5,125,780
Other accrual adjustments that do not require current financial resources and, therefore, are not reported in fund statements.	<u>(96,516)</u>
Net assets of governmental activities (Exhibit A)	<u><u>\$ 205,465,601</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ASHEVILLE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES,
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes:			
Ad valorem taxes	\$ 43,839,814	\$ -	\$ 43,839,814
Other taxes	15,473,546	-	15,473,546
Intergovernmental	11,542,589	6,770,428	18,313,017
Licenses and permits	5,496,732	-	5,496,732
Charges for services	7,358,509	-	7,358,509
Private donations	-	1,883,432	1,883,432
Investment earnings	1,191,667	51,480	1,243,147
Miscellaneous	638,020	592,688	1,230,708
Total revenues	<u>85,540,877</u>	<u>9,298,028</u>	<u>94,838,905</u>
EXPENDITURES			
Current:			
General government	11,450,886	948,300	12,399,186
Public safety	41,297,242	619,854	41,917,096
Public works	12,467,927	1,486,001	13,953,928
Community development	50,000	2,891,268	2,941,268
Planning	1,727,980	19,613	1,747,593
Engineering	1,587,238	6,205,297	7,792,535
Culture and recreation	10,759,501	1,676,853	12,436,354
Debt service:			
Principal	4,032,137	175,000	4,207,137
Interest	1,065,767	39,689	1,105,456
Total expenditures	<u>84,438,678</u>	<u>14,061,875</u>	<u>98,500,553</u>
Revenues over (under) expenditures	<u>1,102,199</u>	<u>(4,763,847)</u>	<u>(3,661,648)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	84,600	3,357,082	3,441,682
Transfers to other funds	(4,663,325)	(643,709)	(5,307,034)
Sale of capital assets	146,505	-	146,505
Total other financing sources and (uses)	<u>(4,432,220)</u>	<u>2,713,373</u>	<u>(1,718,847)</u>
Net change in fund balances	<u>(3,330,021)</u>	<u>(2,050,474)</u>	<u>(5,380,495)</u>
Fund balances - beginning	<u>28,692,268</u>	<u>13,981,338</u>	<u>42,673,606</u>
Fund balances - ending	<u>\$ 25,362,247</u>	<u>\$ 11,930,864</u>	<u>\$ 37,293,111</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ASHEVILLE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances--total governmental funds (Exhibit E)	\$ (5,380,495)
Depreciation expense is not a use of current financial resources and therefore, is not reported in the governmental fund statements.	(14,548,392)
Capital asset additions are a use of current financial resources and therefore, are not reported as expenditures in the governmental fund statements.	10,903,850
Contribution of capital assets	467,107
Book value of capital assets disposed	(68,616)
Net change in accrued interest payable	(18,995)
Property tax revenue and other revenues in the statement of activities that do not provide current financial resources and, therefore, are deferred in the fund statements.	52,287
Debt service payments use current financial resources and are reported in the governmental fund statements but are a reduction in a liability on the government-wide statements.	4,207,137
Other reconciling items	(71,823)
Adjustments to other long-term obligations that do not require current financial resources and therefore, are not reported as expenditures in the governmental fund statements:	
Accrued vacation	(424,467)
Unfunded pension obligation	(64,576)
The Internal Service Fund is used by management to charge the costs of risk management to the individual funds. The net revenue of certain activities of the Internal Service Fund is reported with governmental activities.	<u>(2,108,266)</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ (7,055,249)</u></u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ASHEVILLE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Ad valorem taxes	\$ 43,437,175	\$ 43,437,175	\$ 43,839,814	\$ 402,639
Local option sales tax	17,592,167	17,592,167	15,036,347	(2,555,820)
Other taxes	427,668	427,668	437,199	9,531
Intergovernmental	10,741,481	10,780,999	11,542,589	761,590
Licenses and permits	5,026,280	5,026,280	5,496,732	470,452
Charges for services	10,413,281	7,672,194	7,358,509	(313,685)
Investment earnings	1,014,000	1,014,000	1,191,667	177,667
Miscellaneous	220,500	251,000	638,020	387,020
Total revenues	<u>88,872,552</u>	<u>86,201,483</u>	<u>85,540,877</u>	<u>(660,606)</u>
EXPENDITURES				
Current:				
General government	13,188,197	11,723,132	11,450,886	272,246
Public safety	40,697,237	41,952,344	41,297,242	655,102
Public works	12,438,348	12,872,990	12,467,927	405,063
Community development	50,000	50,000	50,000	-
Planning	1,880,068	1,879,992	1,727,980	152,012
Engineering	1,600,030	1,826,229	1,587,238	238,991
Culture and recreation	11,307,088	11,747,248	10,759,501	987,747
Debt service:				
Principal	3,322,710	4,057,710	4,032,137	25,573
Interest and fees	2,387,112	1,699,989	1,065,767	634,222
Total expenditures	<u>86,870,790</u>	<u>87,809,634</u>	<u>84,438,678</u>	<u>3,370,956</u>
Revenues over (under) expenditures	<u>2,001,762</u>	<u>(1,608,151)</u>	<u>1,102,199</u>	<u>2,710,350</u>
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	-	3,577,819	-	(3,577,819)
Transfers from other funds:				
Non-major governmental funds	30,000	49,000	84,600	35,600
Transfers to other funds:				
Non-major governmental funds	(2,455,800)	(2,635,462)	(2,660,763)	(25,301)
Non-major enterprise funds	(2,602,562)	(2,602,562)	(2,002,562)	600,000
Long-term debt issued	1,793,600	1,986,356	-	(1,986,356)
Sale of capital assets	1,233,000	1,233,000	146,505	(1,086,495)
Total other financing sources and (uses)	<u>(2,001,762)</u>	<u>1,608,151</u>	<u>(4,432,220)</u>	<u>(6,040,371)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(3,330,021)</u>	<u>\$ (3,330,021)</u>
Fund balance - beginning			<u>28,692,268</u>	
Fund balance - ending			<u>\$ 25,362,247</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF ASHEVILLE
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	<u>Water Resources</u>	<u>Non-major Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>
ASSETS				
Current assets:				
Cash and investments	\$ 20,781,227	\$ 4,569,604	\$ 25,350,831	\$ 11,218,164
Restricted cash and investments	25,310,117	2,186,004	27,496,121	-
Accounts receivable (net of allowance for uncollectibles)	5,087,449	804,179	5,891,628	6,189
Intergovernmental receivable	-	1,284,451	1,284,451	-
Inventories	-	104,546	104,546	-
Prepays	-	1,051	1,051	121,349
Total current assets	<u>51,178,793</u>	<u>8,949,835</u>	<u>60,128,628</u>	<u>11,345,702</u>
Non-current assets:				
Capital assets				
Land	4,286,086	5,994,825	10,280,911	-
Buildings and improvements	59,282,631	21,344,326	80,626,957	-
Machinery and equipment	15,454,351	10,216,092	25,670,443	-
Water system/sewer system Infrastructure	127,356,412	-	127,356,412	-
Construction in progress	28,066,910	2,312,358	30,379,268	-
Total capital assets	<u>234,446,390</u>	<u>51,963,110</u>	<u>286,409,500</u>	<u>-</u>
Accumulated depreciation	(61,022,141)	(30,582,601)	(91,604,742)	-
Net capital assets	<u>173,424,249</u>	<u>21,380,509</u>	<u>194,804,758</u>	<u>-</u>
Unamortized debt issuance cost	1,055,745	-	1,055,745	-
Total non-current assets	<u>174,479,994</u>	<u>21,380,509</u>	<u>195,860,503</u>	<u>-</u>
Total assets	<u>225,658,787</u>	<u>30,330,344</u>	<u>255,989,131</u>	<u>11,345,702</u>
LIABILITIES				
Current liabilities:				
Accounts payable	4,037,526	346,703	4,384,229	12,606
Customer deposits	563,818	500	564,318	-
Accrued interest payable	1,466,721	47	1,466,768	-
Other accrued expenses	322,575	179,446	502,021	34,258
Due to other funds	-	1,792,522	1,792,522	-
Due to other governmental units	2,308,956	-	2,308,956	-
Current portion of long-term debt	4,505,361	232,322	4,737,683	-
Estimated claims payable	-	-	-	730,678
Unearned revenue	-	219,965	219,965	-
Total current liabilities	<u>13,204,957</u>	<u>2,771,505</u>	<u>15,976,462</u>	<u>777,542</u>

(continued)

CITY OF ASHEVILLE
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Water Resources	Non-major Enterprise Funds	Totals	Internal Service Fund
Non-current liabilities:				
Other postemployment benefits	\$ 143,391	\$ 7,943	\$ 151,334	\$ 1,468,839
Bonds payable	75,618,003	-	75,618,003	-
Installment purchase contracts	-	43,000	43,000	-
Estimated claims payable	-	-	-	3,973,541
Unamortized bond premiums	1,801,256	-	1,801,256	-
Total non-current liabilities	<u>77,562,650</u>	<u>50,943</u>	<u>77,613,593</u>	<u>5,442,380</u>
 Total liabilities	 <u>90,767,607</u>	 <u>2,822,448</u>	 <u>93,590,055</u>	 <u>6,219,922</u>
NET ASSETS				
Invested in capital assets, net of related debt	97,898,510	21,294,509	119,193,019	-
Restricted for:				
Health benefits	-	-	-	1,129,520
Workers' compensation	-	-	-	3,184,920
Unrestricted	<u>36,992,670</u>	<u>6,213,387</u>	<u>43,206,057</u>	<u>811,340</u>
 Total net assets	 <u><u>\$ 134,891,180</u></u>	 <u><u>\$ 27,507,896</u></u>	 <u><u>\$ 162,399,076</u></u>	 <u><u>\$ 5,125,780</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ASHEVILLE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Water Resources</u>	<u>Non-major Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>
OPERATING REVENUES				
Charges for services	\$ 30,623,522	\$ 7,584,434	\$ 38,207,956	\$ 13,007,906
Rents	-	889,624	889,624	-
Concessions	-	1,134,310	1,134,310	-
Miscellaneous revenues	217,594	650,134	867,728	166,115
Total operating revenues	<u>30,841,116</u>	<u>10,258,502</u>	<u>41,099,618</u>	<u>13,174,021</u>
OPERATING EXPENSES				
Cost of merchandise sold	-	402,922	402,922	-
Administration	16,855,360	13,555,209	30,410,569	2,068,992
Insurance claims	-	-	-	13,400,975
Depreciation	4,817,994	1,461,717	6,279,711	-
Total operating expenses	<u>21,673,354</u>	<u>15,419,848</u>	<u>37,093,202</u>	<u>15,469,967</u>
Operating income (loss)	<u>9,167,762</u>	<u>(5,161,346)</u>	<u>4,006,416</u>	<u>(2,295,946)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental	-	2,553,611	2,553,611	-
Interest earned	1,090,534	112,764	1,203,298	187,680
Interest expense	(3,149,639)	(44,090)	(3,193,729)	-
Gain on sale of capital assets	1,893	-	1,893	-
Total non-operating revenues (expenses)	<u>(2,057,212)</u>	<u>2,622,285</u>	<u>565,073</u>	<u>187,680</u>
Income (loss) before transfers and capital contributions	<u>7,110,550</u>	<u>(2,539,061)</u>	<u>4,571,489</u>	<u>(2,108,266)</u>
Transfers from (to) other funds:				
Transfers from General Fund	-	2,002,562	2,002,562	-
Transfers from non-major governmental funds	-	67,510	67,510	-
Transfers from non-major enterprise funds	-	248,116	248,116	-
Transfers to non-major governmental funds	(154,720)	(50,000)	(204,720)	-
Transfers to non-major enterprise funds	-	(248,116)	(248,116)	-
Capital contributions	982,606	60,927	1,043,533	-
Changes in net assets	<u>7,938,436</u>	<u>(458,062)</u>	<u>7,480,374</u>	<u>(2,108,266)</u>
Total net assets - beginning	<u>126,952,744</u>	<u>27,965,958</u>	<u>154,918,702</u>	<u>7,234,046</u>
Total net assets - ending	<u>\$ 134,891,180</u>	<u>\$ 27,507,896</u>	<u>\$ 162,399,076</u>	<u>\$ 5,125,780</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ASHEVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Water Resources</u>	<u>Non-major Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>
Cash flows from operating activities:				
Cash received from customers	\$ 31,189,173	\$ 10,459,338	\$ 41,648,511	\$ 14,234,304
Cash paid for goods and services	(11,755,220)	(8,580,121)	(20,335,341)	(14,930,216)
Cash paid to employees	(7,841,560)	(4,815,363)	(12,656,923)	-
Net cash provided by (used for) operating activities	<u>11,592,393</u>	<u>(2,936,146)</u>	<u>8,656,247</u>	<u>(695,912)</u>
Cash flows from non-capital financing activities:				
Grants received	-	2,553,611	2,553,611	-
Transfers from other funds	-	2,318,188	2,318,188	-
Transfers to other funds	(154,720)	(298,116)	(452,836)	-
Net cash provided by (used for) non- capital financing activities	<u>(154,720)</u>	<u>4,573,683</u>	<u>4,418,963</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Receipts from capital grants or contributions	-	60,927	60,927	-
Acquisition and construction of capital assets	(30,073,750)	(1,697,689)	(31,771,439)	-
Principal paid on debt	(3,618,994)	(43,000)	(3,661,994)	-
Interest paid on debt	(4,978,703)	(44,090)	(5,022,793)	-
Proceeds from sale of capital assets	1,893	-	1,893	-
Net cash used for capital and related financing activities	<u>(38,669,554)</u>	<u>(1,723,852)</u>	<u>(40,393,406)</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investments	(7,707,119)	-	(7,707,119)	-
Interest earned	1,090,534	112,764	1,203,298	187,680
Net cash provided by (used for) investing activities	<u>(6,616,585)</u>	<u>112,764</u>	<u>(6,503,821)</u>	<u>187,680</u>
Net increase (decrease) in cash and cash equivalents	(33,848,466)	26,449	(33,822,017)	(508,232)
Cash and cash equivalents:				
Beginning of year, July 1	<u>60,573,831</u>	<u>6,729,159</u>	<u>67,302,990</u>	<u>11,726,396</u>
End of year, June 30	<u>\$ 26,725,365</u>	<u>\$ 6,755,608</u>	<u>\$ 33,480,973</u>	<u>\$ 11,218,164</u>

(continued)

CITY OF ASHEVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Water Resources</u>	<u>Non-major Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 9,167,762	\$ (5,161,346)	\$ 4,006,416	\$ (2,295,946)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	4,817,994	1,461,717	6,279,711	-
Changes in assets and liabilities:				
Decrease in accounts receivable	501,478	144,490	645,968	1,060,283
Decrease in intergovernmental receivables	-	42,975	42,975	-
Increase in inventories	-	(6,114)	(6,114)	-
Decrease (increase) in prepaids	-	23,979	23,979	(121,349)
Increase (decrease) in accounts payable	(2,480,400)	(20,932)	(2,501,332)	8,306
Increase in other accrued expenses	72,794	24,713	97,507	6,124
Increase (decrease) in due to other funds	(515,208)	547,607	32,399	-
Increase in accrued interest payable	-	20	20	-
Increase in compensated absences	38,003	2,681	40,684	-
Decrease in unearned revenue	(182,000)	(3,879)	(185,879)	-
Increase in customer deposits	28,579	-	28,579	-
Increase in other postemployment benefits	143,391	7,943	151,334	1,468,839
Decrease in estimated claims payable	-	-	-	(822,169)
Total adjustments	<u>2,424,631</u>	<u>2,225,200</u>	<u>4,649,831</u>	<u>1,600,034</u>
Net cash provided by (used for) operating activities	<u>\$ 11,592,393</u>	<u>\$ (2,936,146)</u>	<u>\$ 8,656,247</u>	<u>\$ (695,912)</u>
Reconciliation of cash and cash equivalents:				
Cash and investments:				
Unrestricted	\$ 20,781,227	\$ 4,569,604	\$ 25,350,831	\$ 11,218,164
Restricted	<u>25,310,117</u>	<u>2,186,004</u>	<u>27,496,121</u>	<u>-</u>
Total cash and investments	46,091,344	6,755,608	52,846,952	11,218,164
Less: Investments	<u>19,365,979</u>	<u>-</u>	<u>19,365,979</u>	<u>-</u>
Cash and cash equivalents	<u>\$ 26,725,365</u>	<u>\$ 6,755,608</u>	<u>\$ 33,480,973</u>	<u>\$ 11,218,164</u>
Non-cash investing, capital, and financing activities:				
Donated water lines	<u>\$ 982,606</u>	<u>\$ -</u>	<u>\$ 982,606</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of the this financial statement.

CITY OF ASHEVILLE
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2009

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 563,196
LIABILITIES	
Due to others	\$ 563,196

The notes in the financial statements are an integral part of this statement.

CITY OF ASHEVILLE

Notes to the Basic Financial Statements

June 30, 2009

1. Summary of Significant Accounting Policies

The basic financial statements of the City of Asheville (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City’s significant accounting policies are described below.

Reporting Entity - The City of Asheville is a municipal corporation that is governed by an elected mayor and a six-member council. As required by GAAP, these financial statements present the City, its component units and legally separate entities for which the City is financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations and, as such, are included in the reporting entity. The discretely presented component unit below is reported in a separate column in the City's financial statements in order to emphasize that it is legally separate from the City.

Included within the reporting entity are:

- **Asheville Board of Alcoholic Control** (the “ABC Board”) - The Asheville Board of Alcoholic Control was organized under the provisions of House Bill No. 1124 of the North Carolina General Assembly and implemented by a citywide election held November 14, 1947. The local ABC Board may borrow money in accordance with North Carolina General Statute 18B-702(b) and the City's governing body who appoint all three ABC Board members shall in no way be held responsible for the debts of the ABC Board. The ABC Board is required by state statute to distribute its surpluses to the General Fund of the City, which represents a financial benefit to the City. Therefore, the ABC Board is reported as a discretely presented component unit. Complete financial statements for the ABC Board may be obtained from the Asheville Board of Alcoholic Control's administrative offices at 1 Cherry Street North, Asheville, N.C. 28801.
- **Asheville Public Financing Corporation** (the “APFC”) - The Asheville Public Financing Corporation is a non-profit corporation chartered in 1991 with the specific purpose of assisting the City of Asheville in various types of financing arrangements. The Corporation is governed by a board of directors whose three members serve for one year or until successors are elected. One of the three members is appointed by the city manager. The board of directors elects the remaining directors. The Corporation has no assets, liabilities, revenues or expenses. All rights, title and interest to all financing contracts with the City have been assigned to various bank trustees. All financing

arrangements with the City have been disclosed in the accompanying notes to basic financial statements.

- **Asheville Claims Corporation** (the “ACC”) - The Asheville Claims Corporation is a non-profit corporation chartered in 1993 with the specific purpose of assisting the City of Asheville in risk management and the administration of claims. The ACC is governed by a board of directors whose three members serve for one year or until successors are elected. One of the three members is appointed by the city manager. The board of directors elects the remaining members. The ACC has no assets, liabilities, revenues or expenses. All rights, title and interest to the claims contract with the City have been assigned to a bank trustee. All financing arrangements with the City have been disclosed in the accompanying notes to the basic financial statements.

Related Organizations

- **Housing Authority of the City of Asheville** (“Housing Authority”) - The Mayor appoints the five-member Board of the Housing Authority of the City of Asheville. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority.
- **Asheville City School System** (“School System”) - The Asheville City Council appoints the five-member Board of the Asheville City School System. The City is accountable for the School System because it appoints a majority of the governing board; however, the City is not financially accountable for the School System.

Jointly Governed Organization

- **Asheville Regional Airport Authority** - The City, in conjunction with Buncombe County, participates in a regional airport. Each participating government appoints three members and the six appointees then appoint one additional member to make up the seven-member board. The City has no obligation to fund any deficits, any claim on assets or obligation for liabilities. The Authority is included in Buncombe County’s Financial Statements as a discretely presented component unit.

Measurement Focus Basis of Accounting & Financial Presentation - The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses, as applicable. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstration compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. In accordance with North Carolina Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. The fiduciary fund (agency fund) has no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if they are collected within 60 days of the end of the current fiscal period, except for property taxes. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Buncombe County is responsible for billing and collecting the property taxes on registered motor vehicles on

behalf of all municipalities in the County, including the City of Asheville. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Buncombe County from March 2007 through February 2008 apply to the fiscal year ended June 30, 2008. Uncollected taxes that were billed this period are shown as a receivable in these financial statements and are offset by deferred revenues.

Sales taxes collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues, which are unearned at year-end, are recorded as deferred revenues. Under the terms of the grant agreements, the City funds certain programs in combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenditures are incurred, there are both restricted and unrestricted net assets available to finance the program. Excluding debt funding, it is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

In the event that debt proceeds are included, the City will spend debt proceeds first unless there is an agreement tying specific expenditures to grant proceeds. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources, as they are needed.

As permitted by accounting principles generally accepted in the United States of America, the City and the ABC Board have elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989, that do not contradict GASB pronouncements in its accounting and reporting practices for its government-wide and proprietary operations.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

The City reports the following major governmental fund:

- **General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds. The primary revenue sources are ad valorem taxes, various other taxes and licenses and State-shared revenues. The primary expenditures are for public safety, streets and highways, sanitation, recycling, parks and recreation, general government

services, risk management and benefits, information technology and debt service for the payment of general long-term principal, interest, and related costs.

The City reports the following non-major governmental funds:

- **Special Revenue Funds** - Special Revenue Funds are used to account for specific revenue sources that are legally restricted to expenditures for specific purposes. The City has the following Special Revenue Funds: Grant Programs, Community Development, Section 108 Rehabilitation, Affordable Home Ownership, and Housing Partnership.
- **Capital Project Funds** - The Capital Project Funds are used to account for financial resources to be used for the acquisition and/or construction of major capital facilities (other than those financed by proprietary funds) and infrastructure. The City has four Capital Project Funds: Federal Capital Projects, General Capital Projects, Street/Sidewalk Capital Improvements and Sewer Capital Projects.
- **Perpetual Care Permanent Fund** - This fund is used to account for perpetual care of the City's Riverside Cemetery.

The City reports the following major proprietary fund:

- **Water Resources** - The Water Resources Fund is an enterprise fund used to account for operations and maintenance of the City's water system that includes operation of two water treatment plants. This fund also covers acquisition and/or construction of major utility capital facilities and infrastructure, as well as the debt service for the payment of utility long-term debt principal, interest, and related costs which are accounted for in sub-funds.

The City reports the following non-major enterprise funds: Civic Center, Parking Services, Festivals, Mass Transit, Stormwater and Golf Course.

- **Internal Service Fund** - The Internal Service Fund is a proprietary fund used to account for the accumulation and allocation of costs associated with the City's risk management activities.

Additionally the City reports the following fund types:

- **Agency Fund** - Agency funds are custodial in nature and do not involve the measurement of operating results. The City maintains the Civic Center Agency Fund for the purpose of segregating the box office activities for the various promoters.

Budgetary Data - The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Community Development Fund, Water Resources Fund and the other non-major enterprise funds. Multi-year budgets are

adopted for the non-major governmental funds, except for the Community Development Fund, and enterprise capital projects funds. All annual appropriations lapse at the fiscal-year end. As required by State law [N. C. General Statute 159-26(d)], the City maintains encumbrance accounts, which are considered to be "budgetary accounts." Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in progress at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. These encumbrances outstanding are reported as "reserved for encumbrances" in the fund balance section of the balance sheet and will be charged against the subsequent year's budget.

All budgets are prepared using the modified accrual basis of accounting. N.C. General Statute 159-13(a)(3) requires the budget ordinance make appropriations by department, function or project. The City has defined its annual operating funds to be functions; therefore, expenditures may not legally exceed appropriations at the fund level for all annual operating funds. Expenditures may not legally exceed appropriations at the project level for all multi-year project funds. Amendments are required for any revisions that alter the total fund or project budget and must be approved by the City Council. The City internally manages expenditures on a line item and departmental basis and although not legally required, budget amendments may be required between line items and between departments of the same function. The Budget department must approve all of these internal budget amendments and some of these amendments are forwarded to the City Manager for additional approval. During the year numerous budget amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Assets, Liabilities, and Net Assets/Fund Balance

- **Deposits and Investments** - The deposits of the City and the ABC Board are secured as required by North Carolina General Statute ("G. S.") 159-31. The City may establish official depositories with any bank or savings association whose principal office is located in North Carolina. The City and the ABC Board may establish time deposits in the form of NOW and SUPERNOW accounts, money market accounts, and certificates of deposits.

G.S. 159-30 (c) authorizes the City and the ABC Board to invest in obligations of the U.S. Treasury; obligations of any agency of the United State of America, provided the payment of the interest and principal of such obligations is fully guaranteed by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT), an SEC registered (2a-7) mutual fund.

The City and the ABC Board's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices.

The securities of the NCCMT Cash Portfolio are valued at fair value, which is the NCCMT's share price. The City intends, and has the ability, to hold all securities to maturity.

In accordance with State law, the City and the ABC Board have invested in securities, which are callable, and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

The City pools moneys from all funds, except unspent bond proceeds, to facilitate disbursement and investment and maximize investment income. The City and the ABC Board consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

- **Receivables and Payables** - According to the North Carolina General Statutes, ad valorem taxes levied on July 1 beginning of the fiscal year, are due September 1, but interest and penalties do not accrue until the following January 6, the lien date.

Property taxes on certain registered motor vehicles are assessed and collected throughout the year. The taxes are based on the assessed values as of January 1, 2007.

Within the fund financials ad valorem taxes receivable are not accrued as revenue because the amount is not considered "available." At June 30, taxes receivable are significantly past due and are not considered to be an available resource to finance the operations of the subsequent year. Accounting principles generally accepted in the United States of America state that property tax revenues, which are measurable but not available, should be recorded as unearned revenues. The receivable amount is reduced by an allowance for doubtful accounts and an amount equal to the net receivable is included in the governmental balance sheet and the statement of net assets. Any property taxes collected in advance of the fiscal year to which they apply are recorded as unearned revenues.

An allowance for doubtful accounts is maintained on the ad valorem taxes receivable as described above. The City also maintains an allowance for doubtful accounts for water service accounts receivable, stormwater accounts receivable and other miscellaneous receivables.

- **Inventories and Prepaids** - Inventories are determined by physical count and valued at cost (using the first-in, first-out method). Inventories in the governmental funds consist of expendable supplies held for consumption. The costs thereof have been recorded at the time items were purchased. Expenditure occurs when items are issued from inventory.

Inventories in the non-major enterprise funds consist of materials and supplies held for subsequent use.

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaids in both government-wide and fund financial statements and are expended/expensed as balances are used.

- **Restricted Assets** - Certain cash balances are held as restricted. Restricted cash in the General Fund relates to the City's self-insurance program and are only available to pay claims and unspent debt proceeds. Restricted cash in the Water Resources Fund relates to unspent debt proceeds and is only available for specific projects. Restricted cash in the non-major governmental funds relates to cash held in trust to be loaned out under the City's Section 108 Rehabilitation Loan program and perpetual care of the City's cemetery and unspent debt proceeds.
- **Capital Assets** - Capital assets, which include land, buildings, equipment, vehicles and infrastructure (e.g., water & sewer lines, water tanks, roads, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets (not including general infrastructure) are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. General infrastructure assets are defined by the City as assets with an initial cost of more than \$50,000. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Governmental infrastructure assets (roads, sidewalks, bridges, etc.) acquired prior to July 1, 2003, consist of assets acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement costs. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Any interest incurred during the construction phase of proprietary fund type capital assets is reflected in the capitalized value of the asset constructed. Capital assets of the City and the ABC Board are depreciated using the straight-line method over the following estimates useful lives:

<u>Capital Asset</u>	<u>Life</u>
Machinery and equipment	3 - 15 years
Building and improvements	20-50 years
Infrastructure	25-50 years

- **Compensated Absences** - The vacation policy of the City provides for the accumulation of up to a maximum of 40 days earned vacation leave, with such leave being fully vested when earned. All vacation pay is accrued when incurred in the government-wide,

proprietary fund, and component unit financial statements. The City has assumed a last in first out method of using compensated time. The portion of that time that is estimated to be used in the next fiscal year has been shown as due within one year in Note 7-H. ABC Board employees may accumulate up to 30 days earned vacation and such leave is fully vested when earned.

The City and the ABC Board's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither of the two entities is obligated for the accumulated sick leave until it is actually taken, no liability for sick leave has been recorded.

- **Long-term Obligations** - In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method of amortization. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

- **Net Assets/Fund Balances** - Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

In the governmental fund financial statements, reservations of the fund balance represent amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13 (b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts at the close of the fiscal year preceding in the budget year.

The governmental fund types classify fund balances as follows:

○ **Reserved**

Reserved for Inventories - portion of fund balance that is not available for appropriation because it represents the year-end balance of inventories, which are not expendable available resources.

Reserved for Encumbrances - portion of fund balance available for appropriation to pay for commitments relating to unperformed contracts and purchase orders.

Reserved for Housing Partnership - portion of fund balance that is not available for appropriation because it is reserved for the City's Affordable Housing Program.

Reserved by State Statue - portion of fund balance not available for appropriation after consideration of other reservations of fund balance. G.S. 159-13(b)(16) restricts appropriation of fund balance or fund equity to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as these amounts stand at the close of the fiscal year preceding the budget year.

Reserved for Perpetual Care - portion of fund balance available for appropriation to pay for maintenance of the City's cemetery.

○ **Unreserved**

Designated for Subsequent Year's Budget - portion of total fund balance available for appropriation, which has been designated for expenditures in the subsequent year's budget.

Designated for Law Enforcement Special Separation Allowance - portion of total fund balance, which has been designated for the actuarially determined un-funded portion of the law enforcement officers' special separation allowance.

Undesignated - portion of total fund balance for appropriation, which is uncommitted at year-end.

2. Deposits and Investments

All deposits of the City and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the ABC Board, these deposits are considered to be held by the City's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits.

Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City and the ABC Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City and the ABC Board have no policy regarding custodial credit risk for deposits.

At June 30, 2009, the City's deposits had a carrying amount of \$21,281,242 and a bank balance of \$24,221,590. Of the bank balance, \$22,739,891 was covered by collateral held under the Pooling Method and \$1,481,699 was covered by federal depository insurance. The City also had \$76,350 in petty cash at year-end. The carrying amount for the ABC Board was \$3,237,753 and a bank balance of \$3,228,960. Of the bank balance, \$830,482 was covered by collateral held under the Pooling Method and \$2,398,478 was covered by federal depository insurance.

The calculation of realized gains is independent of the calculation of the net increase/decrease in the fair value of investments that have been held in more than one fiscal year and sold in the current may have been recognized as an increase or decrease in the fair value of investments, reported in the prior year. The net decrease in fair value during 2009 for the City was \$87,669. This amount takes into account all changes in fair value (including purchases, sales and maturities) that occurred during the year. The unrealized gain on investments held at year end was \$103,841.

As of June 30, 2009 the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>0-6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
U.S. Government securities	\$ 8,558,130	\$ -	\$ -	\$ 8,558,130
U.S. Government agencies	23,500,563	1,002,190	3,013,800	19,484,573
Commercial paper	3,992,460	3,992,460	-	-
NCCMT-cash portfolio	28,960,163	28,960,163	-	-
Escrow Money Markets	7,550,642	7,550,642	-	-
NCCMT-term portfolio	2,548,374	-	2,548,374	-
Certificate of Deposit	2,000,000	-	-	2,000,000
Total	<u>\$ 77,110,332</u>	<u>\$ 41,505,455</u>	<u>\$ 5,562,174</u>	<u>\$ 30,042,703</u>

*Because the NCCMT Term Portfolio had a weighted average maturity of 0.9 years, it was presented as an investment with a maturity of 6-12 months.

Interest Rate Risk - The City has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk - The City has no formal policy regarding credit risk, but has internal management procedures that limits the City's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The City's investments in U.S. Agencies (Federal Home Loan Bank) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The City's investments in the NCCMT Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2007. The City's investment in the NCCMT Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, obligations of the State of North Carolina, bonds and notes of North Carolina local governments/public authorities and in high grade money market instruments as permitted under North Carolina G.S. 159-30 as amended.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments are insured or registered or held by the City or its agent in the City's name. The City has no policy on custodial risk but management procedures are that the City shall utilize a third party custodial agent for book entry transactions, all of which will be held in the City's name.

Concentration of Credit Risk - The City does not limit the amount of investment in any one issuer. More than 5% of the City's total investments are in Federal Home Loan Bank securities, representing 20% of the total investments and Federal National Mortgage Association securities, representing 11% of the total investments and Federal Home Loan Mortgage Corporation securities representing 3% of the total investments.

As of June 30, 2009, the ABC Board had investments of \$250,818.

3. **Receivables and Unearned Assets**

Receivables as of year-end for the City's fund financials and government-wide totals, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Non-major Govern- mental Funds	Internal Service Fund	Govern- mental Activities	Business- Type Activities
Customers	\$ 2,817,927	\$ -	\$ -	\$ 2,817,927	\$ 5,473,734
Property taxes	1,023,679	-	-	1,023,679	-
Due from other governments	1,095,907	535,226	-	1,631,133	1,284,451
Other	199,040	2,980,933	6,189	2,980,933	679,431
Loans receivable	2,142,997	3,605,821	-	5,748,818	-
Less: Allowance	(694,000)	-	-	(694,000)	(261,537)
Receivables (net)	<u>\$ 6,585,550</u>	<u>\$ 7,121,980</u>	<u>\$ 6,189</u>	<u>\$13,713,719</u>	<u>\$ 7,176,079</u>

In conformity with accounting principles generally accepted in the United States of America, revenues that are measurable but not available are reported as unearned revenues in the fund statements. In addition, revenues collected in advance of the fiscal year to which they apply are reported as unearned assets.

At June 30, 2009, the various components of deferred/unearned revenues were as follows:

	General Fund	Non-major Govern- mental Funds	Accrual Adjustment s	Govern- mental Activities	Business- Type Activities
Property taxes	\$ 329,679	\$ -	\$ (329,679)	\$ -	\$ -
Prepaid taxes	150,364	-	-	150,364	-
Loans	2,142,997	3,605,821	(5,748,818)	-	-
Grants	-	81,212	-	81,212	-
Other	286,254	-	-	286,254	219,965
Total	<u>\$ 2,909,294</u>	<u>\$ 3,687,033</u>	<u>\$(6,078,497)</u>	<u>\$ 517,830</u>	<u>\$ 219,965</u>

4. **Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental Activities					
Capital assets, non-depreciable:					
Land	\$ 30,152,018	\$ 1,342,430	\$ -	\$ -	\$ 31,494,448
Construction in progress	18,402,412	7,100,340	(1,245,706)	-	24,257,046
Total capital assets, non-depreciable	48,554,430	8,442,770	(1,245,706)	-	55,751,494
Capital assets, depreciable:					
Building and improvements	45,426,581	354,668	(82,320)	-	45,698,929
Machinery and equipment	37,328,190	3,345,580	(2,799,485)	41,786	37,916,071
Infrastructure	205,338,959	473,648	-	-	205,812,607
Total capital assets, depreciable	288,093,730	4,173,896	(2,881,805)	41,786	289,427,607
Less accumulated depreciation for:					
Building and improvements	(17,989,237)	(1,678,527)	82,320	-	(19,585,444)
Machinery and equipment	(21,364,810)	(3,435,664)	2,730,866	(41,786)	(22,111,394)
Infrastructure	(107,525,102)	(9,434,201)	-	-	(116,959,303)
Total accumulated depreciation	(146,879,149)	(14,548,392)	2,813,186	(41,786)	(158,656,141)
Total capital assets being depreciated, net	141,214,581	(10,374,496)	(68,619)	-	130,771,466
Governmental activities, capital assets, net	\$ 189,769,011	\$ (1,931,726)	\$ (1,314,325)	\$ -	\$ 186,522,960
Business-type Activities					
Capital assets, non-depreciable:					
Land	\$ 10,280,911	\$ -	\$ -	\$ -	\$ 10,280,911
Construction in progress	24,553,236	32,427,378	(26,601,346)	-	30,379,268
Total capital assets, non-depreciable	34,834,147	32,427,378	(26,601,346)	-	40,660,179
Capital assets, depreciable:					
Building and improvements	80,604,533	22,424	-	-	80,626,957
Machinery and equipment	19,203,925	6,883,359	(375,055)	(41,786)	25,670,443
Infrastructure	118,211,394	21,432,470	(191,943)	-	139,451,921
Total capital assets, depreciable	218,019,852	28,338,253	(566,998)	(41,786)	245,749,321
Less accumulated depreciation for:					
Building and improvements	(30,929,754)	(2,064,769)	-	-	(32,994,523)
Machinery and equipment	(12,789,691)	(1,630,843)	362,352	41,786	(14,016,396)
Infrastructure	(42,201,696)	(2,584,099)	191,972	-	(44,593,823)
Total accumulated depreciation	(85,921,141)	(6,279,711)	554,324	41,786	(91,604,742)
Total capital assets being depreciated, net	132,098,711	22,058,542	(12,674)	-	154,144,579
Business-type activities, capital assets, net	\$ 166,932,858	\$ 54,485,920	\$ (26,614,020)	\$ -	\$ 194,804,758

During the year the City recorded capital contributions in the amount of \$982,606, which represents the value of water lines turned over to the City for operation from completed housing developments. This is considered a non-cash capital related financing activity for the statement of cash flows.

Depreciation expenses were charged to functions of the City as follows:

Governmental activities:	
General government	\$ 691,166
Public safety	2,109,936
Highways and streets	10,408,394
Cultural and recreational	1,338,896
	<hr/>
Total depreciation expense--governmental activities	\$ 14,548,392
	<hr/>
Business-type activities:	
Water resources	\$ 4,817,994
Non-major Enterprise Funds	1,461,717
	<hr/>
Total depreciation expense--business-type activities	\$ 6,279,711
	<hr/> <hr/>

The City has numerous active construction projects as of June 30, 2009. These projects include new street construction, widening and improvements of existing streets, new parks and related facilities, fire stations, fire trucks and pumpers, water system improvements and new construction, water plant expansions and other City facilities and equipment. The amount the City was contractually committed to spend at June 30, 2009 was \$3,730,697 and \$10,605,843 for governmental activities and business-type activities, respectively.

5. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2009 is as follows:

	Due to
	<u>Other Funds</u>
Non-major governmental funds:	
Grants Programs Fund	\$ 367,331
Section 208 Rehabilitation Fund	34,380
	<hr/>
	401,711
Non-major enterprise funds:	
Festivals Fund	1,404,266
Mass Transit Fund	280,215
Golf Course Fund	108,041
	<hr/>
	1,792,522
	<hr/> <hr/>
General Fund--due from other funds	\$ 2,194,233
	<hr/> <hr/>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The amounts payable to the General Fund relate to working capital loans made to the funds listed above.

Due to primary government and operating unit are:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary government	Component unit--ABC Board	<u>\$ 187,500</u>

The amount payable to the general fund is a result of timing of funds due.

	<u>Transfers In</u>			<u>Transfers Out</u>
	<u>General Fund</u>	<u>Non-major Governmental</u>	<u>Non-major Enterprise</u>	
General fund	\$ -	\$ 2,660,763	\$ 2,002,562	\$ 4,663,325
Non-major governmental	84,600	491,599	67,510	643,709
Water Resources Fund	-	154,720	-	154,720
Non-major enterprise	-	50,000	248,116	298,116
Total	<u>\$ 84,600</u>	<u>\$ 3,357,082</u>	<u>\$ 2,318,188</u>	<u>\$ 5,759,870</u>

Transfers are used to move unrestricted general fund reserves to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various programs.

6. Long-term Obligations

Installment Financing Contracts - The City has entered into various installment financing contracts with the Asheville Public Financing Corporation, a blended component unit, for renovation and construction of municipal facilities. These contracts were funded by the execution and delivery of Certificates of Participation and certain lease contracts. The outstanding contracts at June 30, 2009 are as follows:

<u>Governmental Activities</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Series Matures</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2009</u>
Municipal Building Series 1997-A	4.00 - 5.13	11/01/1997	06/01/2018	\$ 14,045,000	\$ 7,975,000
Refunding Series 1997-B	4.00 - 5.00	11/01/1997	06/01/2011	3,480,000	810,000
Taxable Series 1997-C	Variable*	11/13/1997	06/01/2018	5,515,000	1,720,000
Fire Stations and Equipment Series 2006	3.92	06/28/2006	06/28/2021	8,030,300	5,523,040
Total governmental					16,028,040
<u>Business-type Activities</u>					
Stormwater Series 2006	3.92	06/28/2006	06/28/2011	215,000	86,000
Total installment financing contracts					\$ 16,114,040

*Interest is variable at LIBOR rate plus 59 basis points.

In 1997, the City of Asheville issued Certificates of Participation (“COPs”) in the amount of \$2,612,367 to support the renovation of the Grove Arcade Public Market. Under an agreement with the Grove Arcade Public Market Foundation, GAPMF assumed responsibility for repayment of the debt service associated with the COPs. Until now, the COPs debt was recorded in the City’s CAFR as conduit debt. The City has been paying the annual debt service on the COPs since 1997 with revenue from GAPMF to the City to support the City’s payments. Because the COPs debt was reported as conduit debt, these payments were not included in the City’s financial reports. Recent research, however, has determined that this is not conduit debt but rather a direct obligation of the City. At June 30, 2009, the outstanding balance of this debt is \$1,720,000 and is included in the City’s CAFR.

Annual debt service requirements to maturity for Installment Financing Contracts for the governmental activities and for Business-type activities are as follows:

Fiscal Year Ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 2,080,753	\$ 898,373	\$ 43,000	\$ 3,302
2011	2,145,753	799,939	43,000	1,652
2012	1,330,153	697,506	-	-
2013	1,380,153	631,903	-	-
2014	1,435,153	563,596	-	-
2015-2019	6,885,767	1,554,858	-	-
2020-2022	770,308	45,294	-	-
Total	\$ 16,028,040	\$ 5,191,469	\$ 86,000	\$ 4,954

Installment Purchase Contracts - The City has entered into installment purchase contracts with various agencies for the purchase of assorted assets. These obligations are considered a limited obligation of the City and are secured by the assets themselves.

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Series Matures</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2009</u>
Trucks and cars	5.12%	12/09/2009	12/09/1999	\$ 359,230	\$ 12,333
Fire trucks	3.06%	11/29/2002	11/05/2012	1,546,308	541,208
Trucks and carts	2.35%	04/30/2004	04/30/2009	741,577	-
Fire and sanitation trucks	2.49%	06/25/2008	06/01/2013	5,000,000	4,046,561
Total installment purchase contracts					<u>\$ 4,600,102</u>

Annual maturities on all installment purchase contracts for the governmental activities are as follows:

Fiscal Year Ending June 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,141,368	\$ 110,426
2011	1,153,449	80,963
2012	1,178,474	51,207
2013	1,126,811	20,821
Total	<u>\$ 4,600,102</u>	<u>\$ 263,417</u>

General Obligations Bonds - The City has issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities related to both general and proprietary activities. All general obligation bonds are backed by the full faith, credit and taxing power of the City. Principal and interest requirements are appropriated when due.

General obligation bonds outstanding at June 30, 2009 are as follows:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Series Matures</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2009</u>
Government activities:					
Street, sidewalk and storm drainage, Series 1993A	5.10 - 5.25%	07/01/1993	02/01/2013	\$ 1,300,000	\$ 355,000
Street, sidewalk and storm drainage, Series 1993B	5.10 - 5.25%	07/01/1993	02/01/2013	500,000	145,000
General obligation refunding bonds, Series 1999	4.10 - 4.20%	02/09/1999	06/01/2012	4,952,360	608,590
General obligation refunding bonds, Series 2000	4.90 - 5.00%	12/01/2000	12/01/2020	1,970,000	1,170,000
Total government activities					<u>2,278,590</u>

(continued)

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Series Matures</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2009</u>
Business-type activities:					
Water--1995	5.00 - 5.10%	06/01/1995	06/01/2011	3,000,000	900,000
Water--1999	4.10 - 4.20%	02/09/1999	06/01/2012	12,217,640	1,501,410
Total business-type activities					<u>2,401,410</u>
Total general obligation bonds					4,680,000
Premium on bonds					<u>9,631</u>
Total general obligation bonds and premium on bonds					<u>\$ 4,689,631</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year Ending June 30:	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 626,593	\$ 106,594	\$ 1,403,407	\$ 107,554
2011	422,480	78,804	937,520	46,191
2012	269,517	59,145	60,483	2,540
2013	190,000	45,675	-	-
2014	100,000	36,000	-	-
2015-2019	500,000	105,000	-	-
2020-2021	170,000	7,750	-	-
Total	<u>\$ 2,278,590</u>	<u>\$ 438,968</u>	<u>\$ 2,401,410</u>	<u>\$ 156,285</u>

Revenue Bonds/Advance Refunding - The City has advance refunded \$42,960,000 in Water Revenue Bonds, Series 1996 and 2001 by placing the proceeds of new bonds (Series 2005) in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, neither the trust account assets nor the liabilities for the defeased bonds are included in the City's financial statements. In August 2006, a payment of \$30,801,533 effectively retired the Series 1996 debt. As of June 30, 2009, the outstanding balance of the defeased 2001 issue was \$10,730,000.

Annual debt service requirements to maturity for Series 2005 revenue bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2010	\$ 1,535,000	\$ 1,762,725	\$ 3,297,725
2011	1,580,000	1,708,212	3,288,212
2012	1,640,000	1,647,762	3,287,762
2013	1,705,000	1,578,731	3,283,731
2014-2018	9,745,000	6,620,250	16,365,250
2019-2023	12,415,000	3,873,875	16,288,875
2024-2026	9,045,000	693,125	9,738,125
	<u>\$ 37,665,000</u>	<u>\$ 17,884,680</u>	<u>\$ 55,549,680</u>
Total	<u>\$ 37,665,000</u>	<u>\$ 17,884,680</u>	<u>\$ 55,549,680</u>

The City has pledged future water customer revenues, net of specified operating expenses to repay \$41,800,000 in Water System Revenue Bonds issued in December 2005. Proceeds from the bonds provided financing for the replacement of an antiquated pipe system. The bonds are payable solely from water customer new revenue and are payable through 2025. At June 30, 2009, the total principal and interest remaining to be paid on the bonds is \$55,549,680.

Annual debt service requirements to maturity for Series 2007 revenue bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2010	\$ 945,000	\$ 1,704,725	\$ 2,649,725
2011	985,000	1,666,125	2,651,125
2012	1,025,000	1,625,925	2,650,925
2013	1,065,000	1,584,125	2,649,125
2014	1,110,000	1,540,625	2,650,625
2015-2019	6,270,000	6,985,124	13,255,124
2020-2024	7,710,000	5,549,769	13,259,769
2025-2029	9,665,000	3,593,444	13,258,444
2030-2033	9,610,000	991,000	10,601,000
	<u>\$ 38,385,000</u>	<u>\$ 25,240,862</u>	<u>\$ 63,625,862</u>
Total	<u>\$ 38,385,000</u>	<u>\$ 25,240,862</u>	<u>\$ 63,625,862</u>

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$39,025,000 in Water System Revenue Bonds issued in December 2007. Proceeds from the bonds provided financing for the replacement of an antiquated pipe system. The bonds are payable solely from water customer new revenue and are payable through 2032. At June 30, 2009, the total principal and interest remaining to be paid on the bonds is \$63,625,862.

Due to Other Governmental Units - The City owes \$710,000 on outstanding “Section 108” loans.

In 2001, the City agreed to assume 41 percent of a bond issued by Metropolitan Sewerage District of Buncombe County (“MSD”), Series 1985, for the Enka-Candler annexation in 1989. The remaining indebtedness was recorded by the City during the current fiscal year for a total liability of \$351,370 payable annually through June 30, 2024.

State Water Bond Loan - In 1997, the City received a \$3,000,000 loan from the North Carolina Department of Environment and Natural Resources for capital construction to the water system. The loan bears interest at 5.3 percent and is payable in equal annual amounts of \$150,000 over the next 20 years. At June 30, 2009, the outstanding balance is \$1,200,000.

Changes in Long Term Liabilities

<u>Governmental Activities</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 2,984,596	\$ -	\$ 706,006	\$ 2,278,590	\$ 626,593
Installment financing contracts	18,048,793	-	2,020,753	16,028,040	2,080,753
Installment purchase contracts	5,887,029	-	1,286,927	4,600,102	1,141,368
Due to other governments	1,254,821	-	193,451	1,061,370	49,680
Accrued vacation payable	4,059,414	3,393,882	2,969,415	4,483,881	2,230,699
Unfunded pension obligations	941,673	64,576	-	1,006,249	-
Unfunded OPEB obligation	-	1,468,838	-	1,468,838	-
Total governmental activities	<u>\$ 33,176,326</u>	<u>\$ 4,927,296</u>	<u>\$ 7,176,552</u>	<u>\$ 30,927,070</u>	<u>\$ 6,129,093</u>

Accrued payable and unfunded pension obligations have typically been liquidated by the general fund.

<u>Business-type Activities</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 3,750,404	\$ -	\$ 1,348,994	\$ 2,401,410	\$ 1,403,407
Revenue bonds	78,170,000	-	2,120,000	76,050,000	2,480,000
Installment financing contracts	129,000	-	43,000	86,000	43,000
State water bond loan	1,350,000	-	150,000	1,200,000	150,000
Accrued vacation payable	620,592	446,786	406,102	661,276	661,276
Unamortized bond proceeds	1,903,443	-	102,187	1,801,256	-
Unfunded OPEB obligation	-	151,334	-	151,334	-
Total business-type activities	<u>\$ 85,923,439</u>	<u>\$ 598,120</u>	<u>\$ 4,170,283</u>	<u>\$ 82,351,276</u>	<u>\$ 4,737,683</u>

Debt Margin - The City is subject to the Local Government Bond Act of North Carolina, which limits the amount of net bonded debt the City may have outstanding to 8 percent of the appraised value of property subject to taxation. At June 30, 2009, such statutory limit for the City was approximately \$824,159,000, providing a legal debt margin of approximately \$819,479,000.

Component Unit Debt - The ABC Board has a \$500,000 line of credit with a bank for working capital bearing interest at the LIBOR market index rate plus 1.65%. There have been no draws on this line.

On January 29, 2009, the ABC Board entered into a financing agreement with a commercial bank providing for the advance of \$2,750,000 to finance the acquisition and construction of facilities. The agreement has a twenty year term and requires semi-annual payments including principal and interest of \$200,176 beginning July 29, 2009. The loan is secured by real estate, improvements and fixtures at 145 Tunnel Road, 337 New Leicester Highway and 131 Old Charlotte Highway and bears interest at 3.96%.

On January 29, 2007, the ABC Board obtained a loan commitment from a commercial bank in the amount of \$750,000 to finance the acquisition of real property and construction of a store building. The note was collateralized by a security interest in a unit in Building A of The Overlook at Lake Julian Condominium. On January 29, 2009, the \$222,359 outstanding balance on this note was paid in full. Interest at a rate of 6.35% was paid monthly until the debt was satisfied.

Future maturities of the debt are as follows:

2010	\$ 92,357
2011	96,051
2012	99,892
2013	103,887
2014	108,042
Thereafter	<u>2,249,771</u>
	<u>\$ 2,750,000</u>

7. **Accounts Payable and Other Accrued Liabilities**

Accounts payable and other accrued liabilities at year-end consisted of the following:

	General Fund	Non-major Govern- mental Funds	Internal Service Fund	Govern- mental Activities	Business- Type Activities
Due to vendors	\$ 2,326,225	\$ 725,820	\$ 12,606	\$ 3,064,651	\$ 5,345,044
Contractual retainages	-	563,047	-	563,047	1,348,141
Salaries and benefits	<u>2,836,472</u>	<u>31,208</u>	<u>34,258</u>	<u>2,901,938</u>	<u>502,021</u>
Total	<u>\$ 5,162,697</u>	<u>\$ 1,320,075</u>	<u>\$ 46,864</u>	<u>\$ 6,529,636</u>	<u>\$ 7,195,206</u>

The City is also self-insured as provided under North Carolina General Statutes for Workers Compensation and Employer Liability. The City retains out-of-pocket losses for \$400,000 on specific claims and an aggregate loss fund of \$3,600,000 over a three-year period.

The City carries a \$5,000,000 specific and aggregate excess over these deductibles, with the aggregate excess attachment at 75 percent of the aggregate loss fund, over a three-year period.

The employee medical benefits program is funded through the City of Asheville Employee Health and Benefits Trust. The Trust is funded by both employee and employer contributions. Fringe benefits paid through this trust include group health, dental and some life insurance. The group health plan operates with a specific stop loss of \$150,000 and an aggregate stop loss of 125 percent of the estimated loss fund.

Settlement of claims in all classes of liability except the City's group health program has not exceeded the City's limits of retention in any of the past twelve years. The group health program, on an annual basis, has up to six cases that exceed specific stop loss and therefore recovers excess losses an average of ten times per year over the past ten years. Recoveries under stop loss coverage are regularly forwarded to the Health Benefits Trust Account. The City of Asheville has never exceeded an aggregate stop loss attachment for its group medical program for any year.

The following is a summary of changes in estimated claims payable at June 30:

	<u>2009</u>	<u>2008</u>
Beginning balance	\$ 5,526,388	\$ 2,961,696
Plus incurred claims and changes in estimates	8,555,624	9,424,346
Less claim payments	(8,555,624)	(9,416,044)
Change in estimate for IBNR	(822,169)	2,556,390
	<u> </u>	<u> </u>
Ending balance	<u>\$ 4,704,219</u>	<u>\$ 5,526,388</u>

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The Chief Financial Officer, accounting service managers, and the Superintendent of Customer Service are individually bonded for \$250,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$150,000.

The ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has commercial property, general liability, auto liability, workers' compensation and employee health coverage. The ABC Board also has liquor legal liability coverage.

10. Pension Plan Obligations

A. North Carolina Local Governmental Employees' Retirement System

Plan Description. The City of Asheville and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City and the ABC Board are required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80 percent and 4.86 percent, respectively, of annual covered payroll.

For the ABC Board, the current rate for employees not engaged in law enforcement and for law enforcement is 4.92 percent and 4.86 percent, respectively, of annual covered payroll.

The contribution requirements of members and of the City of Asheville and the ABC Board are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2009, 2008, and 2007 were \$2,421,377, \$2,250,656, and \$1,917,757, respectively.

The ABC Board's contributions to LGERS for the years ended June 30, 2009, 2008, and 2007 were \$80,639, \$84,689, and \$89,203, respectively. The contributions made by the City and the ABC Board equaled the required contributions for each year.

In order to meet its statutory obligations for a death benefit under NCLGERS, the City of Asheville opts to provide a death benefit through a group term life insurance program, which is provided on a non-contributory basis to all members of the retirement system after 30 days of employment. The benefit pays the designated beneficiary an amount equal to one time the annual salary based on rate of pay at the time of death. The plan also provides an accidental death and dismemberment feature of two time's annual salary in the event of death by a covered member.

B. Law Enforcement Officers Special Separation Allowance

Description. The City and the ABC Board administer a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Separate Financial Statements are not issued for the Plan.

All full-time law enforcement officers of the City and the ABC Board are covered by the Separation Allowance. At December 31, 2008, the Separation Allowance's membership consisted of:

	<u>City</u>	<u>ABC Board</u>
Retirees receiving benefits	21	-
Active plan members	229	2
	<hr/>	<hr/>
Total	250	2
	<hr/>	<hr/>

Summary of Significant Accounting Policies

- **Basis of Accounting.** The City and the ABC Board have chosen to fund the Separation Allowance on a pay as you go basis. For the City, pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. The financial statements of the ABC Board are prepared using the accrual basis of accounting. Benefits are recognized as expenses when due and payable in accordance with the terms of the plan. Administrative expenses are recognized when incurred.
- **Method Used to Value Investments.** No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Contributions. The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The City and ABC Board's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees of the City or the ABC Board. The ABC Board is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to pay benefits and administration costs on a pay-as-you-go basis. For the current year the ABC Board was

not required to pay any benefits. The ABC Board has chosen not to have an actuarial study performed because the liability is considered to be immaterial.

The annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25 percent investment rate of return (net of administrative expenses); (b) projected salary increases of 4.5 to 12.3 percent per year and (c) level dollar closed amortization period with 23 years remaining. Both (a) and (b) included an inflation component of 3.75 percent. The assumptions did not include post-retirement benefit increases.

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 393,335
Interest on net pension obligation	68,271
Adjustment to annual required contribution	<u>(57,571)</u>
Annual pension cost	404,035
Contributions made	<u>339,459</u>
Increase in net pension obligation	64,576
Net pension obligation beginning of year	<u>941,673</u>
 Net pension obligation end of year	 <u><u>\$ 1,006,249</u></u>

Three-Year Trend Information:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2007	\$ 335,589	75.61%	\$ 875,105
6/30/2008	361,619	81.59	941,673
6/30/2009	404,035	84.02	1,006,249

Funded Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$4,236,980. The covered payroll (annual payroll of active employees covered by the plan) was \$10,144,346, and the ratio of the UAAL to the covered payroll was 41.77 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

C. Law Enforcement Officers Supplemental Retirement Income Plan

401(k) Retirement Plan. The City and the ABC Board contribute to the Supplemental Retirement Income Plan (Plan), a section 401(k) defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City and the ABC Board. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefits provisions to the North Carolina Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal revenue Code Section 401(k) plan that includes the Supplemental retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

- *Funding Policy:* Article 12E of G.S. Chapter 143 requires the City and the ABC Board to contribute each month an amount equal to five percent of each officer's salary and all amounts collected are vested immediately. In addition to the required contribution for law enforcement officers, the City makes a monthly contribution equal to four percent of non-police employees' salary. Also, law enforcement officers and non-police employees of the City may make voluntary contributions to the Plan.

The City contribution for law enforcement officers for the year ended June 30, 2009 was \$504,269 and the officers' voluntary contributions were approximately \$182,861. The City's contribution for non-police personnel was \$2,016,105, with the voluntary contributions of approximately \$1,120,299. The ABC Board's required contribution was \$3,689.

D. Other Post-employment Benefits (OPEB)**Healthcare Benefits**

Plan Description. The City administers, under the terms of a City Resolution, a single-employer defined benefit healthcare benefits (HCB) plan. The plan provides postemployment healthcare benefits to employees retiring from the City with at least five years of creditable service that are eligible to receive a benefit from the North Carolina Local Governmental Employees Retirement System and do not have other insurance available. The benefits provided by the City include healthcare, prescription drugs and vision benefits. The City pays the full cost of coverage and the retiree can purchase coverage for their dependent.

For the ABC Board, the post employment benefits provided for eligible employees who retire from the Board consist of an allowance for law enforcement officers. Due to the relative insignificance of the liability the Board elected to accrue the entire obligation of

\$19,825 for the year ended June 30, 2009. As of June 30, 2009, none of this cost was contributed which resulted in an unfunded net OPEB obligation of \$91,825.

Membership of the City's HCB Plan consisted of the following at December 31, 2006, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement/ Fire</u>
Retirees and dependents receiving benefits	194	-
Active plan members	604	384
Total	<u>794</u>	<u>384</u>

Funding Policy. The City and the ABC Board have chosen to fund the healthcare benefits on a pay as you go basis. The City pays 100% of the retiree premium for the Standard Plan for retirees under the age of 65. Upon reaching 65, retirees who elect to remain in the plan must pay full cost. Spouses and dependents are eligible to participate in the City Retiree health care plan but the retiree must pay the full cost for dependent coverage.

The current ARC rate is 7.31% of annual covered payroll. For the current year, the City contributed \$1,130,900 or 0.03% of annual covered payroll. The City's required contributions for general employees, law enforcement officers/firefighters represented 0.05% and 0.1% of covered payroll respectively. There was \$88,649 of contributions made by employees.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the Internal Service Fund, which is maintained on the full accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year. The amount actually contributed to the plan and changes in the City's net obligation for the healthcare benefits:

Annual required contribution	\$ 2,839,721
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>2,839,721</u>
Contributions made	<u>(1,219,549)</u>
Increase in net OPEB obligation	1,620,172
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	<u>\$ 1,620,172</u>

The City's net OPEB obligation is comprised of \$1,468,838 and \$151,334 for governmental activities and business-type activities, respectively. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2009 is as follows:

<u>For Year Ended June</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 2,839,721	42.95%	\$ 1,620,172

Funded Status and Funding Progress. As of December 31, 2006 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$31,094,852. The covered payroll (annual payroll of active employees covered by the plan) was \$38,836,633, and the ratio of the UAAL to the covered payroll was 80 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. In the December 31, 2006 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumption included 4% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase 12% to 5% annually. Both rates included 3.75% inflation assumption. The actuarial value of assets was calculated based on the assumption that there were no assets set aside with the City that are legally held exclusively for retiree health benefits. If a trust or equivalent arrangement were set up for this purpose the investment rate of return can be increased. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2006 was 30 years.

11. **Commitments and Contingent Liabilities**

Grant Revenues - The City receives amounts from federal, state, and local government agencies in the form of grants. The disbursement of funds under these programs is subject to audit in accordance with the Office of Management and Budget Circular A-133 *Audit of States, Local Governments, and Non-profit Organizations and the State Single Audit Implementation Act*. The City expects the amount, if any, of expenditures that may be disallowed by the granting agencies as a result of these audits to be immaterial.

Claims and Litigation - The City is a defendant in other various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's attorney and management that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The Contract does not directly or indirectly or contingently obligate the City to make any payments beyond those appropriated in the year in which this contract is in effect.

Water Agreement - In late June 2005, the North Carolina General Assembly enacted two local acts that had a direct impact on the City's operation of the Water System (N.C. Session Laws 2005-139 and 140; also known as Sullivan Acts 2 and 3). The provisions thereof require that: (a) the City provide water to users in the County, (b) rates for water customers in the County not exceed the rates for comparable customers in the City, (c) revenues of the Water System available after payment of expenses not be transferred for any City purpose not related to the Water System and (d) water line extensions are required if capacity exists. In August 2005, The City filed suit against the State alleging that the 2005 local acts along with the original 1933 Sullivan Act are unconstitutional as local acts (1) regulating trade, (2) relating to health and sanitation and (3) because they treat the City of Asheville unfairly with respect to how it can operate the water system. The County intervened in the suit and in January, 2007, the Wake County Superior Court heard arguments and found for the State and the County. The City has an appeal pending in the North Carolina Court of Appeals. In August of 2008, the Court of Appeals affirmed the Superior Court. The City is now seeking review in the N.C. Supreme Court.

Lease Management - In 2007, the City entered into a lease with the Trust for Public Land (the Trust) for use of park facilities. The agreement calls for the City to annually appropriate \$1,360,877, \$899,666 and \$339,457 during fiscal years ending 2008, 2009 and 2010, respectively. The Trust is committed to use “reasonable effort” to raise funds to meet the City’s obligation so that the City could only be required to pay the difference between the base rent and the actual amount raised by the Trust plus interest as “additional rent.” This has been estimated at \$137,431 total for the three year life of the contract.

12. **Stewardship, Compliance, and Accountability**

Deficit Fund Balances and Net Assets - Liabilities exceeded assets in the festivals fund creating negative net assets of \$1,621,442. The negative net assets amount is caused by shortfalls in revenues generated from festivals. More in-depth management review and additional controls over spending have been implemented.

Liabilities exceeded assets in the Grant Programs Fund creating a deficit fund balance of \$1,249,637. The deficit is caused by expenditures exceeding revenues in the Pack Square Renovation Project. Private Donations are expected to be collected to eliminate the deficit.

Required Supplementary Information

This section consists of the following additional information required by Accounting Principles Generally Accepted in the United States of America:

- Schedule of Funding Progress for Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Required Contributions for Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for other postemployment benefits
- Schedule of Employer Required Contributions for other postemployment benefits



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CITY OF ASHEVILLE
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2009

Calendar Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Percentage Funded	Unfunded AAL (UAAL)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
1999	\$ -	\$ 1,340,442	- %	\$ 1,340,442	\$ 5,769,142	23.23 %
2000	-	2,116,076	-	2,116,076	5,832,782	36.28
2001	-	2,240,213	-	2,240,213	6,009,758	37.28
2002	-	2,475,940	-	2,475,940	6,014,682	41.16
2003	-	2,739,109	-	3,150,445	6,482,367	42.25
2004	-	3,150,445	-	3,150,445	6,977,643	45.15
2005	-	3,213,921	-	3,213,921	7,097,123	45.28
2006	-	3,500,082	-	3,500,082	8,097,773	43.22
2007	-	3,897,517	-	3,897,517	9,360,211	41.64
2008	-	4,236,980	-	4,236,980	10,144,346	41.77

CITY OF ASHEVILLE
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER REQUIRED CONTRIBUTIONS
JUNE 30, 2009

<u>Fiscal Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Actual Amount Contributed</u>	<u>Percentage Contributed</u>
2001	\$ 193,365	\$ 65,706	33.98 %
2002	228,773	104,530	45.69
2003	243,061	136,589	56.20
2004	259,805	155,762	59.95
2005	291,233	202,534	69.54
2006	330,544	249,148	75.38
2007	324,789	253,747	78.13
2008	351,948	295,051	83.83
2009	393,335	339,459	86.30
Estimated 2010	434,291	-	-

NOTES TO THE ABOVE SCHEDULE:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the dates actuarial valuation follows:

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.5% to 12.3%
Includes inflation at	3.75%
Cost of living adjustments	None

**CITY OF ASHEVILLE
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2009**

Calendar Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Percentage Funded	Unfunded AAL (UAAL)	Annual Covered Payroll	UAAL as a % of Covered Payroll
12/31/2005	\$ -	\$ 28,379,372	- %	\$ 28,379,372	\$ 35,060,422	80.90 %
12/31/2006	-	31,094,852	-	31,094,852	38,836,633	80.07

**CITY OF ASHEVILLE
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER REQUIRED CONTRIBUTIONS
JUNE 30, 2009**

<u>Fiscal Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Actual Amount Contributed</u>	<u>Percentage Contributed</u>
2009	\$ 2,839,721	\$ 1,219,549	42.95 %

NOTES TO THE ABOVE SCHEDULE:

The information presented in the required supplementary schedules was determined as part of the actuarial valuation follows:

Valuation date	12/31/2006
Actuarial cost method	Projected unit credit
Amortization method	Level percent of Pay, open
Remaining amortization period	30 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend	12.00% - 5.00%
Year of ultimate trend rate	2014
*Includes inflation at	3.75%
Cost of living adjustments	None

Non-major Governmental Funds

Combining Statements and Schedules

Non-major governmental funds are combined and presented in the aggregate as “non-major governmental funds” in the basic financial statements. The city’s non-major governmental funds are as follows:

Special Revenue Funds:

- **Grant Programs** – This fund is used to account for grant revenues and related expenditures of various federal, state and local grants.
- **Community Development** – This fund is used to account for Community Development Block Grant (CDBG) expenditures and the related revenue received from the U.S. Department of Housing and Urban Development.
- **Section 108 Rehabilitation** – This fund is used to account for revenues, expenditures and revolving loans by grants from the U. S. Department of Housing and Urban Development.
- **Affordable Home Ownership** – This fund is used to account for HOME grant expenditures and the related revenue received from the U.S. Department of Housing and Urban Development.
- **Housing Partnership** – This fund is used to account for the expenditures and related revenue designated by City Council for affordable housing.

Capital Projects Funds:

- **Federal Capital Projects** – This fund is used to account for the acquisition or construction of City assets under various federal grants.
- **General Capital Projects** – This fund is used to account for the acquisition or construction of City assets that are financed with local funds.
- **Street/Sidewalk Storm Drainage Improvements** – This fund is used to account for the construction of City infrastructure assets that are financed with local funds.
- **Sewer Capital Projects** – This fund is used to account for the construction and maintenance of sewer lines in the Metropolitan Sewerage District (MSD)

Permanent Fund:

- **Permanent Fund** – This fund is used to account for funds received for the perpetual care of the City’s cemetery.

**CITY OF ASHEVILLE
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Special Revenue					Total
	Grant Programs	Community Development	Section 108 Rehabilitation	Affordable Home Ownership	Housing Partnership	
ASSETS						
Cash and investments	\$ -	\$ 37,710	\$ -	\$ 29,698	\$ 2,080,606	\$ 2,148,014
Cash-restricted	-	-	820,920	-	-	820,920
Receivables	174,869	2,240,622	1,135,700	281,552	2,796,971	6,629,714
Total assets	\$ 174,869	\$ 2,278,332	\$ 1,956,620	\$ 311,250	\$ 4,877,577	\$ 9,598,648
LIABILITIES						
Accounts payable and other accrued liabilities	\$ 489,220	\$ 9,573	\$ -	\$ 5,052	\$ 1,772	\$ 505,617
Retainage payable	549,957	-	-	-	-	549,957
Due to other funds	367,331	-	34,380	-	-	401,711
Deferred revenue	-	2,205,545	1,135,700	264,576	-	3,605,821
Unearned revenue	17,998	63,214	-	-	-	81,212
Total liabilities	1,424,506	2,278,332	1,170,080	269,628	1,772	5,144,318
FUND BALANCES (DEFICIT)						
Reserved for encumbrances	-	-	-	-	-	-
Reserved for housing partnership	-	-	-	-	2,078,834	2,078,834
Reserved by state statute	-	-	-	16,976	2,796,971	2,813,947
Reserved for perpetual care	-	-	-	-	-	-
Unreserved, undesignated	(1,249,637)	-	786,540	24,646	-	(438,451)
Total fund balances (deficit)	(1,249,637)	-	786,540	41,622	4,875,805	4,454,330
Total liabilities and fund balances (deficit)	\$ 174,869	\$ 2,278,332	\$ 1,956,620	\$ 311,250	\$ 4,877,577	\$ 9,598,648

Capital Projects					Permanent Fund	Total Non-major Governmental Funds
Federal Capital Projects	General Capital Projects	Street/Sidewalk Capital Improvements	Sewer Capital Projects	Total	Perpetual Care	
\$ -	\$ 4,956,824	\$ 1,158,710	\$ 806,367	\$ 6,921,901	\$ 5,000	\$ 9,074,915
-	-	-	-	-	321,868	1,142,788
-	411,614	80,652	-	492,266	-	7,121,980
<u>\$ -</u>	<u>\$ 5,368,438</u>	<u>\$ 1,239,362</u>	<u>\$ 806,367</u>	<u>\$ 7,414,167</u>	<u>\$ 326,868</u>	<u>\$ 17,339,683</u>
\$ -	\$ 204,855	\$ 46,556	\$ -	\$ 251,411	\$ -	\$ 757,028
-	13,090	-	-	13,090	-	563,047
-	-	-	-	-	-	401,711
-	-	-	-	-	-	3,605,821
-	-	-	-	-	-	81,212
-	217,945	46,556	-	264,501	-	5,408,819
-	2,109,278	62,880	-	2,172,158	-	2,172,158
-	-	-	-	-	-	2,078,834
-	411,614	80,652	-	492,266	-	3,306,213
-	-	-	-	-	326,868	326,868
-	2,629,601	1,049,274	806,367	4,485,242	-	4,046,791
-	5,150,493	1,192,806	806,367	7,149,666	326,868	11,930,864
<u>\$ -</u>	<u>\$ 5,368,438</u>	<u>\$ 1,239,362</u>	<u>\$ 806,367</u>	<u>\$ 7,414,167</u>	<u>\$ 326,868</u>	<u>\$ 17,339,683</u>

CITY OF ASHEVILLE
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT)
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue					Total
	Grant Programs	Community Development	Section 108 Rehabilitation	Affordable Home Ownership	Housing Partnership	
REVENUES						
Restricted intergovernmental	\$ 3,268,332	\$ 1,614,095	\$ -	\$ 1,273,492	\$ -	\$ 6,155,919
Private donations	1,632,024	-	-	-	-	1,632,024
Investment earnings	3,632	-	-	-	47,589	51,221
Miscellaneous	-	219,339	68,304	8,225	-	295,868
Total revenues	<u>4,903,988</u>	<u>1,833,434</u>	<u>68,304</u>	<u>1,281,717</u>	<u>47,589</u>	<u>8,135,032</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	547,138	-	-	-	-	547,138
Public works	-	-	-	-	-	-
Community development	-	1,535,892	489	1,267,018	43,929	2,847,328
Planning	3,715	-	-	-	-	3,715
Engineering	6,140,771	-	-	-	-	6,140,771
Culture and recreation	139,954	-	-	-	-	139,954
Debt Service:						
Principal	-	-	175,000	-	-	175,000
Interest	-	-	39,689	-	-	39,689
Total expenditures	<u>6,831,578</u>	<u>1,535,892</u>	<u>215,178</u>	<u>1,267,018</u>	<u>43,929</u>	<u>9,893,595</u>
Revenues over (under) expenditures before other financing sources (uses)	<u>(1,927,590)</u>	<u>297,542</u>	<u>(146,874)</u>	<u>14,699</u>	<u>3,660</u>	<u>(1,758,563)</u>
OTHER FINANCING SOURCES (USES)						
Transfers from other funds:						
From General Fund	-	-	-	-	600,000	600,000
From non-major governmental funds	-	-	130,690	-	-	130,690
From Water Resources Fund	-	-	-	-	-	-
From non-major enterprise funds	-	-	-	-	-	-
Transfers to other funds:						
To General Fund	-	(19,723)	-	-	-	(19,723)
To non-major governmental funds	(20,946)	(260,944)	-	-	-	(281,890)
To non-major enterprise funds	(3,951)	(16,875)	-	-	-	(20,826)
Total other financing sources (uses)	<u>(24,897)</u>	<u>(297,542)</u>	<u>130,690</u>	<u>-</u>	<u>600,000</u>	<u>408,251</u>
Net change in fund balances	(1,952,487)	-	(16,184)	14,699	603,660	(1,350,312)
Fund balances - beginning	702,850	-	802,724	26,923	4,272,145	5,804,642
Fund balances (deficit) - ending	<u>\$ (1,249,637)</u>	<u>\$ -</u>	<u>\$ 786,540</u>	<u>\$ 41,622</u>	<u>\$ 4,875,805</u>	<u>\$ 4,454,330</u>

Capital Projects					Permanent Fund	Total Non-major Governmental Funds
Federal Capital Projects	General Capital Projects	Street/Sidewalk Capital Improvements	Sewer Capital Projects	Total	Perpetual Care	
\$ 43,940	\$ 502,652	\$ 67,917	\$ -	\$ 614,509	\$ -	\$ 6,770,428
-	233,045	-	-	233,045	18,363	1,883,432
-	259	-	-	259	-	51,480
-	60,376	236,444	-	296,820	-	592,688
<u>43,940</u>	<u>796,332</u>	<u>304,361</u>	<u>-</u>	<u>1,144,633</u>	<u>18,363</u>	<u>9,298,028</u>
-	948,300	-	-	948,300	-	948,300
-	72,716	-	-	72,716	-	619,854
-	-	1,465,801	20,200	1,486,001	-	1,486,001
43,940	-	-	-	43,940	-	2,891,268
-	15,898	-	-	15,898	-	19,613
-	64,526	-	-	64,526	-	6,205,297
-	1,536,899	-	-	1,536,899	-	1,676,853
-	-	-	-	-	-	175,000
-	-	-	-	-	-	39,689
<u>43,940</u>	<u>2,638,339</u>	<u>1,465,801</u>	<u>20,200</u>	<u>4,168,280</u>	<u>-</u>	<u>14,061,875</u>
-	(1,842,007)	(1,161,440)	(20,200)	(3,023,647)	18,363	(4,763,847)
-	1,108,610	952,153	-	2,060,763	-	2,660,763
-	345,909	15,000	-	360,909	-	491,599
-	154,720	-	-	154,720	-	154,720
-	50,000	-	-	50,000	-	50,000
-	(64,877)	-	-	(64,877)	-	(84,600)
-	-	(209,709)	-	(209,709)	-	(491,599)
-	(46,684)	-	-	(46,684)	-	(67,510)
-	1,547,678	757,444	-	2,305,122	-	2,713,373
-	(294,329)	(403,996)	(20,200)	(718,525)	18,363	(2,050,474)
-	5,444,822	1,596,802	826,567	7,868,191	308,505	13,981,338
<u>\$ -</u>	<u>\$ 5,150,493</u>	<u>\$ 1,192,806</u>	<u>\$ 806,367</u>	<u>\$ 7,149,666</u>	<u>\$ 326,868</u>	<u>\$ 11,930,864</u>

CITY OF ASHEVILLE
GRANT PROGRAMS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	Project Authorization	Prior Years	Current Year	Total To Date
REVENUES				
Restricted intergovernmental	\$ 15,628,248	\$ 6,721,955	\$ 3,268,332	\$ 9,990,287
Private donations	4,575,150	349,099	1,632,024	1,981,123
Investment earnings	32,076	61,431	3,632	65,063
Total revenues	<u>20,235,474</u>	<u>7,132,485</u>	<u>4,903,988</u>	<u>12,036,473</u>
EXPENDITURES				
Public Works:				
CNG Station/vehicles	455,000	454,999	-	454,999
Engineering:				
Dykeman Riverway Plan	600,000	-	-	-
NCDENR Flood Damage	4,575,000	993,703	401,769	1,395,472
Dingle Creek Watershed	342,000	320,459	21,521	341,980
Enhanc Grant Pack Sq Renovation	8,240,523	117,761	5,525,392	5,643,153
National Weather Service	103,955	79,024	-	79,024
MPO Grant	600,000	211,135	1,175	212,310
Land of Sky	300,000	-	135,873	135,873
River District	400,000	-	32,053	32,053
Emma Infrastructure	537,500	-	-	-
W End Clingman Ped Improve 2	235,120	-	-	-
W End Clingman Ped Improve	172,131	73,408	22,988	96,396
Total Engineering	<u>16,106,229</u>	<u>1,795,490</u>	<u>6,140,771</u>	<u>7,936,261</u>
Planning:				
Rural Development	823,000	819,974	3,000	822,974
Pack Place	40,000	35,000	-	35,000
Fire Bell	16,820	13,737	-	13,737
Architectural Study	36,900	26,783	-	26,783
City Hall Bell	26,400	15,799	715	16,514
Total Planning	<u>943,120</u>	<u>911,293</u>	<u>3,715</u>	<u>915,008</u>
Public safety:				
Police:				
JAG Grants	145,205	153,547	14,192	167,739
Weed & Seed Grant	525,000	204,194	145,077	349,271
Governor's Highway Safety Program	14,000	29,719	-	29,719
Target Grant	-	1,000	-	1,000
GHSP Traffic Grant	-	230,702	-	230,702
GPGP Cayla Program	58,000	-	57,148	57,148
GHSP Grant 06/07	15,000	6,200	-	6,200
Meth Grant	266,295	120,626	12,383	133,009
State Forfeitures	130,448	93,354	32,385	125,739
Federal Forfeitures	423,206	256,236	130,898	387,134
LLEBG 2003	-	71,422	-	71,422
Byrne	201,228	-	-	-
APD Overtime	19,000	-	-	-
Kid Care	-	6,898	-	6,898
Total Police	<u>1,797,382</u>	<u>1,173,898</u>	<u>392,083</u>	<u>1,565,981</u>

(continued)

CITY OF ASHEVILLE
GRANT PROGRAMS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	Project Authorization	Prior Years	Current Year	Total To Date
Fire:				
State Hazmat Grant	\$ 650,143	\$ 161,412	\$ 140,422	\$ 301,834
State Radio Grant	-	-	-	-
Fire Mobile Radios	120,000	119,652	-	119,652
Fire & Life Safety	5,406	2,885	2,313	5,198
Radio Infrastructure	-	2,495,661	-	2,495,661
Governor's Highway Safety Program	-	3,851	-	3,851
Safe Neighborhoods	20,000	-	12,320	12,320
FEMA	70,197	-	-	-
Homeland Security	174,578	173,036	-	173,036
Fire Bell	-	2,944	-	2,944
Total Fire	<u>1,040,324</u>	<u>2,959,441</u>	<u>155,055</u>	<u>3,114,496</u>
Total Public Safety	<u>2,837,706</u>	<u>4,133,339</u>	<u>547,138</u>	<u>4,680,477</u>
Culture and Recreation:				
Harvest House	44,862	45,635	11,117	56,752
Senior Opportunity Center	62,123	36,509	16,342	52,851
Cultural Ren Art Program	89,769	88,670	(833)	87,837
Gray Wolf Habitat	6,500	2,445	3,526	5,971
Friends of the Nature Center	104,880	16,729	71,700	88,429
Parks & Greenway	33,152	-	4,735	4,735
21st Century Community Learning Ctr	103,000	-	5,420	5,420
VS Ballfield	33,420	32,811	-	32,811
Pub Art Special Project	49,350	47,806	1,544	49,350
Public Art Rest/Conserv	13,650	13,314	-	13,314
Public Art Master Plan	16,000	14,785	1,214	15,999
URTV	24,960	-	24,960	24,960
ARRA Community Development	-	-	229	229
Dog Park	20,000	19,509	-	19,509
Total Culture and Recreation	<u>601,666</u>	<u>318,213</u>	<u>139,954</u>	<u>458,167</u>
Total expenditures	<u>20,943,721</u>	<u>7,613,334</u>	<u>6,831,578</u>	<u>14,444,912</u>
Revenues under expenditures before other financing sources (uses)	(708,247)	(480,849)	(1,927,590)	(2,408,439)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
To General Capital Project Fund	207,500	434,619	-	434,619
To Stormwater Fund	500,747	234,335	-	234,335
Transfers to other funds:				
To General Capital Projects Fund	-	-	(20,946)	(20,946)
To Stormwater Fund	-	-	(3,951)	(3,951)
Proceeds from Lease Obligations	-	514,745	-	514,745
Net change in fund balance (deficit)	<u>\$ -</u>	<u>\$ 702,850</u>	<u>(1,952,487)</u>	<u>\$ (1,249,637)</u>
Fund balance - beginning			<u>702,850</u>	
Fund deficit - ending			<u>\$ (1,249,637)</u>	

**CITY OF ASHEVILLE
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Restricted intergovernmental	\$ 1,727,245	\$ 1,614,095	\$ (113,150)
Miscellaneous	594,495	219,339	(375,156)
Total revenues	<u>2,321,740</u>	<u>1,833,434</u>	<u>(488,306)</u>
EXPENDITURES			
ABCRC - FH & EO	41,000	41,000	-
AHC Homeowner Education	52,500	52,500	-
CCCS	30,000	30,000	-
CD Admin	264,744	229,228	35,516
Habitat for Humanity	73,650	58,865	14,785
Hillcrest Enrichment Prog	28,200	28,200	-
Hospitality House	94,400	94,400	-
Maximum Outreach	122,000	122,000	-
MHO Emergency Repairs	214,469	116,837	97,632
MHO Housing Services	160,444	150,000	10,444
Pisgah Legal Services	33,521	30,303	3,218
SPS Redevelop	50,000	-	50,000
Unallocated Contingency	3,492	-	3,492
MMLF Sm. Business Loan	89,233	22,544	66,689
NHS Bradley St Constructn	359,319	311,922	47,397
Transit Infrastructure Imp	38,684	30,560	8,124
MHO Tier II Home Repair	129,218	87,695	41,523
PLS Homeless Prevention	25,000	25,000	-
Pisgah View Comm. Service	60,000	60,000	-
Tech Assistance - Weed & Seed	6,850	6,838	12
Homeward Bound Housing Service	30,000	30,000	-
Helpmate Domestic Violence Serv	8,000	8,000	-
Emma Sidewalks	100,000	-	100,000
Total expenditures	<u>2,014,724</u>	<u>1,535,892</u>	<u>478,832</u>
Revenues over expenditures before other financing uses	307,016	297,542	(9,474)
OTHER FINANCING USES			
Transfer to other funds:			
To Section 108 Fund	(130,690)	(130,690)	-
To General Fund	(29,197)	(19,723)	9,474
To General Capital Projects Fund	(115,254)	(115,254)	-
To Street/Sidewalk Improvements Fund	(15,000)	(15,000)	-
To Mass Transit Fund	(16,875)	(16,875)	-
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - beginning		<u>-</u>	
Fund balance - ending		<u>\$ -</u>	

CITY OF ASHEVILLE
SECTION 108 REHABILITATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES				
Miscellaneous	\$ 797,843	\$ 747,642	\$ 68,304	\$ 815,946
EXPENDITURES				
Community development	2,241,009	1,508,469	489	1,508,958
Debt service:				
Principal	1,165,908	965,908	175,000	1,140,908
Interest	301,085	244,008	39,689	283,697
Total expenditures	<u>3,708,002</u>	<u>2,718,385</u>	<u>215,178</u>	<u>2,933,563</u>
Revenues under expenditures before other financing sources	(2,910,159)	(1,970,743)	(146,874)	(2,117,617)
OTHER FINANCING SOURCES				
Long-term debt issued	2,300,000	2,300,000	-	2,300,000
Transfers from other funds:				
From Community Development Fund	<u>610,159</u>	<u>473,467</u>	<u>130,690</u>	<u>604,157</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 802,724</u>	(16,184)	<u>\$ 786,540</u>
Fund balance - beginning			<u>802,724</u>	
Fund balance - ending			<u>\$ 786,540</u>	

CITY OF ASHEVILLE
AFFORDABLE HOME OWNERSHIP SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	Project Authorization	Prior Years	Current Year	Total To Date
REVENUES				
Restricted intergovernmental	\$ 10,483,211	\$ 7,975,550	\$ 1,273,492	\$ 9,249,042
Miscellaneous	401,615	446,975	8,225	455,200
Total revenues	<u>10,884,826</u>	<u>8,422,525</u>	<u>1,281,717</u>	<u>9,704,242</u>
EXPENDITURES				
General operations	837,805	686,294	121,605	807,899
NHS single-family	464,593	464,592	-	464,592
Buncombe County-SCA site rehab.	206,800	192,336	14,464	206,800
Madison County rehab.	505,214	414,760	90,453	505,213
West End/Clingman	75,000	75,000	-	75,000
HAC-Transitional housing	50,106	50,106	-	50,106
CHDO capacity building	485,243	419,452	65,790	485,242
Member administration	144,054	106,911	-	106,911
Thoms Life housing apartments	23,779	23,779	-	23,779
AHC tenant rent assistance	193,576	146,712	29,383	176,095
Home Admin/N. Pt. Commons	575,000	575,000	-	575,000
Home Admin/HC Homeownership Assistance	227,018	108,342	62,906	171,248
Home Admin/Habitat - Enka	393,392	392,392	-	392,392
Home Admin/Woodfin Apts	200,000	200,000	-	200,000
Home Admin/Our Next Gen SFNC	91,000	91,000	-	91,000
Home Admin/Highland View Apt	365,339	365,339	-	365,339
Home Admin/Griffin Apts	236,000	236,000	-	236,000
Home Admin/Depot St-Predev	25,000	25,000	-	25,000
Home Admin/English Hills/Brevard	425,000	425,000	-	425,000
Home Admin/Henderson Co Hab	182,000	182,000	-	182,000
HAC-Mapleton Development	80,000	-	-	-
Home Admin/HAC-Village of King Crk	214,685	214,685	-	214,685
Home Admin/Hend Co Habitat KC	50,000	50,000	-	50,000
Home Admin/Battery Park Apt	225,000	225,000	-	225,000
Home Admin/First Step	120,000	120,000	-	120,000
Home Admin/WNCH Indep Cottages	69,785	69,785	-	69,785
MHO/Glen Rock Apts	549,076	125,000	205,104	330,104
MHO/Clingman Ave townhouse	216,605	215,605	-	215,605
NCR Vanderbilt Apts.	250,000	250,000	-	250,000
MHO/S/F New Construction Buncombe	80,000	79,000	-	79,000
MHO/Self help home ownership	219,076	184,076	34,000	218,076
HCHH Shue Knolls Dev.	486,076	356,900	31,746	388,646
HAC Mainstat Manor Hendersonville	90,000	90,000	-	90,000
Home Admin/ADDI	271,720	238,200	-	238,200
Sugar Hill Apartments	400,000	399,999	-	399,999
Crowell Park - MHO	499,183	394,700	104,483	499,183
HOME Predevelopment loans	98,076	83,749	10,555	94,304
Homeward Bound TBRA	81,576	21,663	41,327	62,990
MHO Direct Homebuyer Asst	296,268	-	229,534	229,534
MHO Ralph St Development	264,734	124,722	104,873	229,595
VOA Skyland Apartments	164,077	-	-	-
HAC Three Seeds Development	209,276	106,780	69,845	176,625
HAC Baker Heights	17,500	-	17,500	17,500

(continued)

CITY OF ASHEVILLE
AFFORDABLE HOME OWNERSHIP SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	Project Authorization	Prior Years	Current Year	Total To Date
MHO Affordable Rental Housing	\$ 23,000	\$ -	\$ 23,000	\$ 23,000
WCCA Rosman Apartments	15,000	-	10,450	10,450
WCCA-English House	100,000	-	-	-
MHO SLF HLP #03	88,128	-	-	-
Contingency	66	-	-	-
Total expenditures	<u>10,884,826</u>	<u>8,529,879</u>	<u>1,267,018</u>	<u>9,796,897</u>
Revenues over (under) expenditures before other financing sources	-	(107,354)	14,699	(92,655)
OTHER FINANCING SOURCES				
Transfers from other funds:				
From General Fund	<u>-</u>	<u>134,277</u>	<u>-</u>	<u>134,277</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 26,923</u>	14,699	<u>\$ 41,622</u>
Fund balance - beginning			<u>26,923</u>	
Fund balance - ending			<u>\$ 41,622</u>	

**CITY OF ASHEVILLE
HOUSING PARTNERSHIP SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Investment earnings	\$ -	\$ 47,589	\$ 47,589
EXPENDITURES			
Community development	600,000	43,929	556,071
Revenues over (under) expenditures before other financing sources	(600,000)	3,660	603,660
OTHER FINANCING SOURCES			
Transfers from other funds:			
From General Fund	600,000	600,000	-
Net change in fund balance	\$ -	603,660	\$ 603,660
Fund balance - beginning		4,272,145	
Fund balance - ending		\$ 4,875,805	

**CITY OF ASHEVILLE
 FEDERAL CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
REVENUES				
Restricted intergovernmental	\$ 100,000	\$ -	\$ 43,940	\$ 43,940
EXPENDITURES				
Fair Housing Assistance Program	<u>100,000</u>	<u>-</u>	<u>43,940</u>	<u>43,940</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - beginning			<u>-</u>	
Fund balance - ending			<u>\$ -</u>	

**CITY OF ASHEVILLE
GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009**

	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES				
Restricted intergovernmental	\$ 6,230,824	\$ 3,324,251	\$ 502,652	\$ 3,826,903
Private donations	3,336,471	2,880,563	233,045	3,113,608
Investment earnings	393,383	360,267	259	360,526
Sale of material and service	29,300	29,300	-	29,300
Miscellaneous	516,233	139,658	60,376	200,034
Total revenues	<u>10,506,211</u>	<u>6,734,039</u>	<u>796,332</u>	<u>7,530,371</u>
EXPENDITURES				
General Government:				
GovTV Equipment	48,000	-	12,037	12,037
URTV Equipment	425,000	422,783	-	422,783
Fiber Construction	171,235	160,062	-	160,062
Software Upgrade	2,335,000	79,170	887,963	967,133
Radio Replacements	533,550	533,551	-	533,551
VOIP Telephone	225,387	192,839	11,982	204,821
CPGP Develop Improvement	160,000	-	-	-
Tower Management	173,600	-	-	-
Building Security	280,000	10,879	36,318	47,197
Total General Government	<u>4,351,772</u>	<u>1,399,284</u>	<u>948,300</u>	<u>2,347,584</u>
Public Safety:				
Fire Station #12	250,000	16,902	236,663	253,565
Fire Station #6	3,036,808	2,963,271	(107,673)	2,855,598
Fire Station #11	3,033,492	2,848,604	(56,274)	2,792,330
Total Public Safety	<u>6,320,300</u>	<u>5,828,777</u>	<u>72,716</u>	<u>5,901,493</u>
Planning:				
Noise Wall Enhancement	106,900	-	9,000	9,000
Urban Trail #1 Walk Into History	35,610	28,647	6,898	35,545
Housing Infrastructure	200,000	180,880	-	180,880
Total Planning	<u>342,510</u>	<u>209,527</u>	<u>15,898</u>	<u>225,425</u>
Engineering:				
E. Oakview Bridge	1,363,000	208,542	33,737	242,279
Traffic Signal	50,000	-	30,789	30,789
Total Engineering	<u>1,413,000</u>	<u>208,542</u>	<u>64,526</u>	<u>273,068</u>

(continued)

**CITY OF ASHEVILLE
GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Culture and Recreation:				
Rec Ctr Roof Replacement	\$ 150,000	\$ 117,294	\$ 29,332	\$ 146,626
Skateboard Park	608,275	608,999	-	608,999
CPBM Memorial Stadium	72,593	72,032	-	72,032
Rail Station	142,000	140,000	-	140,000
W Asheville Playground	65,000	54,891	-	54,891
Reed Creek Greenway Phase I	505,430	503,579	1,552	505,131
Reed Creek Greenway Phase II	783,000	12,100	50,604	62,704
Reed Creek Greenway Phase IV	2,500	-	1,044	1,044
Richmond Hill Garden	55,000	17,815	37,185	55,000
Azalea Park Development	5,096,519	4,833,564	-	4,833,564
Veterans Memorial	247,500	7,598	235,054	242,652
Memorial Stadium	776,048	773,765	(836)	772,929
Carrier Park	1,552,752	1,518,530	511	1,519,041
French Broad corridor	278,800	1,375	50,454	51,829
Building Maintenance	500,000	3,143	170,431	173,574
McCormick Field	105,000	84,730	16,180	100,910
Tennis court resurface	35,000	28,874	-	28,874
Weaver Greenway Phase II	732,324	651,769	-	651,769
Hominy Creek greenway	890,000	4,251	339,983	344,234
Hall Fletcher playground	80,000	78,265	-	78,265
Burton St Renovation	215,000	64,080	150,461	214,541
Golf Course Irrigation	-	7,793	(7,793)	-
Reid Center Renovation	600,000	116,959	79,250	196,209
Aston Park	681,576	522,022	154,030	676,052
Richmond Hill Park	430,800	307,547	72,914	380,461
Greenway Easement Acquisition	70,000	64,865	-	64,865
Rec Center Projects	65,000	64,988	-	64,988
Swimming Pool Maintenance	79,020	48,399	12,235	60,634
Reed Creek Restoration	32,000	-	-	-
COPS cost of issue	708,783	572,270	-	572,270
CPBM - General ADA Renovations	185,000	181,800	-	181,800
Urban Trail Maintenance	45,819	-	16,617	16,617
One Stop Shop	390,000	-	-	-
Public Art Allocation	46,809	-	8,678	8,678
City Hall Ventilization Cleaning	119,013	-	119,013	119,013
Total Culture and Recreation	<u>16,346,561</u>	<u>11,463,297</u>	<u>1,536,899</u>	<u>13,000,196</u>
 Total expenditures	 <u>28,774,143</u>	 <u>19,109,427</u>	 <u>2,638,339</u>	 <u>21,747,766</u>

(continued)

**CITY OF ASHEVILLE
GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues under expenditures before other financing sources	<u>\$ (18,267,932)</u>	<u>\$ (12,375,388)</u>	<u>\$ (1,842,007)</u>	<u>\$ (14,217,395)</u>
OTHER FINANCING SOURCES				
Transfers from other funds:				
From General Fund	9,361,700	9,185,590	1,108,610	10,294,200
From non-major governmental funds	376,409	177,598	345,909	523,507
From Water Resources Fund	100,000	-	154,720	154,720
From non-major enterprise funds	50,000	-	50,000	50,000
Transfers to other funds:				
To General Fund	(64,877)	-	(64,877)	(64,877)
To non-major enterprise funds	-	-	(46,684)	(46,684)
Proceeds from the sale of capital assets	24,000	24,000	-	24,000
Unbudgeted project funds	-	88,706	-	88,706
Long term debt issued	8,420,700	8,344,316	-	8,344,316
Total other financing sources	<u>18,267,932</u>	<u>17,820,210</u>	<u>1,547,678</u>	<u>19,367,888</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,444,822</u>	(294,329)	<u>\$ 5,150,493</u>
Fund balance - beginning			<u>5,444,822</u>	
Fund balance - ending			<u>\$ 5,150,493</u>	

**CITY OF ASHEVILLE
STREET/SIDEWALK CAPITAL IMPROVEMENTS
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009**

	Project Authorization	Prior Years	Current Year	Total To Date
REVENUES				
Restricted intergovernmental	\$ 457,509	\$ 440,000	\$ 67,917	\$ 507,917
Private donations	5,000	-	-	-
Special assessments	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	972,132	440,022	236,444	676,466
Total revenues	<u>1,434,641</u>	<u>880,022</u>	<u>304,361</u>	<u>1,184,383</u>
EXPENDITURES				
Streets/sidewalks - general	6,666,141	4,221,420	1,465,801	5,687,221
Streetscape	-	-	-	-
Total expenditures	<u>6,666,141</u>	<u>4,221,420</u>	<u>1,465,801</u>	<u>5,687,221</u>
Revenues under expenditures before other financing sources (uses)	<u>(5,231,500)</u>	<u>(3,341,398)</u>	<u>(1,161,440)</u>	<u>(4,502,838)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
From General Fund	5,426,209	4,938,200	952,153	5,890,353
From Community Development Fund	15,000	-	15,000	15,000
Transfers to other funds:				
To General Capital Projects Fund	(209,709)	-	(209,709)	(209,709)
Total other financing sources (uses)	<u>5,231,500</u>	<u>4,938,200</u>	<u>757,444</u>	<u>5,695,644</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,596,802</u>	(403,996)	<u>\$ 1,192,806</u>
Fund balance - beginning			<u>1,596,802</u>	
Fund balance - ending			<u>\$ 1,192,806</u>	

**CITY OF ASHEVILLE
SEWER CAPITAL PROJECTS FUND
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>
REVENUES				
Annexation	\$ 1,354,242	\$ 1,354,242	\$ -	\$ 1,354,242
Investment earnings	692,283	692,459	-	692,459
Total revenues	<u>2,046,525</u>	<u>2,046,701</u>	<u>-</u>	<u>2,046,701</u>
EXPENDITURES				
West area sewer line	2,709,982	2,317,561	-	2,317,561
Brevard Road	2,933,099	2,222,375	-	2,222,375
Carter Cove sewer line	662,782	621,047	-	621,047
Lowe's Annex sewer	160,000	83,476	-	83,476
Mill Stone/Hunting Ch.	85,000	69,751	-	69,751
Sweeten Creek sewer	61,200	58,636	-	58,636
Long Shoals Road sewer	116,500	4,080	-	4,080
Sardis Road	180,000	-	20,200	20,200
Total expenditures	<u>6,908,563</u>	<u>5,376,926</u>	<u>20,200</u>	<u>5,397,126</u>
Revenues under expenditures before other financing sources	<u>(4,862,038)</u>	<u>(3,330,225)</u>	<u>(20,200)</u>	<u>(3,350,425)</u>
OTHER FINANCING SOURCES				
Transfers from other funds:				
From General Fund	3,723,535	3,018,289	-	3,018,289
Long term debt issued	1,138,503	1,138,503	-	1,138,503
Total other financing sources	<u>4,862,038</u>	<u>4,156,792</u>	<u>-</u>	<u>4,156,792</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 826,567</u>	<u>(20,200)</u>	<u>\$ 806,367</u>
Fund balance - beginning			<u>826,567</u>	
Fund balance - ending			<u>\$ 806,367</u>	

Proprietary Funds

Major Enterprise Fund

Enterprise funds are used to account for revenues resulting primarily from charges for services provided to the general public and the related costs of such services.

Major Enterprise Fund:

- **Water Resources** – This fund accounts for the revenues and expenses related to the City's water system.

CITY OF ASHEVILLE
WATER RESOURCES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2009

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Charges for services:			
Water	\$ 21,344,000	\$ 21,612,926	\$ 268,926
Connection fees	3,550,000	3,106,551	(443,449)
Other services	6,093,000	5,902,185	(190,815)
Other operating revenue	26,550	210,547	183,997
Total operating revenues	<u>31,013,550</u>	<u>30,832,209</u>	<u>(181,341)</u>
OPERATING EXPENDITURES			
Department-wide	4,039,938	3,951,836	88,102
Administration	694,229	733,705	(39,476)
Meter service	1,082,641	1,001,887	80,754
Repair and maintenance	4,396,105	4,135,147	260,958
Water production and quality	5,010,086	4,772,450	237,636
Construction crew	586,642	485,817	100,825
Customer service	1,170,572	1,160,037	10,535
Engineering	593,679	610,728	(17,049)
Capital outlay	1,068,366	269,847	798,519
Total operating expenditures	<u>18,642,258</u>	<u>17,121,454</u>	<u>1,520,804</u>
Operating income	<u>12,371,292</u>	<u>13,710,755</u>	<u>1,339,463</u>
NON-OPERATING REVENUES (EXPENDITURES)			
Interest earned	800,000	610,386	(189,614)
Principal payments on debt	(3,618,994)	(3,618,994)	-
Interest and debt service charges	(4,029,977)	(4,680,670)	(650,693)
Total non-operating revenues (expenditures)	<u>(6,848,971)</u>	<u>(7,689,278)</u>	<u>(840,307)</u>
Revenues over expenditures before other financing sources (uses)	<u>5,522,321</u>	<u>6,021,477</u>	<u>499,156</u>
OTHER FINANCING SOURCES (USES)			
Transfers to other funds:			
To Water Major Capital Projects Fund	(9,604,173)	(9,604,173)	-
To General Capital Projects Fund	-	(54,720)	(54,720)
Appropriated fund balance	4,081,852	-	(4,081,852)
Total other financing sources (uses)	<u>(5,522,321)</u>	<u>(9,658,893)</u>	<u>(4,136,572)</u>
Revenues under expenditures and other financing sources (uses)	<u>\$ -</u>	<u>(3,637,416)</u>	<u>\$ (3,637,416)</u>
Reconciling items:			
Depreciation		(4,817,994)	
Transfer to Water Major Capital Projects Fund		9,604,173	
Principal payments on debt		3,618,994	
Capitalized interest		1,531,031	
Capital contributions		982,606	
Net activity in the Water Major Capital Projects Fund		387,195	
Capital outlay		269,847	
Change in net assets		<u>\$ 7,938,436</u>	

CITY OF ASHEVILLE
WATER MAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES				
Developer pump station replacements	\$ -	\$ 350,670	\$ -	\$ 350,670
Taps and connections	-	-	1,860	1,860
Investment earnings	1,076,529	709,759	480,148	1,189,907
Miscellaneous	-	-	50,777	50,777
Total revenues	<u>1,076,529</u>	<u>1,060,429</u>	<u>532,785</u>	<u>1,593,214</u>
EXPENDITURES				
Critical Needs II	157,000	75,000	-	75,000
US 25A Sweeten Creek	449,651	449,650	-	449,650
Treatment upgrades	4,000,000	3,943,537	1,049	3,944,586
Smokey Park Bridge	47,703	47,702	1	47,703
NCDOT US70	75,000	-	-	-
WL inspections	70,000	70,000	-	70,000
2005 annexation	176,640	18,595	-	18,595
Computer maintenance management	476,307	474,499	-	474,499
Distribution system	50,000	-	-	-
NC191 Sardis Road	1,320,266	965,429	-	965,429
Brevard Road I-40 I-26	1,226,000	1,698	-	1,698
Long Shoals I-26 to US 25	1,855,800	23,316	686,416	709,732
Sand Hill- Enka Lake	820,000	2,040	-	2,040
NCDOT Exit 44	538,572	-	-	-
I240 Widening to N Haywood	325,840	-	-	-
Long Shoals to I-26	847,108	-	-	-
Fairview Road	1,188,492	1,188,491	-	1,188,491
Matching funds \$3M grant	155,369	144,290	-	144,290
Treatment Plant upgrade	8,420,733	5,135,481	2,575,609	7,711,090
WCWG MNGT tools/equipment	600,000	440,000	110,000	550,000
Hominy Creek Bridge	98,357	91,276	-	91,276
Clingman Avenue	581,072	421,073	159,998	581,071
24 X 36 Main replacement	75,000	-	-	-
Flow meters	500,000	-	-	-
Affordable Infill	500,000	-	44,268	44,268
Auto meter readers	1,500,000	-	-	-
NCDOT Brevard Rd I-40-I-26	4,230,000	-	1,720,581	1,720,581
NCDOT Sandhill Road	2,252,398	-	-	-
NCDOT I-40 from I-240-19/23	40,429	-	-	-
NF/BT Upgrade construction	238,471	-	92,680	92,680
NF ARRA pump system improvements	225,722	-	-	-
Riceville Reservoir	320,000	-	-	-
New maintenance facility	264,264	-	-	-

(continued)

CITY OF ASHEVILLE
WATER MAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	Project Authorization	Prior Years	Current Year	Total to Date
Parker Avenue Service Line Installment	\$ 40,000	\$ -	\$ 37,515	\$ 37,515
Water Revenue Bond Capital Project	580,846	580,846	-	580,846
Hendersonville/Rosscrag Road	7,100,383	2,096,415	3,855,816	5,952,231
NC191 Clayton Road	2,184,694	839,062	1,266,742	2,105,804
Royal Pines	2,341,405	925,460	1,281,166	2,206,626
Central Business District	12,700,630	4,423,279	7,322,699	11,745,978
Town Mountain tank shop	1,542,231	-	681,598	681,598
WRP3 West Asheville	2,379,614	1,147,234	1,109,054	2,256,288
WRP3 Pump Station	5,545,206	984,750	3,975,027	4,959,777
Bee Tree Junction	1,963,002	971,746	791,322	1,763,068
White Fawn Junction	3,825,507	1,054,422	2,159,469	3,213,891
Valve installations	1,976,963	293,179	1,427,674	1,720,853
Fairview tank	2,574,090	428,087	363,475	791,562
Miscellaneous project expenditures	-	237,279	-	237,279
Total expenditures	<u>78,380,765</u>	<u>27,473,836</u>	<u>29,662,159</u>	<u>57,135,995</u>
Revenues under expenditures before other financing sources (uses)	<u>(77,304,236)</u>	<u>(26,413,407)</u>	<u>(29,129,374)</u>	<u>(55,542,781)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	37,972,163	28,305,483	9,604,173	37,909,656
Transfers to other funds	(100,000)	-	(100,000)	(100,000)
Proceeds from sale of bonds	39,432,073	39,444,265	-	39,444,265
Total other financing sources (uses)	<u>77,304,236</u>	<u>67,749,748</u>	<u>9,504,173</u>	<u>77,253,921</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 41,336,341</u>	<u>\$ (19,625,201)</u>	<u>\$ 21,711,140</u>

Proprietary Funds

Non-major Enterprise Funds

Enterprise funds are used to account for revenues resulting primarily from charges for services provided to the general public and the related costs of such services.

Non-major Enterprise Funds:

- **Civic Center** – This fund accounts for the revenues and expenses related to the City’s civic center operations.
- **Parking Services** – This fund accounts for the revenues and expenses related to the City’s public parking system.
- **Festivals** – This fund accounts for the revenues and expenses related to Bele Chere, the City’s annual downtown festival.
- **Mass Transit** – This fund accounts for the revenues and expenses related to the City’s transportation system.
- **Stormwater** – This fund accounts for the revenues and expenses related to the City’s stormwater program.
- **Golf Course** – This fund accounts for the revenues and expenses related to the City’s Municipal golf course

CITY OF ASHEVILLE
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
JUNE 30, 2009

	Civic Center	Parking Services	Festivals
ASSETS			
Current assets:			
Cash and investments	\$ 962,168	\$ 2,239,642	\$ 800
Restricted cash and investments	1,986,004	-	-
Accounts receivable	82,325	323,071	-
Intergovernmental receivable	-	-	-
Inventories	17,909	-	-
Prepays	-	-	1,051
Total current assets	3,048,406	2,562,713	1,851
Capital assets:			
Land	400,000	4,324,487	-
Buildings and improvements	9,870,787	8,907,727	-
Machinery and equipment	1,597,181	518,105	-
Infrastructure	-	-	-
Construction in progress	276,645	1,965,366	-
Total capital assets	12,144,613	15,715,685	
Accumulated depreciation	(10,035,327)	(4,707,240)	
Net capital assets	2,109,286	11,008,445	-
Total assets	5,157,692	13,571,158	1,851
LIABILITIES			
Current liabilities:			
Accounts payable	118,554	159,579	91
Customer deposits	-	500	-
Accrued interest payable	-	-	-
Other accrued expenses	35,697	26,816	6,130
Due to other funds	-	-	1,404,266
Current portion of long-term debt	56,919	30,064	6,116
Unearned revenue	13,275	-	206,690
Total current liabilities	224,445	216,959	1,623,293
Non-current liabilities:			
Other postemployment benefit	7,943	-	-
Installment purchase contracts	-	-	-
Total liabilities	232,388	216,959	1,623,293
NET ASSETS			
Invested in capital assets, net of related debt	2,109,286	11,008,445	-
Unrestricted	2,816,018	2,345,754	(1,621,442)
Total net assets	\$ 4,925,304	\$ 13,354,199	\$ (1,621,442)

Mass Transit	Stormwater	Golf Course	Total Non-major Enterprise Funds
\$ -	\$ 1,366,294	\$ 700	\$ 4,569,604
200,000	-	-	2,186,004
-	398,783	-	804,179
1,284,451	-	-	1,284,451
72,163	-	14,474	104,546
-	-	-	1,051
<u>1,556,614</u>	<u>1,765,077</u>	<u>15,174</u>	<u>8,949,835</u>
161,838	-	1,108,500	5,994,825
1,699,473	12,439	853,900	21,344,326
5,786,718	2,069,941	244,147	10,216,092
-	12,095,509	-	12,095,509
70,347	-	-	2,312,358
<u>7,718,376</u>	<u>14,177,889</u>	<u>2,206,547</u>	<u>51,963,110</u>
<u>(5,434,944)</u>	<u>(10,235,475)</u>	<u>(169,615)</u>	<u>(30,582,601)</u>
<u>2,283,432</u>	<u>3,942,414</u>	<u>2,036,932</u>	<u>21,380,509</u>
<u>3,840,046</u>	<u>5,707,491</u>	<u>2,052,106</u>	<u>30,330,344</u>
12,874	52,816	2,789	346,703
-	-	-	500
-	47	-	47
8,168	78,769	23,866	179,446
280,215	-	108,041	1,792,522
7,718	105,975	25,530	232,322
-	-	-	219,965
<u>308,975</u>	<u>237,607</u>	<u>160,226</u>	<u>2,771,505</u>
-	-	-	7,943
-	43,000	-	43,000
<u>308,975</u>	<u>280,607</u>	<u>160,226</u>	<u>2,822,448</u>
2,283,432	3,856,414	2,036,932	21,294,509
<u>1,247,639</u>	<u>1,570,470</u>	<u>(145,052)</u>	<u>6,213,387</u>
<u>\$ 3,531,071</u>	<u>\$ 5,426,884</u>	<u>\$ 1,891,880</u>	<u>\$ 27,507,896</u>

CITY OF ASHEVILLE
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Civic Center	Parking Services	Festivals
OPERATING REVENUES			
Charges for services	\$ 157,264	\$ 2,849,477	\$ 316,662
Rents	491,265	-	151,755
Concessions	838,021	-	229,906
Miscellaneous revenues	243,903	-	72,580
Total operating revenues	<u>1,730,453</u>	<u>2,849,477</u>	<u>770,903</u>
OPERATING EXPENSES			
Salaries and fringe benefits	1,199,760	728,331	149,986
Contractual services	255,427	273,742	636,842
Supplies and materials	57,432	89,460	45,649
Outside repairs	38,101	556,949	-
Depreciation	243,270	209,776	-
Interfund charges	5,634	28,234	-
Utilities	272,615	82,802	2,467
Cost of merchandise sold	258,732	-	83,857
Other operating expenses	43,179	43,871	169,164
Total operating expenses	<u>2,374,150</u>	<u>2,013,165</u>	<u>1,087,965</u>
Operating income (loss)	<u>(643,697)</u>	<u>836,312</u>	<u>(317,062)</u>
NON-OPERATING REVENUES (EXPENSES)			
Intergovernmental revenue	-	-	-
Interest earned	49,069	40,933	-
Interest expense	-	-	(18,459)
Total non-operating revenues (expenses)	<u>49,069</u>	<u>40,933</u>	<u>(18,459)</u>
Income (loss) before transfers and capital grants and contributions	(594,628)	877,245	(335,521)
Transfers from (to) other funds:			
Transfers from General Fund	697,989	-	162,675
Transfers from non-major governmental funds	-	-	-
Transfers from non-major enterprise funds	-	-	-
Transfers to non-major governmental funds	-	-	-
Transfers to non-major enterprise funds	-	(248,116)	-
Capital grants and contributions	-	-	-
Changes in net assets	103,361	629,129	(172,846)
Total net assets - beginning	<u>4,821,943</u>	<u>12,725,070</u>	<u>(1,448,596)</u>
Total net assets - ending	<u>\$ 4,925,304</u>	<u>\$ 13,354,199</u>	<u>\$ (1,621,442)</u>

Mass Transit	Stormwater	Golf Course	Total Non-major Enterprise Funds
\$ 802,344	\$ 2,901,319	\$ 557,368	\$ 7,584,434
-	-	246,604	889,624
-	-	66,383	1,134,310
333,651	-	-	650,134
<u>1,135,995</u>	<u>2,901,319</u>	<u>870,355</u>	<u>10,258,502</u>
195,220	1,942,517	634,886	4,850,700
4,878,966	186,046	18,318	6,249,341
1,352	289,041	57,332	540,266
-	-	-	595,050
270,170	674,007	64,494	1,461,717
484	202,565	13,312	250,229
11,771	22,204	98,602	490,461
-	-	60,333	402,922
121,790	34,753	166,405	579,162
<u>5,479,753</u>	<u>3,351,133</u>	<u>1,113,682</u>	<u>15,419,848</u>
(4,343,758)	(449,814)	(243,327)	(5,161,346)
2,553,611	-	-	2,553,611
-	23,876	(1,114)	112,764
5,297	(30,928)	-	(44,090)
<u>2,558,908</u>	<u>(7,052)</u>	<u>(1,114)</u>	<u>2,622,285</u>
(1,784,850)	(456,866)	(244,441)	(2,539,061)
1,066,197	-	75,701	2,002,562
63,559	3,951	-	67,510
248,116	-	-	248,116
-	(50,000)	-	(50,000)
-	-	-	(248,116)
60,927	-	-	60,927
<u>(346,051)</u>	<u>(502,915)</u>	<u>(168,740)</u>	<u>(458,062)</u>
3,877,122	5,929,799	2,060,620	27,965,958
<u>\$ 3,531,071</u>	<u>\$ 5,426,884</u>	<u>\$ 1,891,880</u>	<u>\$ 27,507,896</u>

CITY OF ASHEVILLE
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Civic Center	Parking Services	Festivals
Cash flows from operating activities:			
Cash received from customers	\$ 1,886,931	\$ 2,789,728	\$ 784,274
Cash paid for goods and services	(839,978)	(949,923)	(765,147)
Cash paid to employees	(1,180,909)	(718,654)	(163,343)
Net cash provided by (used for) operating activities	<u>(133,956)</u>	<u>1,121,151</u>	<u>(144,216)</u>
Cash flows from non-capital financing activities:			
Operating grants received	-	-	-
Transfers from other funds	697,989	-	162,675
Transfers to other funds	-	(248,116)	-
Net cash provided by (used for) non-capital financing activities	<u>697,989</u>	<u>(248,116)</u>	<u>162,675</u>
Cash flows from capital and related financing activities:			
Receipts from capital grants or contributions	-	-	-
Acquisition and construction of assets	(341,422)	(870,360)	-
Principal paid on debt	-	-	-
Interest paid on debt	-	-	(18,459)
Net cash used for capital and related financing activities	<u>(341,422)</u>	<u>(870,360)</u>	<u>(18,459)</u>
Cash flows from investing activities:			
Interest earned	<u>49,069</u>	<u>40,933</u>	<u>-</u>
Net increase in cash and cash equivalents	271,680	43,608	-
Cash and cash equivalents:			
Beginning of year, July 1	<u>2,676,492</u>	<u>2,196,034</u>	<u>800</u>
End of year, June 30	<u>\$ 2,948,172</u>	<u>\$ 2,239,642</u>	<u>\$ 800</u>

Mass Transit	Stormwater	Golf Course	Total Non-major Enterprise Funds
\$ 1,178,970	\$ 2,949,080	\$ 870,355	\$ 10,459,338
(4,880,775)	(815,503)	(328,795)	(8,580,121)
(187,913)	(1,933,393)	(631,151)	(4,815,363)
(3,889,718)	200,184	(89,591)	(2,936,146)
2,553,611	-	-	2,553,611
1,377,872	3,951	75,701	2,318,188
-	(50,000)	-	(298,116)
3,931,483	(46,049)	75,701	4,573,683
60,927	-	-	60,927
(45,394)	(432,721)	(7,792)	(1,697,689)
-	(43,000)	-	(43,000)
5,297	(30,928)	-	(44,090)
20,830	(506,649)	(7,792)	(1,723,852)
-	23,876	(1,114)	112,764
62,595	(328,638)	(22,796)	26,449
137,405	1,694,932	23,496	6,729,159
\$ 200,000	\$ 1,366,294	\$ 700	\$ 6,755,608

(continued)

CITY OF ASHEVILLE
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Civic Center</u>	<u>Parking Services</u>	<u>Festivals</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ (643,697)</u>	<u>\$ 836,312</u>	<u>\$ (317,062)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	243,270	209,776	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	156,478	(59,749)	-
Decrease in intergovernmental receivables	-	-	-
(Increase) decrease in inventories	4,269	-	-
Increase in prepaid expenses	-	-	23,979
Increase (decrease) in accounts payable	104,123	125,135	(10,498)
Increase (decrease) in other accrued expenses	(398)	5,768	(3,930)
Increase (decrease) in due to other funds	-	-	159,351
Decrease in accrued interest payable	-	-	-
Increase(decrease) in compensated absences	11,306	3,909	(9,427)
Increase (decrease) in unearned revenue	(17,250)	-	13,371
Increase in other postemployment benefits	7,943	-	-
Total adjustments	<u>509,741</u>	<u>284,839</u>	<u>172,846</u>
Net cash provided by (used for) operating activities	<u><u>\$ (133,956)</u></u>	<u><u>\$ 1,121,151</u></u>	<u><u>\$ (144,216)</u></u>
Reconciliation of cash and cash equivalents:			
Cash and cash equivalents:			
Unrestricted	\$ 962,168	\$ 2,239,642	\$ 800
Restricted	<u>1,986,004</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<u><u>\$ 2,948,172</u></u>	<u><u>\$ 2,239,642</u></u>	<u><u>\$ 800</u></u>

<u>Mass Transit</u>	<u>Stormwater</u>	<u>Golf Course</u>	<u>Total Non-major Enterprise Funds</u>
<u>\$ (4,343,758)</u>	<u>\$ (449,814)</u>	<u>\$ (243,327)</u>	<u>\$ (5,161,346)</u>
270,170	674,007	64,494	1,461,717
-	47,761	-	144,490
42,975	-	-	42,975
(8,441)	-	(1,942)	(6,114)
-	-	-	23,979
(138,186)	(80,914)	(20,592)	(20,932)
4,720	15,678	2,875	24,713
280,215	-	108,041	547,607
-	20	-	20
2,587	(6,554)	860	2,681
-	-	-	(3,879)
-	-	-	7,943
<u>454,040</u>	<u>649,998</u>	<u>153,736</u>	<u>2,225,200</u>
<u><u>\$ (3,889,718)</u></u>	<u><u>\$ 200,184</u></u>	<u><u>\$ (89,591)</u></u>	<u><u>\$ (2,936,146)</u></u>
\$ -	\$ 1,366,294	\$ 700	\$ 4,569,604
<u>200,000</u>	<u>-</u>	<u>-</u>	<u>2,186,004</u>
<u><u>\$ 200,000</u></u>	<u><u>\$ 1,366,294</u></u>	<u><u>\$ 700</u></u>	<u><u>\$ 6,755,608</u></u>

**CITY OF ASHEVILLE
CIVIC CENTER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2009**

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Rents	\$ 618,595	\$ 491,265	\$ (127,330)
Concessions	723,580	798,918	75,338
Advertising and promotions	10,000	10,000	-
Staffing charges	115,000	114,329	(671)
Box office charges	45,000	42,935	(2,065)
Other	207,350	195,914	(11,436)
Maintenance fee	66,900	77,092	10,192
Total operating revenues	<u>1,786,425</u>	<u>1,730,453</u>	<u>(55,972)</u>
OPERATING EXPENDITURES			
General operations	1,013,723	932,350	81,373
Event personnel	172,061	198,400	(26,339)
Concessions/operating	552,418	503,805	48,613
Maintenance	389,629	362,242	27,387
Box office/operating	137,811	134,083	3,728
Capital outlay	7,135	5,746	1,389
Total operating expenditures	<u>2,272,777</u>	<u>2,136,626</u>	<u>136,151</u>
Operating loss	<u>(486,352)</u>	<u>(406,173)</u>	<u>80,179</u>
NON-OPERATING REVENUES			
Interest earned	<u>55,000</u>	<u>49,069</u>	<u>(5,931)</u>
Revenues under expenditures before other financing sources	(431,352)	(357,104)	74,248
OTHER FINANCING SOURCES			
Transfers from other funds:			
From General Fund	397,989	397,989	-
Appropriated fund balance	<u>33,363</u>	<u>-</u>	<u>(33,363)</u>
Revenues over expenditures and other financing sources	<u>\$ -</u>	<u>40,885</u>	<u>\$ 40,885</u>
Reconciling items:			
General fund transfer to the Civic Center			
Capital Projects Fund		300,000	
Capital outlay		5,746	
Depreciation		<u>(243,270)</u>	
Change in net assets		<u>\$ 103,361</u>	

**CITY OF ASHEVILLE
CIVIC CENTER CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009**

	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES				
Investment earnings	\$ 17,265	\$ 17,265	\$ -	\$ 17,265
Maintenance fees	40,000	40,000	-	40,000
Total revenues	<u>57,265</u>	<u>57,265</u>	<u>-</u>	<u>57,265</u>
EXPENDITURES				
Arena roof replacement	1,500,000	15,000	54,370	69,370
Main cooling tower	150,000	136,425	-	136,425
Air handler repair	119,467	116,711	-	116,711
Minor capital equipment	241,570	224,688	89	224,777
Standby transformer	45,000	-	-	-
Concession equipment	47,961	47,960	-	47,960
General improvements	100,000	90,667	-	90,667
Exterior repairs	27,575	27,575	-	27,575
Concourse damage	50,000	4,846	-	4,846
Fire alarms	175,000	24,930	79,360	104,290
Capital reserve	5,000	-	-	-
Smoke hatches	110,000	-	70,296	70,296
Arena seating	175,000	-	-	-
Emergency lighting	40,000	-	23,850	23,850
Portable stage	125,000	-	107,800	107,800
NBDL storage	10,000	-	-	-
Total expenditures	<u>2,921,573</u>	<u>688,802</u>	<u>335,765</u>	<u>1,024,567</u>
Revenues under expenditures before other financing sources	<u>(2,864,308)</u>	<u>(631,537)</u>	<u>(335,765)</u>	<u>(967,302)</u>
OTHER FINANCING SOURCES				
Transfers from other funds:				
From General Fund	<u>2,864,308</u>	<u>2,561,700</u>	<u>300,000</u>	<u>2,861,700</u>
Revenues over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 1,930,163</u>	<u>\$ (35,765)</u>	<u>\$ 1,894,398</u>

**CITY OF ASHEVILLE
PARKING SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Parking fees	\$ 3,048,500	\$ 2,849,477	\$ (199,023)
Other fees	1,200	-	(1,200)
Total operating revenues	<u>3,049,700</u>	<u>2,849,477</u>	<u>(200,223)</u>
OPERATING EXPENDITURES			
Parking services	1,741,279	1,550,485	190,794
Parking garages	515,878	252,904	262,974
Capital outlay	434,295	321,137	113,158
Total operating expenditures	<u>2,691,452</u>	<u>2,124,526</u>	<u>566,926</u>
Operating income	<u>358,248</u>	<u>724,951</u>	<u>366,703</u>
NON-OPERATING REVENUES			
Interest earned	<u>50,000</u>	<u>40,933</u>	<u>(9,067)</u>
Revenues over expenditures before other financing sources (uses)	408,248	765,884	357,636
OTHER FINANCING SOURCES (USES)			
Transfers to other funds:			
To Mass Transit Fund	(248,116)	(248,116)	-
To Parking Services Capital Project Fund	(1,082,000)	(1,082,000)	-
Appropriated fund balance	<u>921,868</u>	<u>-</u>	<u>(921,868)</u>
Total other financing sources (uses)	<u>(408,248)</u>	<u>(1,330,116)</u>	<u>(921,868)</u>
Revenues under expenditures and other financing sources	<u>\$ -</u>	<u>(564,232)</u>	<u>\$ (564,232)</u>
Reconciling items:			
Transfer to Parking Capital Projects Fund		1,082,000	
Depreciation		(209,776)	
Capital outlay		<u>321,137</u>	
Change in net assets		<u>\$ 629,129</u>	

CITY OF ASHEVILLE
PARKING SERVICES CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES				
Rental income	\$ -	\$ 44,046	\$ -	\$ 44,046
Investment earnings	60	1,304	-	1,304
Total revenues	<u>60</u>	<u>45,350</u>	<u>-</u>	<u>45,350</u>
EXPENDITURES				
Battery Park parking deck	20,900,000	4,046,632	-	4,046,632
Employee parking lot	58,027	53,787	-	53,787
Cushman	20,000	-	-	-
General projects	60	2,030	-	2,030
Biltmore Avenue garage	18,500,000	-	502,575	502,575
Wall Street Deck Restoration	532,000	-	46,648	46,648
Wayfinding Signs	50,000	-	-	-
Rankin Deck restoration	500,000	-	-	-
Total expenditures	<u>40,560,087</u>	<u>4,102,449</u>	<u>549,223</u>	<u>4,651,672</u>
Revenues under expenditures before other financing sources	<u>(40,560,027)</u>	<u>(4,057,099)</u>	<u>(549,223)</u>	<u>(4,606,322)</u>
OTHER FINANCING SOURCES				
Proceeds from the sale of bonds	39,400,000	-	-	-
Transfers from other funds:				
From General Fund	20,000	43,084	-	43,084
From Parking Services Fund	1,140,027	399,987	1,082,000	1,481,987
Total other financing sources	<u>40,560,027</u>	<u>443,071</u>	<u>1,082,000</u>	<u>1,525,071</u>
Revenues over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ (3,614,028)</u>	<u>\$ 532,777</u>	<u>\$ (3,081,251)</u>

**CITY OF ASHEVILLE
FESTIVALS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2009**

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Bele Chere 2008	\$ 651,302	\$ 532,977	\$ (118,325)
Bele Chere 2009	252,577	206,690	(45,887)
Other Festivals 2008	39,504	32,327	(7,177)
Other Festivals 2009	15,006	12,280	(2,726)
Total operating revenues	958,389	784,274	(174,115)
OPERATING EXPENDITURES			
Bele Chere 2008	879,891	849,579	30,312
Bele Chere 2009	1,088	1,051	37
Other Festivals 2008	240,085	231,814	8,271
Total operating expenditures	1,121,064	1,082,444	38,620
Revenues under expenditures before other financing sources	(162,675)	(298,170)	(135,495)
OTHER FINANCING SOURCES			
Transfer from other funds:			
From General Fund	162,675	162,675	-
Revenues under expenditures and other financing sources	\$ -	(135,495)	\$ (135,495)
Reconciling items:			
Net change in deferred revenues		(13,372)	
Net change in prepaids		(23,979)	
Change in net assets		\$ (172,846)	

**CITY OF ASHEVILLE
MASS TRANSIT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2009**

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Passenger fares	\$ 781,755	\$ 802,344	\$ 20,589
Other	348,540	333,651	(14,889)
Total operating revenues	<u>1,130,295</u>	<u>1,135,995</u>	<u>5,700</u>
OPERATING EXPENDITURES			
Administration	424,321	408,996	15,325
Transit operations	5,055,630	4,800,587	255,043
Capital outlay	1,840	1,880	(40)
Total operating expenses	<u>5,481,791</u>	<u>5,211,463</u>	<u>270,368</u>
Operating loss	<u>(4,351,496)</u>	<u>(4,075,468)</u>	<u>276,068</u>
NON-OPERATING REVENUES (EXPENDITURES)			
State and federal grants	2,350,652	2,553,611	202,959
Interest and debt service charges	(15,000)	5,297	20,297
Total non-operating revenues	<u>2,335,652</u>	<u>2,558,908</u>	<u>223,256</u>
Revenues under expenditures before other financing sources	(2,015,844)	(1,516,560)	499,324
OTHER FINANCING SOURCES			
Transfer from other funds:			
From General Fund	1,566,197	1,066,197	(500,000)
From Parking Services Fund	248,116	248,116	-
From Transit Capital Projects Fund	100,000	100,000	-
Appropriated fund balance	101,531	-	(101,531)
Total other financing sources	<u>2,015,844</u>	<u>1,414,313</u>	<u>(601,531)</u>
Revenues under expenditures and other financing sources	<u>\$ -</u>	<u>(102,247)</u>	<u>\$ (102,207)</u>
Reconciling items:			
Transfer from Mass Transit Capital Projects Fund		(100,000)	
Transfer from General Fund to Transit Capital Project Fund		46,684	
Transfer from Community Development Fund to Transit Capital Project Fund		16,875	
Capital contribution		60,927	
Depreciation		(270,170)	
Capital outlay		<u>1,880</u>	
Change in net assets		<u>\$ (346,051)</u>	

CITY OF ASHEVILLE
MASS TRANSIT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION FOR THE YEAR ENDED JUNE 30, 2009

	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES				
Intergovernmental	\$ 9,130,143	\$ 1,891,952	\$ 60,927	\$ 1,952,879
EXPENDITURES				
Bus shelter & benches	239,961	32,346	45,394	77,740
Cross walks	45,000	40,396	-	40,396
General system improvements	509,017	218,820	-	218,820
Support vehicle	35,000	22,437	-	22,437
General operations center	171,500	97,572	-	97,572
Passenger center	9,500	3,925	-	3,925
General capital projects	75,300	59,858	-	59,858
Transit garage light	37,000	-	-	-
Bus purchases	5,243,276	1,592,023	-	1,592,023
Top A Stop	3,025	3,025	-	3,025
Signal priority	400,000	-	-	-
Portable lifts	40,000	27,980	-	27,980
Transit radios	115,000	93,926	-	93,926
Hybrid Buses	2,625,000	-	-	-
Drum Grinder	50,000	41,715	-	41,715
Fareboxes	233,417	-	-	-
Street Furniture Improvement	25,000	-	-	-
New Freedom Grant	208,512	-	-	-
Automated Voice System	147,400	-	-	-
Total expenditures	<u>10,212,908</u>	<u>2,234,023</u>	<u>45,394</u>	<u>2,279,417</u>
Revenues over (under) expenditures before other financing sources (uses)	<u>(1,082,765)</u>	<u>(342,071)</u>	<u>15,533</u>	<u>(326,538)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from (to) other funds:				
From Mass Transit Fund	1,118,121	907,234	-	907,234
From General Capital Project Fund	146,684	100,000	46,684	146,684
From Community Development Fund	25,000	-	16,875	16,875
To Federal Capital Project Fund	(107,040)	(14,437)	-	(14,437)
To Mass Transit Fund	(100,000)	-	(100,000)	(100,000)
Total other financing sources (uses)	<u>1,082,765</u>	<u>992,797</u>	<u>(36,441)</u>	<u>956,356</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 650,726</u>	<u>\$ (20,908)</u>	<u>\$ 629,818</u>

**CITY OF ASHEVILLE
STORMWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2009**

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Charges for services	\$ 2,994,383	\$ 2,901,319	\$ (93,064)
OPERATING EXPENDITURES			
Storm drainage	1,568,411	1,450,901	117,510
Storm water	1,510,962	1,226,225	284,737
Capital outlay	435,173	432,721	2,452
Total operating expenses	3,514,546	3,109,847	404,699
Operating loss	(520,163)	(208,528)	311,635
NON-OPERATING REVENUES (EXPENDITURES)			
Investment earnings	30,000	23,876	(6,124)
Principal payment on debt	(50,000)	(43,000)	7,000
Interest and debt service charges	(50,000)	(30,928)	19,072
Total non-operating revenues (expenditures)	(70,000)	(50,052)	19,948
Revenues under expenditures before other financing sources (uses)	(590,163)	(258,580)	331,583
OTHER FINANCING SOURCES (USES)			
Transfers from (to) other funds:			
From Grant Programs Fund	-	3,951	3,951
To General Capital Projects Fund	(50,000)	(50,000)	-
To Grants Program Fund	(21,000)	-	21,000
Installment purchase proceeds	280,000	-	(280,000)
Appropriated fund balance	381,163	-	(381,163)
Total other financing sources (uses)	-	(304,629)	(304,629)
Revenues under expenditures and other financing sources (uses)	\$ -	(304,629)	\$ (304,629)
Reconciling items:			
Depreciation		(674,007)	
Capital outlay		432,721	
Principal payments on debt		43,000	
Total reconciling items		(208,286)	
Change in net assets		\$ (502,915)	

**CITY OF ASHEVILLE
GOLF COURSE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2009**

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Pro-shop sales	\$ 58,000	\$ 27,644	\$ (30,356)
Membership fees	206,000	170,379	(35,621)
Concessions	80,000	66,383	(13,617)
Equipment rental	275,000	246,604	(28,396)
Green Fees	470,000	359,345	(110,655)
Total operating revenues	1,089,000	870,355	(218,645)
OPERATING EXPENDITURES			
Administration	1,183,529	1,049,188	134,341
Operating loss	(94,529)	(178,833)	(84,304)
NON-OPERATING REVENUES			
Investment earnings	-	(1,114)	(1,114)
Revenues under expenditures before other financing sources	(94,529)	(179,947)	(85,418)
OTHER FINANCING SOURCES			
Transfer from other funds:			
From General Fund	75,701	75,701	-
Appropriated fund balance	18,828	-	(18,828)
Total other financing sources	94,529	75,701	(18,828)
Revenues under expenditures and other financing sources	\$ -	(104,246)	\$ (104,246)
Reconciling items:			
Depreciation		(64,494)	
Change in net assets		\$ (168,740)	

**CITY OF ASHEVILLE
GOLF COURSE CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009**

	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Maintenance fees	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Golf Course Irrigation	<u>250,000</u>	<u>225,556</u>	<u>7,793</u>	<u>233,349</u>
Revenues under expenditures before other financing sources	<u>(250,000)</u>	<u>(225,556)</u>	<u>(7,793)</u>	<u>(233,349)</u>
OTHER FINANCING SOURCES				
Transfers from other funds: From General Fund	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Revenues over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 24,444</u>	<u>\$ (7,793)</u>	<u>\$ 16,651</u>



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Proprietary Funds

Internal Service Fund

Internal Service Funds are a sub-classification of the Proprietary Fund Types and are used to account for the operations of enterprises established to provide services primarily to other City functions. The financial statement of the Internal Service Fund represents the revenues and expenses related to the City's healthcare, worker's compensation and general liabilities insurance.

- **Insurance Fund** - Insurance Fund is used to account for the operations of the City's self-insurance activities which provide the overall insurance coverage for all City departments.



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**CITY OF ASHEVILLE
INTERNAL SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Charges for services	\$ 12,834,188	\$ 13,007,906	\$ 173,718
Miscellaneous revenue	285,000	166,115	(118,885)
Total operating revenues	<u>13,119,188</u>	<u>13,174,021</u>	<u>54,833</u>
OPERATING EXPENDITURES			
Insurance Claims	12,677,942	12,754,306	76,364
Administrative costs	1,946,446	1,841,825	(104,621)
Legal and professional services	253,800	227,167	(26,633)
Total operating expenditures	<u>14,878,188</u>	<u>14,823,298</u>	<u>(54,890)</u>
Operating loss	<u>(1,759,000)</u>	<u>(1,649,277)</u>	<u>109,723</u>
NON-OPERATING REVENUES			
Investment earnings	100,000	187,680	87,680
Revenues under expenditures before other financing sources	(1,659,000)	(1,461,597)	197,403
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>1,659,000</u>	<u>-</u>	<u>(1,659,000)</u>
Revenues under expenditures and other financing sources	<u>\$ -</u>	<u>(1,461,597)</u>	<u>\$ (1,461,597)</u>
Reconciling Items:			
Change in estimate for claims incurred but not reported		822,169	
Other postemployment benefits		<u>(1,468,838)</u>	
Change in net assets		<u>\$ (2,108,266)</u>	



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Agency Fund

The Agency Fund has been established to account for transactions processed and balances held by the City in its capacity as agent for other entities. The financial statement of the Agency Fund represents the changes in assets and liabilities of the City's Agency Fund.

- **Agency - Civic Center Fund** is the box office operation at the Civic Center.



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**CITY OF ASHEVILLE
CIVIC CENTER AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2009**

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
ASSETS				
Cash and investments	\$ 207,082	\$ 4,463,232	\$ 4,107,118	\$ 563,196
LIABILITIES				
Due to others	\$ 207,082	\$ 4,463,232	\$ 4,107,118	\$ 563,196



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Other Supplemental Information

This section contains additional information on property taxes for the year ended June 30, 2009.

- Schedule of Ad Valorem taxes receivable.
- Analysis of Current Tax Levy and Secondary Market Disclosures City-Wide Levy.



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CITY OF ASHEVILLE
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2009

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Receivable July 1, 2008</u>	<u>Additions</u>	<u>Collections and Other Reductions</u>	<u>Taxes Receivable June 30, 2009</u>
1999	\$ 42,602	\$ -	\$ 42,602	\$ -
2000	48,728	-	3,658	45,070
2001	56,192	-	1,714	54,478
2002	60,636	-	2,367	58,269
2003	97,138	-	35,400	61,738
2004	71,398	-	2,508	68,890
2005	69,664	-	9,279	60,385
2006	74,141	-	6,375	67,766
2007	79,260	-	18,057	61,203
2008	294,313	-	213,170	81,143
2009	-	43,736,904	43,272,167	464,737
Totals	<u>\$ 894,072</u>	<u>\$ 43,736,904</u>	<u>\$ 43,607,297</u>	1,023,679
Less: Allowance for uncollectible accounts:				
General Fund				<u>694,000</u>
Ad valorem taxes receivable-net				<u>\$ 329,679</u>
Reconciliation to revenues collected:				
Revenue - General Fund				\$ 43,839,814
Penalties and interest				(132,941)
Taxes written off				42,602
Other adjustments				<u>(142,178)</u>
Collections and other reductions				<u>\$ 43,607,297</u>

CITY OF ASHEVILLE
ANALYSIS OF CURRENT TAX LEVY AND SECONDARY MARKET DISCLOSURES
CITY - WIDE LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	City - Wide			Total Levy	
	Property Valuation (000's)	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 10,319,595	\$ 0.42	\$ 43,342,300	\$ 41,056,658	\$ 2,285,642
Discoveries:					
Current year taxes	139,316	0.42	585,129	585,129	-
Penalties	-		20,395	20,395	-
Abatements	(156,929)		(210,920)	(158,250)	(52,670)
Total Property Valuation	<u>\$ 10,301,982</u>				
Net Levy			43,736,904	41,503,932	2,232,972
Uncollected taxes at June 30, 2009			(464,737)	(302,790)	(161,947)
Current year's taxes collected			<u>\$ 43,272,167</u>	<u>\$ 41,201,142</u>	<u>\$ 2,071,025</u>
Current levy collection percentage			<u>98.94%</u>	<u>99.27%</u>	<u>92.75%</u>

Secondary Market Disclosures:

Assessed valuation (dollars in thousands):

Assessment ratio	100 %
Real property	\$ 8,949,391
Personal property	1,162,047
Public service companies	<u>195,966</u>
Total assessed valuation (dollars in thousands)	10,307,404
Tax Rate per \$100	<u>0.42</u>
Total Tax Levy	<u>\$ 43,736,904</u>

Statistical Section

(Unaudited)

This part of The City of Asheville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. GASB 34 was implemented for the fiscal year ended 2003. Financial information related to GASB 34 does not exist prior to the 2003 fiscal year.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the ad valorem or property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service, water system, and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF ASHEVILLE
NET ASSETS BY COMPONENT
Last Seven Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities:							
Invested in capital assets, net of related debt	\$ 173,740	\$ 173,149	\$ 168,990	\$ 173,599	\$ 166,595	\$ 165,821	\$ 163,616
Restricted	31	5,750	5,774	12,076	7,272	6,362	4,642
Unrestricted	31,017	25,714	28,301	27,118	44,754	40,338	37,208
Total governmental activities net assets	<u>\$ 204,788</u>	<u>\$ 204,613</u>	<u>\$ 203,065</u>	<u>\$ 212,793</u>	<u>\$ 218,621</u>	<u>\$ 212,521</u>	<u>\$ 205,466</u>
Business-type activities:							
Invested in capital assets, net of related debt	\$ 61,794	\$ 75,087	\$ 80,280	\$ 92,519	\$ 99,339	\$ 133,002	\$ 119,193
Unrestricted	22,964	24,981	25,480	29,832	39,540	21,917	43,206
Total business-type activities net assets	<u>\$ 84,758</u>	<u>\$ 100,068</u>	<u>\$ 105,760</u>	<u>\$ 122,351</u>	<u>\$ 138,879</u>	<u>\$ 154,919</u>	<u>\$ 162,399</u>
Primary government:							
Invested in capital assets, net of related debt	\$ 235,534	\$ 248,236	\$ 249,270	\$ 266,118	\$ 265,934	\$ 298,823	\$ 282,809
Restricted	31	5,750	5,774	12,076	7,272	6,362	4,642
Unrestricted	53,981	50,695	53,781	56,950	84,294	62,255	80,414
Total primary govern- ment net assets	<u>\$ 289,546</u>	<u>\$ 304,681</u>	<u>\$ 308,825</u>	<u>\$ 335,144</u>	<u>\$ 357,500</u>	<u>\$ 367,440</u>	<u>\$ 367,865</u>

(continued)

CITY OF ASHEVILLE
NET ASSETS BY COMPONENT
Last Seven Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses:							
Governmental activities:							
General government	\$ 14,159	\$ 10,699	\$ 14,685	\$ 15,907	\$ 18,338	\$ 21,871	\$ 14,206
Public safety	26,370	30,513	31,480	33,384	34,454	39,465	43,305
Highways and streets	19,966	20,958	22,399	20,076	21,239	21,571	28,754
Community development	3,577	3,533	5,181	4,785	5,920	5,046	2,941
Culture and recreation	5,801	5,120	7,347	7,783	9,767	10,122	12,626
Interest on long-term debt	1,440	1,341	1,182	1,179	1,243	977	1,125
Total governmental activities expenses	<u>71,313</u>	<u>72,164</u>	<u>82,274</u>	<u>83,114</u>	<u>90,961</u>	<u>99,052</u>	<u>102,957</u>
Business-type activities:							
Water resources	17,106	20,624	21,093	20,194	20,617	22,202	24,823
Civic center	2,003	2,669	2,361	2,252	2,220	2,259	2,374
Festivals	801	1,121	1,067	1,270	1,315	1,170	2,013
Parking services	1,016	1,348	1,364	1,249	1,330	1,769	1,106
Mass transit	3,575	3,775	3,928	4,262	4,633	5,086	5,475
Stormwater	-	-	-	1,995	2,500	2,919	3,382
Golf Course	-	-	-	884	997	1,050	1,114
Total business-type activities expenses	<u>24,501</u>	<u>29,537</u>	<u>29,813</u>	<u>32,106</u>	<u>33,612</u>	<u>36,455</u>	<u>40,287</u>
Total primary government expenses	<u>\$ 95,814</u>	<u>\$ 101,701</u>	<u>\$ 112,087</u>	<u>\$ 115,220</u>	<u>\$ 124,573</u>	<u>\$ 135,507</u>	<u>\$ 143,244</u>

(continued)

CITY OF ASHEVILLE
NET ASSETS BY COMPONENT
Last Seven Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Program revenues:							
Governmental activities:							
Charges for services:							
General government	\$ 8,491	\$ 6,720	\$ 8,002	\$ 9,255	\$ 8,766	\$ 9,568	\$ 6,180
Public safety	4,529	5,074	3,415	2,881	3,747	4,358	4,467
Other activities	573	213	186	3,029	3,140	3,120	1,705
Operating grants and contributions	5,782	6,786	9,553	6,645	6,578	8,114	8,690
Capital grants and contributions	498	463	346	2,897	2,374	103	5,639
Total governmental activities program revenues	<u>19,873</u>	<u>19,256</u>	<u>21,502</u>	<u>24,707</u>	<u>24,605</u>	<u>25,263</u>	<u>26,681</u>
Business-type activities:							
Charges for services:							
Water resources	22,598	22,795	23,174	23,992	30,465	31,535	30,841
Civic center	1,099	1,302	1,798	1,526	1,556	1,671	1,730
Festivals	463	425	701	1,033	868	860	2,850
Parking services	2,120	2,594	2,520	2,383	2,870	3,009	771
Mass transit	592	689	671	752	968	1,178	1,136
Stormwater	-	-	-	2,357	3,035	3,050	2,901
Golf Course	-	-	-	839	894	966	870
Operating grants and contributions	1,597	1,884	2,501	2,171	2,374	2,076	2,554
Capital grants and contributions	255	2,077	2,165	4,137	3,571	3,751	1,044
Total business-type activities program revenues	<u>28,724</u>	<u>31,766</u>	<u>33,530</u>	<u>39,190</u>	<u>46,601</u>	<u>48,096</u>	<u>44,697</u>
Total primary government program revenue	<u>\$ 48,597</u>	<u>\$ 51,022</u>	<u>\$ 55,032</u>	<u>\$ 63,897</u>	<u>\$ 71,206</u>	<u>\$ 73,359</u>	<u>\$ 71,378</u>
Net (expense) revenue:							
Governmental activities	\$ (51,440)	\$ (52,908)	\$ (60,772)	\$ (58,407)	\$ (66,356)	\$ (73,789)	\$ (76,276)
Business-type activities	4,223	2,229	3,717	7,084	12,990	11,641	4,410
Total primary government net expense	<u>\$ (47,217)</u>	<u>\$ (50,679)</u>	<u>\$ (57,055)</u>	<u>\$ (51,323)</u>	<u>\$ (53,366)</u>	<u>\$ (62,148)</u>	<u>\$ (71,866)</u>

(continued)

CITY OF ASHEVILLE
NET ASSETS BY COMPONENT
Last Seven Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General revenues and other changes in net assets:							
Governmental activities:							
Taxes							
Property taxes	\$ 34,988	\$ 33,947	\$ 35,079	\$ 36,914	\$ 41,254	\$ 42,119	\$ 43,971
Sales taxes	12,028	13,571	14,545	16,107	17,399	16,548	15,036
Other taxes	4,669	6,656	8,257	6,086	6,163	7,456	8,054
Unrestricted grants and contributions	7,433	290	222	1,059	1,513	1,242	1,771
Investment earnings and miscellaneous	1,598	1,513	2,407	2,724	3,127	3,025	2,254
Special item	-	-	-	7,189	5,044	-	-
Transfers out	(1,849)	(1,883)	(1,941)	(1,943)	(2,317)	(2,701)	(1,865)
Total governmental activities	<u>58,867</u>	<u>54,094</u>	<u>58,569</u>	<u>68,136</u>	<u>72,183</u>	<u>67,689</u>	<u>69,221</u>
Business-type activities:							
Miscellaneous	(2,173)	741	34	559	1,222	1,700	1,205
Transfers in	1,849	1,883	1,941	1,943	2,317	2,701	1,865
Total business-type activities	<u>(324)</u>	<u>2,624</u>	<u>1,975</u>	<u>9,506</u>	<u>3,539</u>	<u>4,401</u>	<u>3,070</u>
Total primary government	<u>\$ 58,543</u>	<u>\$ 56,718</u>	<u>\$ 60,544</u>	<u>\$ 77,642</u>	<u>\$ 75,722</u>	<u>\$ 72,090</u>	<u>\$ 72,291</u>
Change in net assets:							
Governmental activities	\$ 7,427	\$ 1,186	\$ (2,203)	\$ 9,729	\$ 5,827	\$ (6,100)	\$ (7,055)
Business-type activities	3,899	4,853	5,692	16,590	16,528	16,042	7,480
Total primary government	<u>\$ 11,326</u>	<u>\$ 6,039</u>	<u>\$ 3,489</u>	<u>\$ 26,319</u>	<u>\$ 22,355</u>	<u>\$ 9,942</u>	<u>\$ 425</u>

Information prior to the implementation of GASB 34 in 2003 does not exist.

CITY OF ASHEVILLE
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General fund:					
Reserved	\$ 6,996	\$ 9,894	\$ 9,033	\$ 7,075	\$ 14,649
Unreserved	8,493	7,313	10,009	17,481	17,833
Total general fund	<u>\$ 15,489</u>	<u>\$ 17,207</u>	<u>\$ 19,042</u>	<u>\$ 24,556</u>	<u>\$ 32,482</u>
All other governmental funds:					
Reserved	\$ 2,917	\$ 341	\$ 354	\$ 2,382	\$ 573
Unreserved, reported in:					
Special revenue funds	79	156	216	47	1,563
Capital projects funds	3,209	4,656	1,176	(14)	1,030
Total all other governmental funds	<u>\$ 6,205</u>	<u>\$ 5,153</u>	<u>\$ 1,746</u>	<u>\$ 2,415</u>	<u>\$ 3,166</u>

^(a)The fund balance in the governmental funds decreased due to fund transfers necessary to establish the insurance internal service fund.

Fiscal Year				
2005	2006	2007	2008^(a)	2009
\$ 15,529	\$ 13,834	\$ 19,762	\$ 10,460	\$ 8,665
<u>17,276</u>	<u>23,792</u>	<u>21,852</u>	<u>18,232</u>	<u>16,697</u>
<u>\$ 32,805</u>	<u>\$ 37,626</u>	<u>\$ 41,614</u>	<u>\$ 28,692</u>	<u>\$ 25,362</u>
\$ 3,978	\$ 7,793	\$ 5,462	\$ 5,682	\$ 7,884
(54)	1,362	834	830	(438)
<u>613</u>	<u>1,543</u>	<u>3,343</u>	<u>7,470</u>	<u>4,485</u>
<u>\$ 4,537</u>	<u>\$ 10,698</u>	<u>\$ 9,639</u>	<u>\$ 13,982</u>	<u>\$ 11,931</u>

CITY OF ASHEVILLE
GOVERNMENTAL REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Revenues:					
Taxes	\$ 36,141	\$ 38,757	\$ 40,046	\$ 46,250	\$ 49,713
Intergovernmental	16,641	17,013	13,584	13,791	13,336
Licenses and Permits	4,133	4,673	4,417	4,406	5,074
Charges for services	4,861	4,947	5,103	9,064	6,933
Private donations	202	48	171	268	247
Investment earnings	1,066	1,027	439	437	181
Miscellaneous	921	975	1,562	849	1,055
Total revenues	<u>63,965</u>	<u>67,440</u>	<u>65,322</u>	<u>75,065</u>	<u>76,539</u>
Expenditures:					
Current:					
General government	7,985	8,822	8,602	7,552	8,637
Public safety	26,553	25,992	27,185	26,257	26,164
Public works	9,941	9,634	10,005	11,044	11,625
Community development	534	140	243	3,596	3,391
Planning	1,561	1,422	1,336	1,165	1,364
Engineering	1,218	1,683	1,505	1,600	1,673
Culture and recreation	7,117	7,189	6,445	5,613	5,240
Capital outlay	7,771	8,498	7,667	6,666	5,598
Debt service:					
Principal	2,419	2,245	2,471	3,604	4,120
Interest	1,479	1,427	1,492	1,468	1,367
Total expenditures	<u>66,578</u>	<u>67,052</u>	<u>66,951</u>	<u>68,565</u>	<u>69,179</u>
Revenues over (under) expenditures	<u>(2,613)</u>	<u>387</u>	<u>(1,629)</u>	<u>6,500</u>	<u>7,360</u>
Other financing sources (uses):					
Transfer from other funds	556	2,927	3,131	1,627	1,889
Transfer to other funds	(3,686)	(4,740)	(4,220)	(3,475)	(3,772)
Sale of capital assets	38	161	156	207	163
Long term debt issued	359	1,970	1,070	2,546	2,191
Total other financing sources (uses)	<u>(2,733)</u>	<u>318</u>	<u>137</u>	<u>905</u>	<u>471</u>
Net change in fund balance	<u>\$ (5,346)</u>	<u>\$ 705</u>	<u>\$ (1,492)</u>	<u>\$ 7,405</u>	<u>\$ 7,831</u>
Debt service as a percentage of non-capital expenditures	<u>6.63%</u>	<u>6.27%</u>	<u>6.68%</u>	<u>8.19%</u>	<u>8.63%</u>

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$	51,259	\$ 53,356	\$ 59,123	\$ 59,073	\$ 59,313
	14,875	15,440	14,969	16,590	18,313
	4,677	4,948	5,878	5,187	5,497
	8,188	9,023	9,775	10,319	7,359
	562	1,059	1,360	122	1,883
	663	1,833	1,930	1,588	1,243
	1,320	891	876	1,038	1,231
	<u>81,544</u>	<u>86,550</u>	<u>93,911</u>	<u>93,917</u>	<u>94,839</u>
	11,132	13,686	14,796	17,258	10,451
	29,692	31,003	32,550	35,826	39,699
	12,009	10,058	11,125	10,483	13,954
	5,181	3,450	3,720	3,074	2,941
	1,503	1,319	2,199	1,872	1,748
	1,924	1,761	2,632	2,502	2,413
	6,334	6,622	8,477	5,935	11,079
	5,198	10,137	7,729	13,819	10,904
	3,820	3,803	4,408	3,892	4,207
	1,213	1,128	1,283	1,122	1,105
	<u>78,006</u>	<u>82,967</u>	<u>88,919</u>	<u>95,782</u>	<u>98,501</u>
	<u>3,538</u>	<u>3,583</u>	<u>4,992</u>	<u>(1,865)</u>	<u>(3,662)</u>
	3,548	4,254	4,099	5,156	3,442
	(5,489)	(6,197)	(6,416)	(16,906)	(5,307)
	97	1,312	254	35	147
	-	8,030	-	5,000	-
	<u>(1,844)</u>	<u>7,399</u>	<u>(2,063)</u>	<u>(6,715)</u>	<u>(1,718)</u>
\$	<u>1,694</u>	<u>\$ 10,982</u>	<u>\$ 2,929</u>	<u>\$ (8,580)</u>	<u>\$ (5,380)</u>
	<u>6.91%</u>	<u>6.77%</u>	<u>7.01%</u>	<u>6.12%</u>	<u>6.06%</u>



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CITY OF ASHEVILLE
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
(modified accrual basis of accounting)
(amounts expressed in thousands)

<u>Fiscal Year Ended June 30</u>	<u>Ad Valorem Taxes</u>	<u>Local Option Sales Taxes (a)</u>	<u>Other Taxes (a)</u>	<u>Total</u>
2000	\$ 25,740	N/A	\$ 10,401	\$ 36,141
2001	27,962	N/A	10,795	38,757
2002	28,930	N/A	11,116	40,046
2003	33,013	\$ 11,733	1,504	46,250
2004	34,617	13,571	1,525	49,713
2005	35,178	14,545	1,536	51,259
2006	36,874	16,107	375	53,356
2007	41,264	17,399	460	59,123
2008	42,138	16,548	387	59,073
2009	43,840	15,036	437	59,313

^(a)Prior to FY 2003 all taxes except Ad Valorem were reported as other taxes.

CITY OF ASHEVILLE
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	Real Property			Personal Property	
	Residential Property	Commercial Property	Public Works	Motor Vehicles	Other
2000	\$ 2,175,538	\$ 1,529,673	\$ 186,662	\$ 390,207	\$ 605,106
2001	2,227,298	1,588,834	187,891	460,054	578,729
2002	2,274,653	1,682,987	170,125	496,826	586,792
2003	2,940,284	2,155,124	158,102	496,247	579,976
2004	3,083,292	2,197,518	158,730	531,994	565,156
2005	3,169,846	2,280,227	162,514	486,374	580,056
2006	3,284,605	2,309,749	165,360	509,456	597,418
2007	4,867,777	3,598,231	189,426	549,169	613,292
2008	5,007,378	3,589,744	190,305	572,808	654,581
2009	5,153,320	3,663,006	195,966	571,182	718,508

^(a)Source: Buncombe County Tax Assessor

Note: The levy of property taxes each year is based on the assessed value of taxable property as of January 1 preceding the beginning of the fiscal year on July 1. All taxable property was assessed at one hundred percent (100%) of its estimated actual value at time of revaluation. Revaluation of real property is required by statute at least once every eight years, but is done every four years in Buncombe County. The most recent revaluation was completed for the 2007 levy, which is reflected in the 2008 calculations. Tax rates are per \$100 of assessed value.

<u>Total Taxable Assessed Value</u>	<u>Total City Direct Tax Rate (a)</u>	<u>Estimated Actual Assessed Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 4,887,186	0.56	\$ 4,927,444	99.18%
5,042,806	0.56	5,082,879	99.21%
5,211,383	0.56	5,253,913	99.19%
6,329,733	0.53	6,410,366	98.74%
6,536,690	0.53	6,624,790	98.67%
6,679,017	0.53	6,768,622	98.68%
6,866,588	0.42	6,934,935	99.01%
9,746,647	0.42	9,872,788	98.72%
10,014,816	0.42	10,136,741	98.80%
10,301,982	0.42	10,426,677	98.80%

**CITY OF ASHEVILLE
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30</u>	<u>City of Asheville</u>	<u>County of Buncombe</u>	<u>Asheville School District</u>	<u>Maximum Combined Rate</u>
2000	0.56	0.630	0.20	1.390
2001	0.56	0.630	0.20	1.390
2002	0.56	0.630	0.20	1.390
2003	0.53	0.590	0.20	1.320
2004	0.53	0.590	0.20	1.320
2005	0.53	0.590	0.20	1.320
2006	0.53	0.590	0.20	1.320
2007	0.42	0.530	0.15	1.100
2008	0.42	0.530	0.15	1.100
2009	0.42	0.525	0.15	1.095

Source: Buncombe County Tax Collector

**CITY OF ASHEVILLE
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO
(amounts expressed in thousands)**

	2008 Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	1999 Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Progress Energy/CP & L	\$ 305,650	1	1.08%	\$ 205,353	1	4.20%
Ingles Markets	185,810	2	0.66%	108,893	3	2.23%
The Cliffs at Walnut Cove LLC	153,162	3	0.54%	-		-
Jack Tar Hotels	102,512	4	0.36%	67,625	7	1.38%
Arvato Digital Services LLC	99,161	5	0.35%	-		-
Biltmore Company	94,738	6	0.34%	66,042	8	1.35%
Bellsouth Telephone	89,149	7	0.32%	114,236	2	2.34%
Asheville LLC	75,690	8	0.27%	57,039	9	1.17%
Southeastern Container	75,502	9	0.27%	76,307	5	1.56%
BorgWarner Turbo Systems	65,384	10	0.23%	-		-
BASF Corporation	-		-	76,902	4	1.57%
Sonopress Inc.	-		-	67,820	6	1.39%
Biltmore Square	-		-	33,009	10	0.68%
	<u>\$ 1,246,758</u>		<u>4.42%</u>	<u>\$ 873,226</u>		<u>17.87%</u>

Source: Buncombe County Tax Collector



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CITY OF ASHEVILLE
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Current Outstanding Balance	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy			Amount	Percentage of Levy
2000	\$ 25,628	\$ 25,272	98.6%	\$ 45	\$ 311	\$ 25,583	99.8%
2001	28,033	27,696	98.8%	54	283	27,979	99.8%
2002	28,936	28,571	98.7%	58	307	28,878	99.8%
2003	33,118	32,641	98.6%	62	415	33,056	99.8%
2004	34,273	33,921	99.0%	69	283	34,204	99.8%
2005	35,443	35,091	99.0%	60	292	35,383	99.8%
2006	36,870	36,557	99.2%	68	245	36,802	99.8%
2007	41,675	41,414	99.4%	61	200	41,614	99.9%
2008	42,044	41,749	99.3%	81	214	41,963	99.8%
2009	43,737	43,272	98.9%	465	-	43,272	98.9%

CITY OF ASHEVILLE
RATIOS OF OUTSTANDING DEPT BY TYPE
Last Seven Fiscal Years
(amounts expressed in thousands, except per capita amounts)

Fiscal Year Ended June 30	Government Activities			Business-type		
	General Obligation Bonds	Installment Contracts	Capital Leases	Revenue Bonds	General Obligation Bonds	State Water Bond Loan
2003	\$ 10,488	\$ 19,760	\$ 87	\$ 45,110	\$ 10,877	\$ 2,100
2004	9,101	18,020	67	44,090	9,289	1,950
2005	7,676	15,878	46	42,960	7,719	1,800
2006	6,057	21,916	24	41,800	6,413	1,650
2007	4,455	19,335	-	40,580	5,124	1,500
2008	2,985	22,091	-	78,170	3,750	1,350
2009	2,279	20,628	-	76,050	2,401	1,200

^(a)Not available.

Information prior to the implementation of GASB 34 in 2003 does not exist.

<u>Activities</u>						<u>Per Capita</u>	
<u>Installment</u>	<u>Unamortized</u>			<u>Debt as a</u>		<u>Personal</u>	
<u>Contract</u>	<u>Bond</u>	<u>Total</u>	<u>Personal</u>	<u>Percentage</u>		<u>Income</u>	<u>Debt</u>
	<u>Proceeds</u>	<u>Debt</u>	<u>Income</u>	<u>of Personal</u>			
				<u>Income</u>			
\$ 2,617	\$ -	\$ 91,093	\$ 1,875,581	4.85%	\$ 26,251	\$ 1,275	
2,113	26	84,656	1,999,706	4.23%	27,518	1,165	
1,610	22	77,711	2,096,547	3.71%	28,432	1,054	
1,320	19	79,199	2,296,829	3.45%	30,789	1,062	
742	1,600	73,336	2,336,661	3.14%	30,767	966	
129	1,900	110,375	1,818,296	6.07%	23,360	1,418	
86	1,800	104,444	(a)	(a)	(a)	1,315	

CITY OF ASHEVILLE
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

<u>Fiscal Year Ended June 30</u>	<u>General Obligation Bonds</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
2000	\$ 11,738	0.24%	\$ 171
2001	12,808	0.25%	186
2002	11,818	0.22%	169
2003	10,489	0.16%	147
2004	18,391	0.28%	253
2005	15,421	0.23%	209
2006	12,489	0.18%	167
2007	9,596	0.10%	126
2008	6,735	0.07%	87
2009	4,680	0.04%	59

CITY OF ASHEVILLE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2009
(amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
County subtotal, overlapping debt	\$ 76,465	0.04%	\$ 28
City of Asheville direct debt	<u>4,680</u>	100.00%	<u>4,680</u>
Total direct and overlapping debt	<u><u>\$ 81,145</u></u>		<u><u>\$ 4,708</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Asheville. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

CITY OF ASHEVILLE
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(amounts expressed in thousands)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Debt limit	\$ 390,975	\$ 403,425	\$ 416,911	\$ 506,379	\$ 522,935
Total net debt applicable to limit	<u>11,738</u>	<u>12,808</u>	<u>11,818</u>	<u>10,489</u>	<u>18,391</u>
Legal debt margin	<u>\$ 379,237</u>	<u>\$ 390,617</u>	<u>\$ 405,093</u>	<u>\$ 495,890</u>	<u>\$ 504,544</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>3.00%</u>	<u>3.17%</u>	<u>2.83%</u>	<u>2.07%</u>	<u>3.52%</u>

Note: Under state finance law, the City of Asheville's outstanding general obligation debt should not exceed 8 percent of total assessed property value. Buy law, general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 534,321	\$ 549,327	\$ 779,731	\$ 801,185	\$ 824,159
15,421	12,489	9,596	6,735	4,680
<u>\$ 518,900</u>	<u>\$ 536,838</u>	<u>\$ 770,135</u>	<u>\$ 794,450</u>	<u>\$ 819,479</u>
<u>2.89%</u>	<u>2.27%</u>	<u>1.23%</u>	<u>0.84%</u>	<u>0.57%</u>

Legal Debt Margin Calculation

Total assessed value	<u>\$ 10,301,982</u>
Debt limit (8% of total assessed value)	824,159
Debt applicable to limit:	
Total bonded debt	80,730
Less: Revenue bonds	<u>76,050</u>
Total debt applicable to limit	<u>4,680</u>
Legal debt margin	<u>\$ 819,479</u>

**CITY OF ASHEVILLE
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Population (a)	Personal Income (Expressed in thousands)	Per Capita Personal Income (b)	School Enrollment (c)	Unemployment Rate (d)
2000	68,570	1,792,557	26,142	4,027	3.3%
2001	68,899	1,821,276	26,434	3,937	4.4%
2002	69,726	1,833,097	26,290	3,904	5.4%
2003	71,448	1,875,581	26,251	3,864	5.2%
2004	72,669	1,999,706	27,518	3,826	4.5%
2005	73,739	2,096,547	28,432	3,789	4.6%
2006	74,599	2,296,829	30,789	3,753	3.6%
2007	75,947	2,336,661	30,767	3,750	3.5%
2008	77,838	1,818,296	23,360	3,683	5.0%
2009	79,395	(e)	(e)	3,946	9.2%

Source:

- (a) City of Asheville Planning Department
- (b) US Department of Commerce, Bureau of Economic Analysis
- (c) Asheville City Schools
- (d) Department of Labor statistics
- (e) Information not available

**CITY OF ASHEVILLE
PRINCIPAL EMPLOYERS
CURRENT AND THREE YEARS PREVIOUS***

Employer	2009		Industry	2006	
	Rank	Employment Range		Rank	Employment Range
Mission Health & Hospitals	1	3,000+	Education and Health Services	1	1,000 +
Buncombe County Schools	2	3,000+	Education and Health Services	2	1,000 +
Ingles Market Inc.	3	3,000+	Trade, Transportation, and Utilities	4	1,000 +
State of North Carolina	4	1,000 +	Public Administration	3	1,000 +
Buncombe County Government	5	1,000 +	Public Administration	5	1,000 +
Asheville VA Medical Center	6	1,000 +	Education and Health Services	6	1,000 +
City of Asheville	7	1,000 +	Public Administration	7	1,000 +
Wal-Mart	8	1,000 +	Trade, Transportation, and Utilities	8	1,000 +
The Biltmore Company	9	1,000 +	Leisure and Hospitality	11	500-999
Asheville Buncombe Community College	10	1,000 +	Education and Health Services	9	500-999
Eaton Corporation-Cutler Hammer Inc.	11	1,000 +	Manufacturing	14	500-999
The Grove Park Inn Resort & Spa	12	500-999	Leisure and Hospitality	10	500-999
Asheville City Schools	13	500-999	Education and Health Services	13	500-999
Community Carepartners Inc.	14	500-999	Education and Health Services	12	500-999
US Postal Services	15	500-999	Trade, Transportation, and Utilities	15	500-999
Borg-Warner Turbo Systems	16	500-999	Manufacturing	16	500-999
Kendro Laboratory Products Lp	17	500-999	Manufacturing		
Arvato Digital Services LLC	18	500-999	Manufacturing		
Employment Control Inc.	19	500-999	Professional and Business Services		
VME Americas Inc.	20	500-999	Manufacturing		
Sonopress Inc.		500-999	Manufacturing	17	500-999
Advantage Home and Community Care Inc.			Education and Health Services	18	500-999
Owen Manufacturing			Manufacturing	19	500-999

Source: Buncombe County, accurate information was not available to calculate each employer as a percentage of the total labor force.

*Information prior to 2006 is not available.



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CITY OF ASHEVILLE
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Four Years*

Function:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government	196	198	197	281
Public Safety:				
Police:				
Officers	197	198	197	197
Civilians	52	53	54	32
Fire:				
Firefighters and officers	214	219	220	227
Civilians	2	2	2	5
Highway and streets:				
Engineering	41	42	42	-
Maintenance	119	120	121	79
Sanitation	36	37	36	37
Culture and recreation	146	144	143	126
Water	<u>136</u>	<u>135</u>	<u>130</u>	<u>137</u>
Total	<u><u>1,139</u></u>	<u><u>1,148</u></u>	<u><u>1,142</u></u>	<u><u>1,121</u></u>

Source: City of Asheville, Human Resources Department

*Information prior to 2006 is not available.

CITY OF ASHEVILLE
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	Fiscal Years				
	2000	2001	2002	2003	2004
Function:					
Police:					
Number of police personnel and officers	222	218	218	171	235
Number of calls for service	101,368	94,296	109,953	93,771	87,343
Number of law violations:					
Uniform Crime Report Part I crimes reported	5,338	5,044	4,903	5,337	5,892
Uniform Crime Report Part II crimes reported	3,168	3,472	3,425	3,405	3,978
Part I Crime cases cleared by arrest	803	841	1,104	1,367	1,230
Accidents investigated	2,732	2,254	2,278	2,325	6,840
Number of physical arrests	(a)	(a)	(a)	(a)	(a)
Number of traffic violations	(a)	(a)	(a)	(a)	(a)
Number of incident reports	(a)	(a)	(a)	(a)	(a)
Fire:					
Number of fire personnel and officers	202	204	204	198	207
Number of calls answered	12,110	11,852	11,163	10,963	12,049
Inspections	2,980	3,989	3,159	4,656	4,474
Water:					
Number of service connections	43,463	44,316	45,333	46,377	47,290
Maximum daily capacity of plants in gallons	40,000,000	41,000,000	41,000,000	41,000,000	41,000,000
Daily average consumption in gallons (thousands of gallons)	20,660,000	21,800,000	21,500,000	21,700,000	21,400,000
Education:					
Number of preschool school instructors	(a)	(a)	(a)	(a)	(a)
Number of elementary school instructors	190	190	190	159	153
Number of middle school instructors	73	73	73	73	61
Number of secondary school instructors	107	107	107	92	98
Miscellaneous:					
Number of employees	1,263	1,215	911	899	919
Area in square miles	40.40	40.60	42.26	42.73	43.13

Sources: Various city departments.

(a) Not available

2005	2006	2007	2008	2009
239	249	251	254	261
96,775	98,097	102,276	102,167	113,104
6,238	5,117	4,648	4,848	4,347
4,222	4,495	4,903	4,135	4,027
814	783	1,241	602	1,308
7,081	3,270	7,781	7,280	6,517
(a)	5,862	9,757	6,523	6,196
(a)	9,315	14,061	5,468	17,951
(a)	9,612	9,551	9,941	9,401
207	221	224	233	239
13,820	13,067	15,339	13,532	13,394
6,292	5,508	5,477	8,900	12,740
48,332	50,415	51,109	51,769	55,171
43,000,000	44,000,000	43,500,000	44,000,000	43,500,000
20,900,000	21,200,000	21,500,000	20,950,000	20,470,000
(a)	(a)	(a)	17	15
155	150	112	149	114
57	60	63	65	64
99	95	98	86	86
928	1,148	1,148	1,142	1,121
43.15	43.64	43.77	44.44	45.24

CITY OF ASHEVILLE
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

	Fiscal Years				
	2000	2001	2002	2003	2004
Function:					
Police:					
Stations/resource centers	2/4	2/5	1/5	1/5	1/6
Patrol districts	4	5	5	5	5
Patrol units (beats)	(a)	(a)	(a)	(a)	(a)
Fire stations	9	9	9	9	9
Highways and streets:					
Streets (miles)	373	373	378	385	281
Street lights	11,010	11,019	9,854	12,531	12,531
Traffic lights	150	150	218	218	218
Culture and recreation:					
Parks acreage	585	740	727	727	728
Parks and playgrounds	42	43	44	46	55
Swimming pools	2	2	2	2	2
Tennis courts	22	22	22	22	22
Community centers	11	11	11	11	11
Water:					
Water mains (miles)	1,150	1,500	1,550	1,550	1,550
Fire hydrants	5,800	6,000	6,000	6,000	6,000
Number of treatment plants	3	3	3	3	3
Schools:					
Number of preschool schools	(a)	(a)	(a)	(a)	(a)
Number of elementary schools	6	6	6	6	5
Number of middle schools	2	1	1	1	1
Number of secondary schools	1	1	1	1	1
Number of community colleges	1	1	1	1	1
Number of universities	1	1	1	1	1
Hospitals:					
Number of hospitals	2	2	2	2	2
Number of patient beds (includes VA nursing home)	1094	1094	1094	1050	1032

Sources: Various city departments.

(a) Not available

2005	2006	2007	2008	2009
1/5	1/3	1/4	1/4	1/5
5	3	3	3	3
(a)	12	12	13	13
9	9	9	11	11
390	394	395	398	399
12,581	12,585	9,790	9,809	9,856
218	270	295	295	295
755	942	972	987	987
56	43	54	57	57
2	3	3	3	3
34	29	32	32	32
11	11	11	11	11
1,550	1,600	1,625	1,643	1,653
6,130	6,355	6,178	6,307	6,470
3	3	3	3	3
(a)	(a)	(a)	1	1
5	5	5	5	5
1	1	1	1	1
1	1	1	1	2
1	1	1	1	1
1	1	1	1	1
2	2	2	2	2
1032	1032	1032	1032	1054

CITY OF ASHEVILLE
WATER SYSTEMS STATISTICS^(a)
HISTORICAL DEMAND
Last Ten Fiscal Years

	Fiscal Years				
	2000	2001	2002	2003	2004
Residential single family:					
Total # of Accounts	38,114	38,936	39,808	40,726	41,575
Total # of Bills	228,684	233,616	234,717	238,335	246,672
Annual Usage Volume	2,656,970	2,651,286	2,574,760	2,672,756	2,570,229
Residential multi-family:					
Total # of Accounts	1,422	1,419	1,439	1,475	1,488
Total # of Bills	8,901	8,788	8,981	9,152	9,746
Annual Usage Volume	945,709	938,554	919,895	967,081	958,236
Non-residential:					
Total # of Accounts	3,927	3,961	4,086	4,006	4,057
Total # of Bills	24,528	23,984	23,722	24,355	26,109
Annual Usage Volume	3,264,883	3,090,454	3,116,198	3,355,708	3,389,719

^(a)City of Asheville Water Resources Department.

2005	2006	2007	2008	2009
42,525	43,660	44,899	45,706	45,968
251,782	253,411	258,111	267,134	276,263
2,572,856	2,642,539	2,772,653	2,844,103	2,796,210
1,494	1,509	1,523	1,546	1,568
9,930	9,456	9,039	9,249	10,069
971,231	975,238	982,227	999,955	990,837
4,172	4,377	4,481	4,524	4,573
26,649	25,826	24,918	26,111	28,089
3,326,140	3,274,229	3,209,849	2,832,160	2,590,537



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CITY OF ASHEVILLE
WATER SYSTEM STATISTICS ^(a)
WATER CUSTOMERS
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Single Family Residential</u>	<u>Multi- Family Residential</u>	<u>Commercial/ Industrial</u>	<u>Total</u>
2000	38,114	1,422	3,927	43,463
2001	38,936	1,419	3,961	44,316
2002	39,808	1,439	4,086	45,333
2003	40,726	1,475	4,006	46,207
2004	41,575	1,488	4,057	47,120
2005	42,525	1,494	4,172	48,191
2006	43,660	1,509	4,377	49,546
2007	44,899	1,523	4,481	50,903
2008	45,706	1,546	4,524	51,776
2009	45,968	1,568	4,573	52,109

^(a)City of Asheville water Resources Department.

CITY OF ASHEVILLE
WATER SYSTEM NET INCOME PROJECTIONS AND
INCOME AVAILABLE FOR DEBT SERVICE
Last Eight Fiscal Years*

	Fiscal Years				
	2002	2003	2004	2005	2006
Net income projections:					
Operating revenues:					
Billing charge revenues	\$ 1,281,639	\$ 1,312,997	\$ 1,364,605	\$ 1,392,784	\$ 1,394,387
Volume charge revenues	18,102,462	18,880,139	18,650,881	18,514,311	18,983,499
Other operating revenues	2,018,651	2,449,492	2,779,049	3,016,370	3,614,925
Subtotal operating revenues	<u>21,402,752</u>	<u>22,642,628</u>	<u>22,794,535</u>	<u>22,923,465</u>	<u>23,992,811</u>
Operating expenses before depreciation:					
Operation and maintenance expenses	<u>(13,273,751)</u>	<u>(13,649,164)</u>	<u>(14,689,600)</u>	<u>(15,172,216)</u>	<u>(14,617,311)</u>
Operating income before depreciation	8,129,001	8,993,464	8,104,935	7,751,249	9,375,500
Depreciation	<u>(3,453,808)</u>	<u>(3,456,256)</u>	<u>(3,662,517)</u>	<u>(3,832,185)</u>	<u>(3,971,962)</u>
Operating income:	4,675,193	5,537,208	4,442,418	3,919,064	5,403,538
Non-operating revenues:					
Investment income	561,319	189,961	115,296	250,971	427,548
Non-operating expenses:					
Bond interest expense and principal	<u>(3,461,924)</u>	<u>(3,116,929)</u>	<u>(3,085,313)</u>	<u>(2,896,086)</u>	<u>(4,322,374)</u>
Net income	<u>\$ 1,774,588</u>	<u>\$ 2,610,240</u>	<u>\$ 1,472,401</u>	<u>\$ 1,273,949</u>	<u>\$ 1,508,712</u>
Income available for debt service:					
Net income	\$ 1,774,588	\$ 2,610,240	\$ 1,472,401	\$ 1,273,949	\$ 1,508,712
Adjustments:					
Depreciation	3,453,808	3,456,256	3,662,517	3,832,185	3,971,962
Non-operating expenses	3,461,924	3,116,929	3,085,313	2,896,086	4,322,374
Payment in lieu of taxes (a)	<u>1,624,234</u>	<u>1,709,937</u>	<u>1,708,805</u>	<u>1,739,273</u>	<u>-</u>
Income available for debt service	<u>\$ 10,314,554</u>	<u>\$ 10,893,362</u>	<u>\$ 9,929,036</u>	<u>\$ 9,741,493</u>	<u>\$ 9,803,048</u>

^(a)Included in operating expenses and transfers from the Authority to the City and County at the end of the year for payment in lieu of taxes. City in lieu of taxes is determined as approximately 5.0% of total subordinate to debt service payments on senior and existing debt. As a result, these funds would be made available for debt service coverage should they be needed. Due to the dissolution of the water agreement in 2005, the City no longer remits 2.5% of total revenue to the County.

*Information prior to 2002 not available.

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 1,410,688	\$ 1,466,020	\$ 2,117,273
19,286,742	20,093,099	21,612,926
9,757,768	9,635,108	7,102,010
<u>30,455,198</u>	<u>31,194,227</u>	<u>30,832,209</u>
<u>(15,106,621)</u>	<u>(17,277,304)</u>	<u>(12,305,353)</u>
15,348,577	13,916,923	18,526,856
<u>(4,229,696)</u>	<u>(4,327,033)</u>	<u>(4,817,994)</u>
11,118,881	9,589,890	13,708,862
940,606	1,429,927	610,386
<u>(4,954,448)</u>	<u>(5,572,412)</u>	<u>(8,299,664)</u>
<u>\$ 7,105,039</u>	<u>\$ 5,447,405</u>	<u>\$ 6,019,584</u>
\$ 7,105,039	\$ 5,447,405	\$ 6,019,584
4,229,696	4,327,033	4,817,994
4,954,448	5,572,412	8,299,664
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 16,289,183</u>	<u>\$ 15,346,850</u>	<u>\$ 19,137,242</u>

CITY OF ASHEVILLE
PRINCIPAL WATER CUSTOMERS (a)
For the Year Ended June 30, 2009

<u>Customer</u>	<u>Type of Business</u>	<u>Consumption</u>	<u>Revenue</u>	<u>Percentage of Total Water Revenues</u>
City of Hendersonville	Wholesale - Township	505,334	\$ 417,319	1.37 %
Mission Hospitals	Hospital	148,968	337,233	1.11
Buncombe County Schools	Government	52,472	283,576	.93
City of Asheville	Government	199,722	261,669	.86
Grove Park Inn	Resort	66,571	220,847	.73
Town of Biltmore Forest	Wholesale - Township	68,807	159,514	.52
Milkco	Food Processing	77,829	156,688	.51
Woodfin Water / Sewer District	Wholesale - Township	84,005	146,722	.48
Biltmore Estate	Leisure and Hospitality	71,802	130,419	.43
Buncombe County	Government	29,301	120,415	.40

^(a)City of Asheville Water Resources Department

Compliance Section

This section contains various schedules as required by the *U. S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and other state agencies. It also contains the Independent Auditors' reports on compliance and controls as required by the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, OMB Circular A-133, and the North Carolina State Single Audit Implementation Act.



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CITY OF ASHEVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Federal Expenditures	State Expenditures
Federal Awards				
<u>U.S. Department of Transportation</u>				
Direct Programs:				
Federal Transit Cluster:				
Federal Transit Authority - Operating and Capital	20.507	Various	\$ 1,353,482	\$ 1,042
Passed through North Carolina Department of Transportation:				
Intercity Grant - Black Mountain	20.509	08-IC-003	98,250	98,250
Intercity Grant - Weaverville	20.509	08-IC-004	52,021	52,021
Federal Transit Metropolitan Planning Grant	20.505	08-08-100	47,696	5,962
Highway Planning and Construction Programs:				
MPO - French Broad River FY08	20.205	WBS 39225.1.2	137,782	-
MPO - French Broad River FY09	20.205	WBS 39225.1.2	143,642	-
TIP Enhancement Grant:				
W. End Clingman Streetscape II	20.205	E-4966	17,169	-
W. End Clingman Streetscape	20.205	E-4815	1,621	-
Pack Square	20.205	E-4816	22,239	-
Pack Square	20.205	U-4919	2,164,591	-
Amboy Road Sidewalks	20.205	E-4585	3,986	-
Avon and New Haw Creek Roads	20.205	E-4814	172,132	-
Total Highway Planning and Construction Cluster			2,663,162	-
Total U.S. Department of Transportation			4,214,611	157,275
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
Community Development Block Grant	14.218	B-08-MC-370001	858,004	-
Community Development Block Grant	14.218	B-07-MC-370001	568,418	-
Community Development Block Grant	14.218	B-06-MC-370001	215,722	-
Community Development Block Grant	14.218	B-05-MC-370001	10,965	-
HOME Program	14.239	M-08-DC-370201	562,352	-
HOME Program	14.239	M-07-DC-370201	648,322	-
HOME Program	14.239	M-06-DC-370201	22,418	-
HOME Program	14.239	M-05-DC-370201	39,403	-
HOME Program	14.239	M-04-DC-370201	1,000	-
Fair Housing Assistance Program (FHAP)	14.401	FF205K084018	43,940	-
Outstanding Section 108 Loan Balances	14.248		1,135,227	-
Economic Development Initiative - Veterans' Memorial	14.246	B06SPNC0608	242,652	-
Total U.S. Department of Housing and Urban Development			4,348,423	-

(continued)

CITY OF ASHEVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Federal Expenditures	State Expenditures
<u>U. S. Department of Justice</u>				
Direct Programs:				
Justice Assistant Grant - BJA - 2007	16.738	2007-DJ-BX-1245	\$ 50,000	\$ -
Weed & Seed Grant	16.595	2006-WS-Q6-0166	3,261	-
Weed & Seed Grant	16.595	2007-WS-Q7-0129	147,912	-
Bulletproof Vest Partnership 2006	16.607	2006BUBX06134253	8,542	-
Bulletproof Vest Partnership 2007	16.607	2007BUBX07037915	20,538	-
Total U. S. Department of Justice			230,253	-
<u>U. S. Department of Homeland Security</u>				
Direct:				
SAFER	97.083	EMW-2005-FF-02775	58,854	-
Passed through NC Dept of Crime Control and Public Safety:				
Hazmat 2006	97.067	2006-GE-T6-0010	24,305	-
Hazmat 2007	97.073	2007-GE-T7-0048	110,077	-
Total U.S. Department of Homeland Security			193,236	-
<u>U. S. Department of Agriculture</u>				
Passed through North Carolina Department of Health and Human Services:				
Summer Day Camp Program Food Service	10.559	7843	13,298	-
After School Program Food Service	10.559	7197	8,622	-
Total U.S Department of Agriculture			21,920	-
<u>U.S. Environmental Protection Agency</u>				
Direct Programs:				
Brownfields Assessment and Cleanup Cooperative Agreement	66.818		32,053	-

CITY OF ASHEVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Federal Expenditures	State Expenditures
State Awards				
<u>N. C. Department of Transportation</u>				
Direct Programs:				
Powell Bill	N/A	DOT-4, WBS 32570	\$ -	\$ 2,372,265
State Maintenance Assistance Program	N/A	09-SM-002	-	899,586
Transportation Demand Management - 2008	N/A	08-RS-010	-	37,904
Transportation Demand Management - 2009	N/A	09-RS-010	-	25,370
TIP Enhancement Grant - New Haw Creek	N/A	DOT-18, WBS 31045	-	67,917
Total N.C.Department of Transportation			-	3,403,042
<u>N. C. Department of Health and Human Services</u>				
Passed through Land of Sky Regional Council:				
Senior Center Gen'l Purpose - Senior Opportunity	N/A	HB-1473	-	16,404
Senior Center Gen'l Purpose - Harvest House	N/A	HB-1473	-	16,404
Total N.C. Department of Health and Human Services			-	32,808
<u>N. C. Department of Environment and Natural Resources</u>				
Direct Programs:				
Special Appropriations-WNC Nature Center	N/A	Grant # 1756, 2005-421	-	114,496
Aston Park Renovation	N/A	2005-421	-	260,000
Richmond Hill Park Rain Garden	N/A	2008-2288	-	43,170
Flood Damage Reduction, Flood Preparedness	N/A	W07019, 07021, 07022	-	336,308
Total N.C. Department of Environment and Natural Resources			-	753,974
<u>N.C. Governors Crime Commission</u>				
Direct Programs:				
Project Safe Neighborhoods	N/A	011-1-08-001-BA-031	-	2,488
<u>N.C. General Assembly</u>				
Passed through Rural Economic Development Center				
URTV - e-NC Capital Expenditure Grant	N/A	2008-101-80315-102	-	24,960
Total N.C. General Assembly			-	24,960
Total Federal and State Awards Expended			\$ 9,040,496	\$ 4,374,547

CITY OF ASHEVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

NOTES TO THE PRECEDING SCHEDULE:

1 . Significant Accounting Policies

The accompanying schedule of expenditures of Federal and State awards includes the Federal and State grant activity of the City of Asheville and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

2 . Federal and State Awards Which Have Been Passed Through to Sub recipients

<u>Sub recipient</u>	<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
AHC - Tenant-Based Rental Assistance	HOME Investment Partnerships	14.239	\$ 29,383
HB - Tenant-Based Rental Assistance	HOME Investment Partnerships	14.239	41,327
MHO - East Riverside Development	HOME Investment Partnerships	14.239	104,873
MHO - Crowell Park	HOME Investment Partnerships	14.239	104,483
MHO - Affordable Rental Housing	HOME Investment Partnerships	14.239	23,000
MHO - Glen Rock Apartments	HOME Investment Partnerships	14.239	205,104
MHO - Housing for Veterans	HOME Investment Partnerships	14.239	10,555
MHO - Self-Help - Buncombe Co	HOME Investment Partnerships	14.239	34,000
BC / Buncombe Co. MHO - Rural Rehab	HOME Investment Partnerships	14.239	14,464
BC / Buncombe Co. MHO - Homebuyer Assist	HOME Investment Partnerships	14.239	229,534
HAC - Three Seeds	HOME Investment Partnerships	14.239	69,845
HAC - Baker Heights PDL	HOME Investment Partnerships	14.239	17,500
HC / Henderson Co. HAC - Downpmnt Assist	HOME Investment Partnerships	14.239	62,906
Henderson Co. Habitat - Shuey Knolls	HOME Investment Partnerships	14.239	31,746
Madison Co. Owner - Occupied Rehab	HOME Investment Partnerships	14.239	90,453
General Program Admin	HOME Investment Partnerships	14.239	121,557
WCCA - Rosman Apartments	HOME Investment Partnerships	14.239	10,450
CHDO Operating Expenses	HOME Investment Partnerships	14.239	65,790
Total			<u>\$ 1,266,970</u>

**Report On Internal Control Over Financial Reporting And On Compliance and
Other Matters Based On An Audit Of Financial Statements Performed In
Accordance With *Government Auditing Standards***

City of Asheville
Asheville, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the City of Asheville, North Carolina (the “City”), as of and for the year ended June 30, 2009 which collectively comprises the City’s basic financial statements, and have issued our report thereon dated November 12, 2009. We did not audit the financial statements of the City of Asheville ABC Board. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Asheville ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the City of Asheville ABC Board were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City’s financial statements that is more than inconsequential will not be prevented or detected by the City’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control that we consider to be control deficiencies and other operational matters that we reported to management and those charged with governance in a separate letter dated November 12, 2009

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we have reported to management of the City in a separate letter dated November 12, 2009.

This report is intended solely for the information and use of the members of City Council, management, others within the organization, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

November 12, 2009

Dixon Hughes PLLC

Report On Compliance With Requirements Applicable To Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Circular A-133 and the State Single Audit Implementation Act

City of Asheville
Asheville, North Carolina

Compliance

We have audited the compliance of the City of Asheville, North Carolina (the “City”), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2009. The City’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City’s management. Our responsibility is to express an opinion on the City’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City’s compliance with those requirements.

In our opinion, the City of Asheville complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of a compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by an entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the members of City Council, management, others within the organization, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

November 12, 2009

Dixon Hughes PLLC

Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance In Accordance With Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act

City of Asheville
Asheville, North Carolina

Compliance

We have audited the compliance of the City of Asheville, North Carolina (the “City”), with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2009. The City’s major State programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the City’s management. Our responsibility is to express an opinion on the City’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City’s compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non-compliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that non-compliance with a type of a compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a State program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the members of City Council, management, others within the organization, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

November 12, 2009

Dixon Hughes PLLC

**CITY OF ASHEVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.239	HOME Program
14.248	Section 108
20.205	Highway Planning and Construction Program

Dollar threshold used to distinguish
between Type A and Type B Programs. \$ 300,000

Auditee qualified as low risk auditee? _____ yes _____ X no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? _____ yes _____ X no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes _____ X none reported

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ yes _____ X no

Type of auditors' report issued on compliance for major State programs: unqualified

Identification of major State programs:

Program Name

Powell Bill

(continued)

**CITY OF ASHEVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

Section II--Financial Statement Findings

There were none.

Section III--Federal Award Findings and Questioned Costs

There were none.

Section IV--State Award Findings and Questioned Costs

There were none.

**CITY OF ASHEVILLE, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009**

Section II--Financial Statement Findings

Finding: 2007-1
Status: Corrected

Section III--Federal Award Findings and Questioned Costs

Finding: 2008-1
Status: Corrected.

Finding: 2007-2
Status: Repeated as Finding 2008-1

Section IV--State Award Findings and Questioned Costs

There were none.