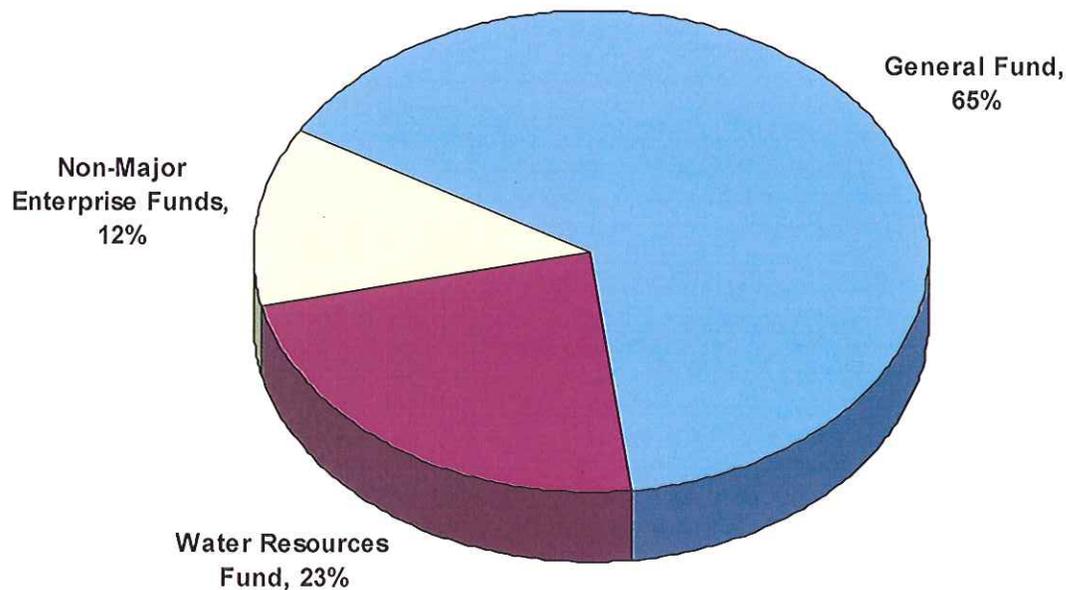


FUND SUMMARY

<u>FUNDS</u> Service Areas	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Adopted
<u>GENERAL FUND</u>				
Public Safety	35,596,708	36,951,264	38,432,648	38,381,372
Environment & Transportation	14,700,658	14,673,768	15,449,473	14,740,659
General Government	12,641,041	13,170,513	13,588,191	14,195,299
Culture & Recreation	9,643,765	10,458,265	11,242,624	9,874,058
Capital Reserve/Gen. Debt	13,027,638	7,579,192	8,367,222	7,867,222
Community Development	<u>5,354,452</u>	<u>5,122,929</u>	<u>5,608,135</u>	<u>6,577,352</u>
Total General Fund	90,964,262	87,955,930	92,688,293	91,635,962
<u>ENTERPRISE FUNDS</u>				
Environment & Transportation	40,714,459	46,979,891	44,547,827	46,332,794
Culture & Recreation	<u>4,200,904</u>	<u>4,268,258</u>	<u>3,863,258</u>	<u>3,744,438</u>
Total Enterprise Funds	44,915,363	51,248,149	48,411,085	50,077,232
TOTAL BUDGET	135,879,625	139,204,079	141,099,378	141,713,194
Less: Interfund Transactions	(4,904,256)	(4,701,098)	(4,868,028)	(5,617,428)
NET BUDGET	<u>130,975,369</u>	<u>134,502,981</u>	<u>136,231,350</u>	<u>136,095,766</u>

FY 2010-11 EXPENDITURES BY FUND
TOTAL: \$136,095,766



GENERAL FUND SUMMARY

	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Adopted
<u>Revenues:</u>				
Property Taxes	42,137,549	43,839,812	45,413,548	46,055,271
Intergovernmental	10,934,063	11,863,028	11,393,131	11,382,602
Local Option Sales Tax	16,548,425	15,036,346	15,880,273	14,834,688
Other Taxes	313,987	301,358	330,000	310,000
Charges For Service	10,319,416	10,447,023	11,439,835	12,251,921
Licenses & Permits	5,187,003	5,496,735	4,999,049	5,088,537
Investment Earnings	1,543,080	1,191,668	1,014,000	1,014,000
Miscellaneous	740,492	551,837	320,093	310,943
Other	0	0	0	388,000
Subtotal	87,724,015	88,727,807	90,789,929	91,635,962
Appropriated Fund Bal.	--	--	1,898,364	0
Total Revenues	87,724,015	88,727,807	92,688,293	91,635,962

	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Adopted
<u>Appropriations:</u>				
Police	18,569,261	19,485,554	20,050,056	20,131,654
Fire & Rescue	16,426,305	17,014,221	17,991,504	17,849,548
Public Works	11,466,431	12,020,335	13,005,455	12,949,125
Capital Reserve/Gen. Debt	13,027,638	7,579,192	8,367,222	7,867,222
Parks, Recreation & Cult. Arts	8,944,270	9,791,275	10,661,583	9,318,812
Finance	2,470,842	2,557,947	2,759,415	1,723,798
Information Technology Services	2,272,813	2,317,256	2,637,058	2,441,732
Nondepartmental	2,209,919	1,838,495	2,449,593	2,386,582
Building Safety	2,795,629	2,543,757	2,756,621	3,676,929
City Attorney	576,739	618,808	597,602	607,413
Administrative Services	1,325,367	1,363,539	1,404,047	2,671,681
Economic Development	651,871	662,950	519,991	464,505
Transportation	1,858,662	1,587,236	1,571,187	1,149,338
Planning & Development	1,745,332	1,727,981	1,839,264	1,790,273
Transit Fund Subsidy	1,275,565	1,066,197	872,831	642,196
Civic Center Subsidy	431,198	397,989	391,315	392,594
Golf Fund Subsidy	0	75,701	0	0
Festivals Fund Subsidy	253,922	162,675	184,726	162,652
Human Resources	1,321,572	1,456,300	1,587,897	1,556,908
Health Care (Employee Contr.)	2,740,926	3,088,522	2,740,926	3,553,000
Housing Trust Fund Transfer	600,000	600,000	300,000	300,000
Total Appropriations	90,964,262	87,955,930	92,688,293	91,635,962

GENERAL FUND EXPENDITURES

<u>Service Areas</u>	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Adopted
Public Safety	35,596,708	36,951,264	38,432,648	38,381,372
Environment & Transportation	14,700,658	14,673,768	15,449,473	14,740,659
General Government	12,641,041	13,170,513	13,588,191	14,195,299
Culture & Recreation	9,643,765	10,458,265	11,242,624	9,874,058
Capital Reserve/Gen. Debt	13,027,638	7,579,192	8,367,222	7,867,222
Community Development	<u>5,354,452</u>	<u>5,122,929</u>	<u>5,608,135</u>	<u>6,577,352</u>
Total General Fund	<u>90,964,262</u>	<u>87,955,930</u>	<u>92,688,293</u>	<u>91,635,962</u>

BUDGET HIGHLIGHTS

- The FY 2010-11 adopted budget includes general fund expenditures that are 1.1% less than the FY 2009-10 budget.
- Public Safety is the largest general fund service area, accounting for 42% of all general fund expenditures. Expenditures in this service area will remain essentially flat in FY 2010-11. Operating costs in the Police and Fire Department were reduced by a total of \$500,000. Most of this reduction occurred in the Fire Department where \$192,000 in savings came from expiring annexation contracts with rural fire departments. Also, due to the timely replacement of fire apparatus in recent budget years, there has been a decline in high dollar fleet repairs, which allowed the department to reduce its fleet maintenance account by \$75,000. In addition to the operating savings, the Police and Fire budgets also include \$375,000 in overtime reductions as a result of re-engineering efforts. These reductions in operating expenses and overtime helped to offset the increases in the retirement system contribution and health care.
- Environment & Transportation is the second largest service area in the general fund, representing 17% of the FY 2010-11 general fund budget. The budget for this service area shows a \$700,000 or 4.3% decrease. With the increase in the parking fund subsidy to the transit fund, staff was able to reduce the general fund subsidy to transit by approximately \$230,000. Savings of \$250,000 will also be realized in the Public Works Department as a result of a re-engineering of the residential brush collection program, which will result in the elimination of 3.0 FTE positions. The general fund portion of the Public Works budget also includes \$150,000 in savings associated with the creation of the street cut utility fund. Finally, the Transportation Department's budget was reduced by \$130,000 via line-item reductions and by holding vacant the Assistant Transportation Director position.
- A series of departmental reorganizations were implemented after adoption of the FY 2009-10 budget which reshuffled expenses between the General Government, Culture & Recreation, and Community Development services areas. In addition, \$300,000 in building maintenance funding which previously was accounted for in capital reserve funding was moved under the Building Safety Department, and therefore is now accounted for under the Community Development service area. When the FY 2009-10 adopted budgets for General Government, Culture & Recreation, Community Development, and capital reserve funding are combined and compared to the FY 2010-11 adopted budgets, the FY 2010-11 adopted budgets show a \$300,000 decrease compared to the FY 2009-10 adopted budgets.

GENERAL FUND EXPENDITURES

GENERAL FUND EXPENDITURES BY EXPENSE CATEGORY

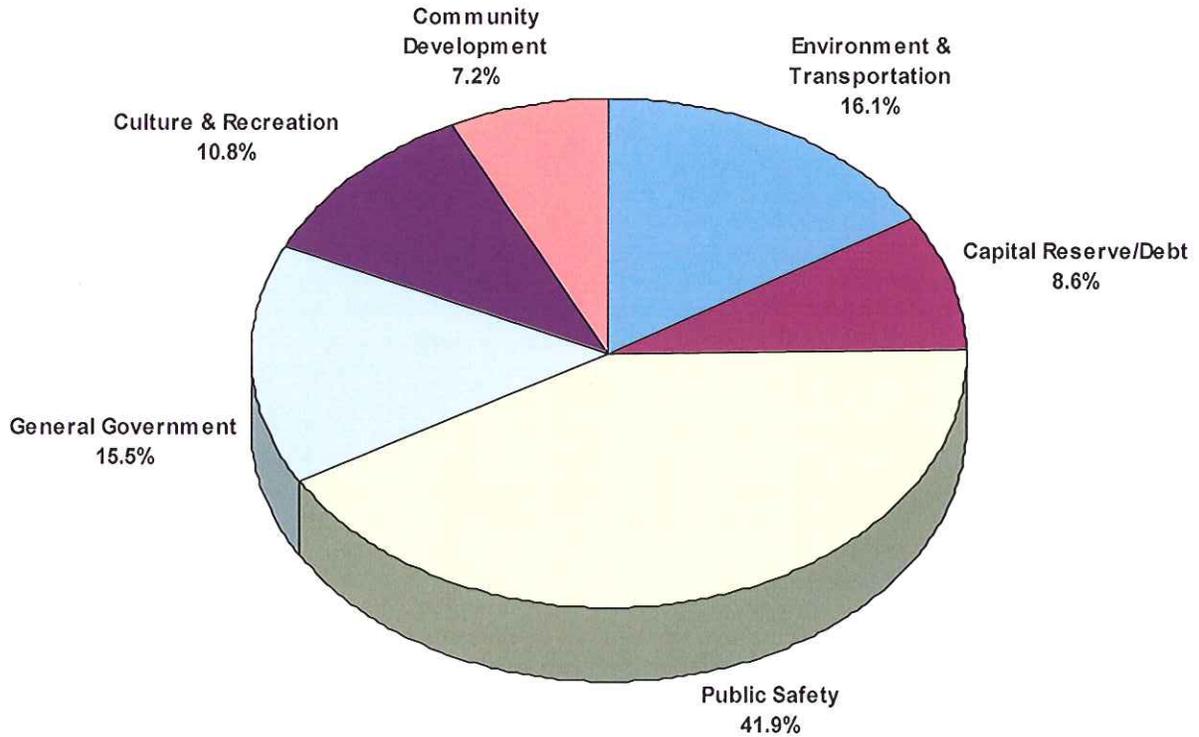
	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Adopted
Salaries & Wages	39,954,340	42,733,069	43,123,462	40,836,760
Fringe Benefits	12,829,705	13,874,113	14,880,912	16,694,228
Operating Costs	21,905,176	20,738,808	24,363,175	24,593,664
Interfund Transfers	2,560,685	2,302,562	1,748,872	1,497,442
Debt Service	4,838,792	5,097,904	5,429,922	5,434,922
Capital Outlay	<u>8,875,564</u>	<u>3,208,474</u>	<u>3,141,950</u>	<u>2,578,946</u>
TOTAL	<u>90,964,262</u>	<u>87,955,930</u>	<u>92,688,293</u>	<u>91,635,962</u>

BUDGET HIGHLIGHTS

- Personnel costs, including both salaries and wages and fringe benefits make up 63% of the FY 2010-11 general fund budget. The adopted personnel budget includes funding for a one-time \$300 payment in July to all full-time employees earning at or below the Asheville area median income of \$41,722. The budget does not include funding for merit or market-based pay increases. The general fund personnel budget includes a \$1.8 million increase in fringe benefit expenses due to rising health care costs and the State-mandated increase in the City's contribution to the state retirement system. The increases in benefit costs were offset by reductions in salary and wage expenses. Most of the reduction in salaries and wages was achieved by implementing a selective hiring freeze, which will save approximately \$878,000. The selective hiring freeze targets the equivalent of 15 management and development review positions, but does not include public safety positions or public works field positions. Another significant amount of salary savings is being realized in the Police and Fire Departments, where re-engineering efforts have led to an overall reduction of \$375,000 in overtime. Salaries and wages are also being reduced by \$385,000 in the Parks and Recreation Department, where programming hours are being reduced at community centers and childcare programs are being consolidated.
- \$300,000 in building maintenance costs, which were accounted for in the capital outlay category in FY 2009-10, were moved to the operating cost category in FY 2010-11. Taking into account this technical adjustment, operating costs in the FY 2010-11 adopted budget are essentially flat compared to the FY 2009-10 adopted budget.
- General fund debt service is also flat compared to FY 2009-10. The adopted budget does include the issuance of approximately \$1.2 million in new debt in FY 2010-11 to fund the replacement of a fire aerial ladder. The estimated annual debt service for this purchase is \$230,000.
- Adjusting for technical changes, the general fund contribution to the capital reserve fund is remaining flat compared to FY 2009-10. There was a slight decrease in small capital budgets as departments made belt-tightening reductions to help balance the FY 2010-11 budget.
- Interfund transfers are budgeted to decrease by \$250,000 in FY 2010-11. Most of this decrease (\$230,000) is a result of the reduction in the general fund subsidy to the transit fund. Also, with the elimination of the Film Festival from the budget, and no increase projected for operating expenses for the other festivals, staff is able to reduce the general fund subsidy to the festivals fund by approximately \$22,000.

GENERAL FUND EXPENDITURES

CITY OF ASHEVILLE FY 2010-11 GENERAL FUND EXPENDITURES BY SERVICE AREA TOTAL \$91,635,962



Budget-to-Budget Expenditure Comparison

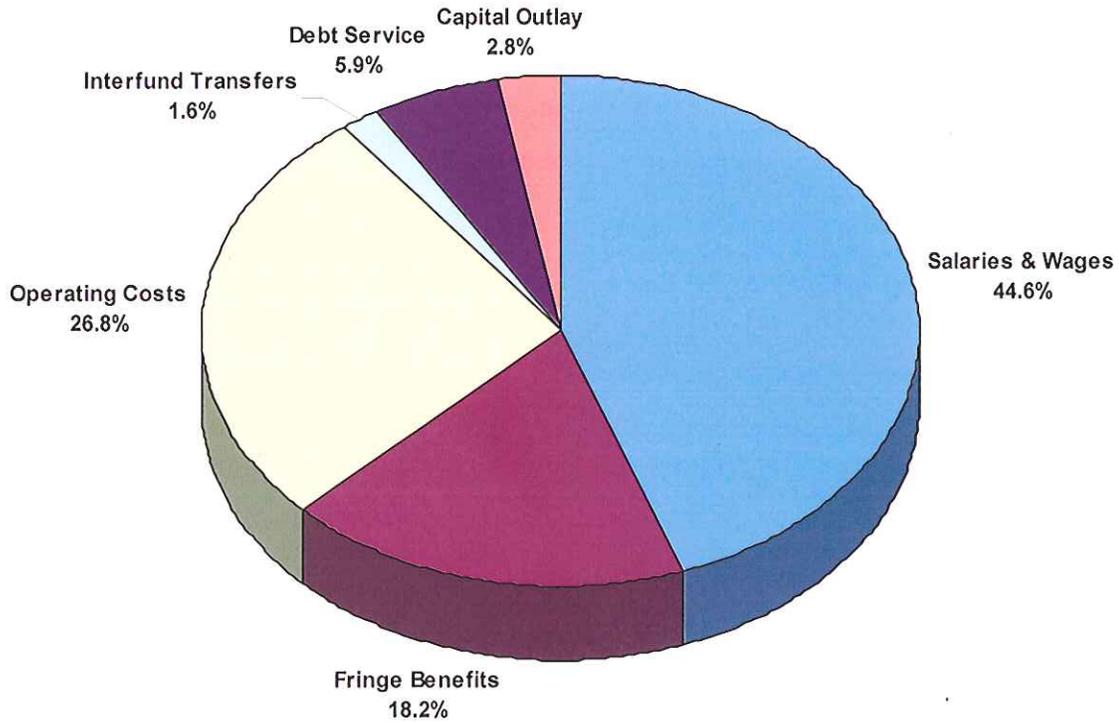
<u>Service Areas:</u>	2009-10	2010-11	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>in %</u>
Public Safety	38,432,648	38,381,372	(51,276)	-0.1%
Environment & Transportation	15,449,473	14,740,659	(708,814)	-4.6%
General Government	13,588,191	14,195,299	607,108	4.5%
Culture & Recreation	11,242,624	9,874,058	(1,368,566)	-12.2%
Capital Reserve/Gen. Debt	8,367,222	7,867,222	(500,000)	-6.0%
Community Development	5,608,135	6,577,352	969,217	17.3%
Total General Fund Expenditures	<u>92,688,293</u>	<u>91,635,962</u>	<u>(1,052,331)</u>	<u>-1.1%</u>

Notes:

- 1) A significant amount of reorganization occurred after the FY 2009-10 budget was adopted in which functions were moved from one department to another. These changes impacted the budget-to-budget comparisons for the service areas.

GENERAL FUND EXPENDITURES

CITY OF ASHEVILLE FY 2010-11 GENERAL FUND EXPENDITURES BY CATEGORY TOTAL \$91,635,962



Budget-to-Budget Expenditure Comparison

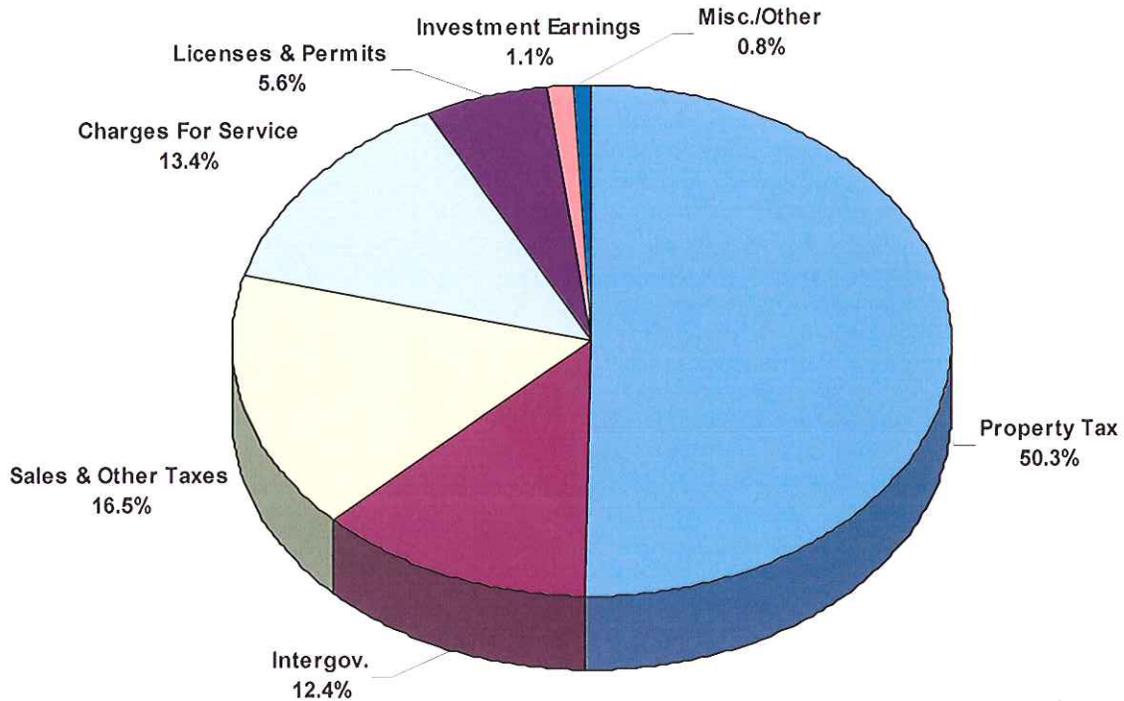
<u>Expense Category:</u>	2009-10	2010-11	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>Budget</u>
Salaries & Wages	43,123,462	40,836,760	(2,286,702)	-5.3%
Fringe Benefits	14,880,912	16,694,228	1,813,316	12.2%
Operating Costs	24,363,175	24,593,664	230,489	0.9%
Interfund Transfers	1,748,872	1,497,442	(251,430)	-14.4%
Debt Service	5,429,922	5,434,922	5,000	0.1%
Capital Outlay	3,141,950	2,578,946	(563,004)	-17.9%
Total General Fund Expenditures	<u>92,688,293</u>	<u>91,635,962</u>	<u>(1,052,331)</u>	<u>-1.1%</u>

GENERAL FUND REVENUES

	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Adopted
<u>Taxes</u>				
Property Tax - Current Year	39,587,510	41,247,841	42,781,503	43,423,226
Local Option Sales Tax	16,548,425	15,036,346	15,880,273	14,834,688
Motor Vehicle Taxes	2,172,180	2,193,424	2,232,045	2,232,045
Property Tax - Prior Years	377,859	398,547	400,000	400,000
Other Taxes	313,987	301,358	330,000	310,000
Total Taxes	58,999,961	59,177,516	61,623,821	61,199,959
<u>Licenses & Permits</u>				
Building Safety Fees	2,793,355	2,699,515	2,648,900	2,434,925
Local Utility Franchise Tax	679,496	707,654	683,000	693,000
Business Privilege Licenses	1,107,849	1,476,118	1,105,199	1,400,000
Motor Vehicle Licenses	322,809	312,791	342,000	321,162
Other	283,494	300,657	219,950	239,450
Total Licenses/Permits	5,187,003	5,496,735	4,999,049	5,088,537
<u>Intergovernmental</u>				
State Utility Taxes	6,412,238	7,403,284	7,151,506	7,400,000
Powell Bill	2,607,730	2,372,265	2,160,189	2,070,170
ABC Revenue	895,909	750,000	900,000	900,000
State Beer & Wine Taxes	349,847	349,564	360,000	360,000
Other	668,339	987,915	821,436	652,432
Total Intergovernmental	10,934,063	11,863,028	11,393,131	11,382,602
<u>Charges For Service</u>				
Internal Charges	2,387,859	2,329,899	2,676,753	2,499,821
Employee Insurance Contrib.	2,740,926	3,088,522	2,740,926	3,553,000
Parks & Recreation Fees	1,410,650	1,253,880	1,572,507	1,522,959
Recycling Charges	417,224	420,682	965,376	950,500
Fire Protection & Inspections	1,433,212	1,544,159	1,605,000	1,626,743
Outside Vehicle Repairs & Fuel	1,140,749	1,130,007	1,258,594	1,258,594
Other	788,796	679,874	620,679	840,304
Total Charges For Service	10,319,416	10,447,023	11,439,835	12,251,921
<u>Other</u>				
Miscellaneous	740,492	551,837	320,093	310,943
Investment Earnings	1,543,080	1,191,668	1,014,000	1,014,000
App. Fund Balance	-	-	1,898,364	0
Total Revenues	87,724,015	88,727,807	92,688,293	91,635,962

GENERAL FUND REVENUES

CITY OF ASHEVILLE FY 2010-11 GENERAL FUND REVENUES BY SOURCE TOTAL \$91,635,962

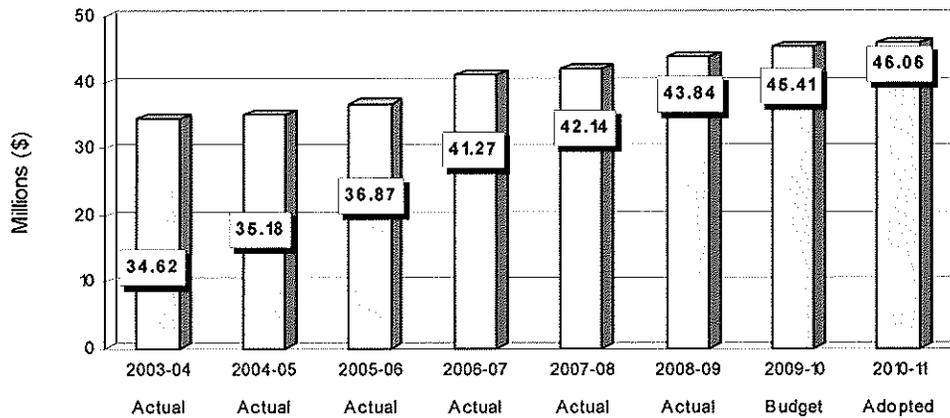


Budget-to-Budget Revenue Comparison

<u>Revenue Sources:</u>	2009-10	2010-11	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>Budget</u>
Property Tax	45,413,548	46,055,271	641,723	1.4%
Intergovernmental	11,393,131	11,382,602	(10,529)	-0.1%
Sales & Other Taxes	16,210,273	15,144,688	(1,065,585)	-6.6%
Charges For Service	11,439,835	12,251,921	812,086	7.1%
Licenses & Permits	4,999,049	5,088,537	89,488	1.8%
Investment Earnings	1,014,000	1,014,000	0	0.0%
Miscellaneous/Other	320,093	698,943	378,850	118.4%
App. Fund Bal.	1,898,364	0	(1,898,364)	-100.0%
Total General Fund Revenue	<u>92,688,293</u>	<u>91,635,962</u>	<u>(1,052,331)</u>	<u>-1.1%</u>

GENERAL FUND REVENUES

PROPERTY TAXES



<u>Property Taxes</u>	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Adopted
Current Year	39,587,510	41,247,841	42,781,503	43,423,226
Registered Motor Vehicles	2,172,180	2,193,424	2,232,045	2,232,045
Prior Years	377,859	398,547	400,000	400,000
Total Property Taxes	42,137,549	43,839,812	45,413,548	46,055,271

Trends & Assumptions

The Property or Ad Valorem Tax is the largest funding source for general government services, providing 50% of the City's total FY 2010-11 general fund revenue. The property tax is levied each year on the value of real, certain personal, and public service property that is listed as of January 1 of that year. Real property, which consists of residential, commercial, and industrial properties, is revalued every four years, while personal and utility values are adjusted annually. Real property makes up approximately 80% of the City's total tax base. The most recent revaluation was completed in 2005, and the new values become effective in FY 2006-07. The current tax rate, which is 42 cents per \$100 of assessed valuation, will remain the same in FY 2010-11.

Over the last ten years, the property tax base has grown by an average of 3.4% per year. Based on estimates from the Buncombe County Tax Assessor, assessed value growth of only 1.5% is expected in FY 2010-11. This growth represents the smallest percentage increase in assessed value in the last ten fiscal years and reflects the impact of the recession on new construction. According to the Tax Assessor, property values were also negatively impacted by an increase in applications for programs, such as the Homestead and Veterans Exemptions and the builder improvement deferral, that allow property owners to reduce their valuations.

GENERAL FUND REVENUES

ASSESSED VALUATION HISTORY

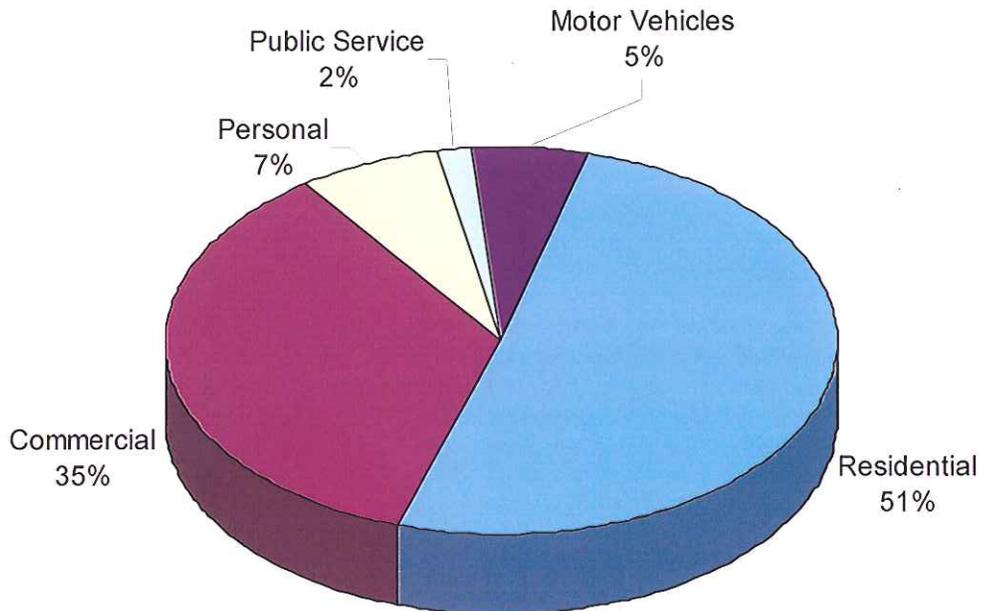
Major Property Categories

(\$ in thousands)

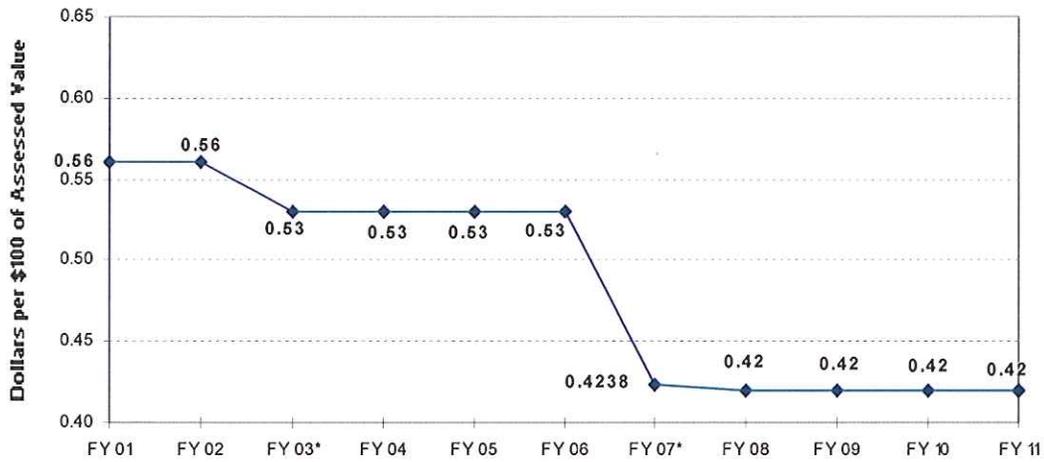
	FY 2004-05	FY 2005-06	FY 2006-07*	FY 2007-08	FY 2008-09
Residential	\$3,169,846	\$3,284,605	\$4,867,777	\$5,007,378	\$5,286,384
Percent Change	2.8%	3.6%	48.2%	2.9%	5.6%
Commercial/Industrial	\$2,280,227	\$2,309,749	\$3,598,231	\$3,589,744	\$3,663,006
Percent Change	3.8%	1.3%	55.8%	-0.2%	2.0%
Personal	\$580,056	\$597,418	\$613,292	\$654,581	\$718,508
Percent Change	2.6%	3.0%	2.7%	6.7%	9.8%
Public Service Companies	\$162,514	\$165,360	\$189,426	\$190,305	\$195,966
Percent Change	2.4%	1.8%	14.6%	0.5%	3.0%
Motor Vehicles	\$486,374	\$509,456	\$549,169	\$572,808	\$571,325
Percent Change	-8.6%	4.7%	7.8%	4.3%	-0.3%
TOTAL TAX BASE	\$6,679,017	\$6,866,588	\$9,817,895	\$10,014,816	\$10,435,190
Percent Change	2.2%	2.8%	43.0%	2.0%	4.2%

* Revaluation year.

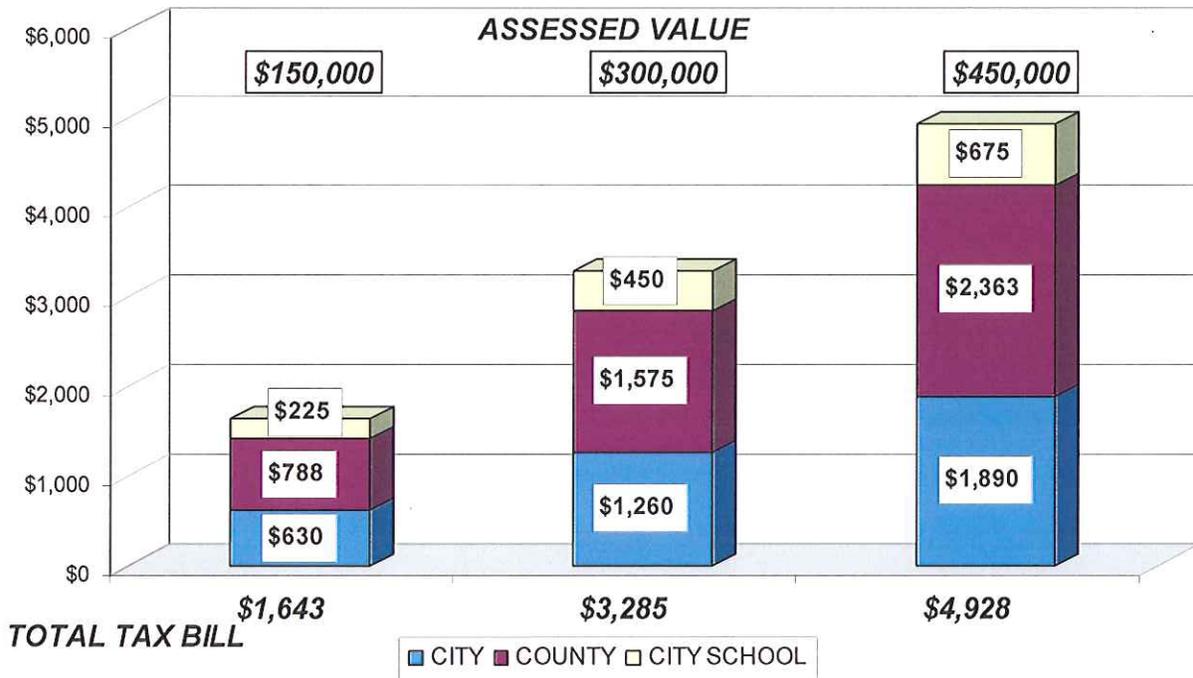
City of Asheville FY 2008-09 Tax Base



GENERAL FUND REVENUES



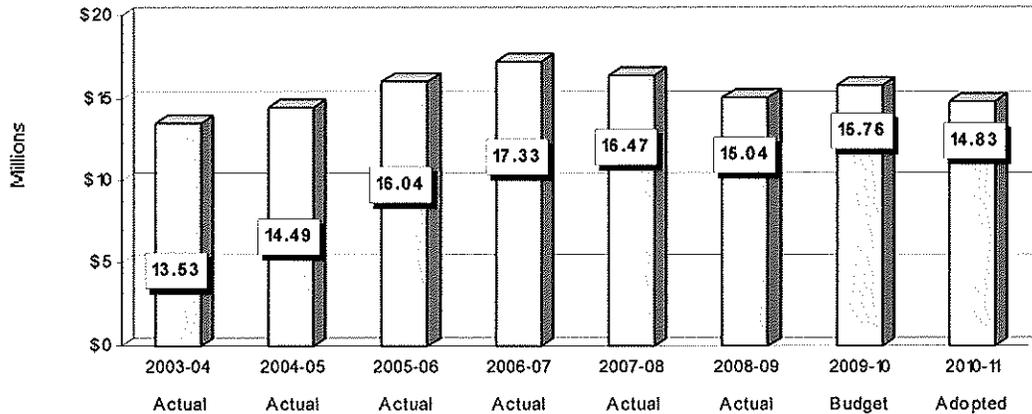
FY 2010-11 Sample Tax Bill



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

GENERAL FUND REVENUES

LOCAL OPTION SALES TAX



<u>Sales Tax Components</u>	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Adopted
Article 39	7,640,778	7,045,487	7,376,148	6,914,330
Article 40	2,932,193	2,655,989	2,750,545	2,565,283
Article 42	2,894,224	2,614,326	2,813,241	2,623,756
Article 44/Hold Harmless	<u>3,006,334</u>	<u>2,644,075</u>	<u>2,823,380</u>	<u>2,731,319</u>
Total Sales Tax	16,473,529	15,036,346	15,763,314	14,834,688

Trends & Assumptions

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

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

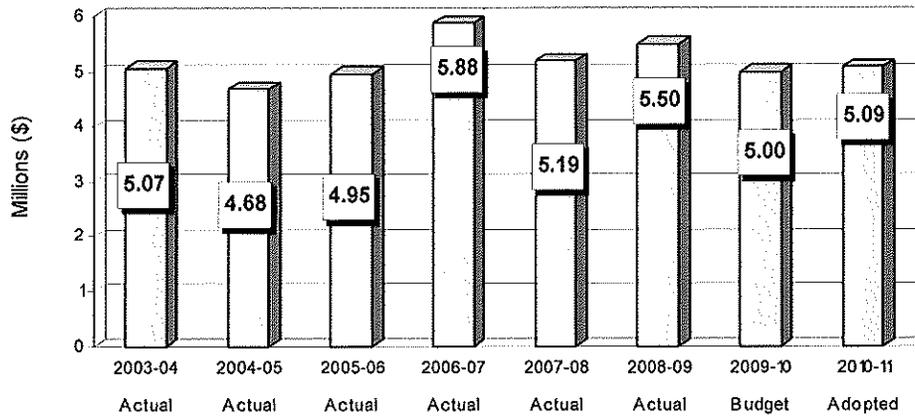
Buncombe County's sales tax revenue is divided between the county and the local municipalities based on each entity's share of the total county ad

valorem tax levy. Based on this distribution formula, the City currently receives 19.60% of the sales tax revenue redistributed to Buncombe County. The state recalculates this percentage each year to account for tax rate changes, annexations, revaluation, and natural growth in the tax base.

City sales tax revenue peaked in FY 2006-07 at \$17.3 million and has declined every year since then. With local and statewide economic activity remaining at record low levels, the City has continued to experience declining sales tax revenue in the current fiscal year. Sales tax revenue this fiscal year is down 8.2% through the first eight months. With sales tax revenue falling short of budget in the current fiscal year, and with the League of Municipalities projecting growth in next fiscal year of only 1.0% - 2.0%, staff has budgeted a \$1.0 million decrease in sales tax revenue compared to the current fiscal year's. By way of comparison, the \$14.8 million in sales tax revenue expected to be received next fiscal year is approximately \$2.5 million less than the sales tax revenue that was collected four years ago.

GENERAL FUND REVENUES

LICENSES & PERMITS



<u>Licenses & Permits</u>	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Adopted
Building Safety Fees	2,793,355	2,699,515	2,648,900	2,434,925
Local Utility Franchise Tax	679,496	707,654	683,000	693,000
Business Privilege Licenses	1,107,849	1,476,118	1,105,199	1,400,000
Motor Vehicle Licenses	322,809	312,791	342,000	321,162
Other	<u>283,494</u>	<u>300,657</u>	<u>219,950</u>	<u>239,450</u>
Total Licenses & Permits	5,187,003	5,496,735	4,999,049	5,088,537

Trends & Assumptions

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

Building Safety Fees: After substantial growth in FY 2006-07 and FY 2007-08, revenue growth in building safety fees has slowed due to the recession. In FY 2010-11, the development services technology fee, which was collected in the general fund and then transferred to a capital projects fund, will be recorded directly in the capital fund. Adjusting for this technical adjustment, revenue from building safety fees is budgeted to remain flat in FY 2010-11.

Local Utility Franchise Tax: The State of North Carolina under the Video Services Bill now collects most of what used to be considered local cable franchise revenue and shares it with municipalities as a part of the state utility taxes. However, the City still receives some revenue for parts of our franchise agreement not covered under the state law. Revenue from the local

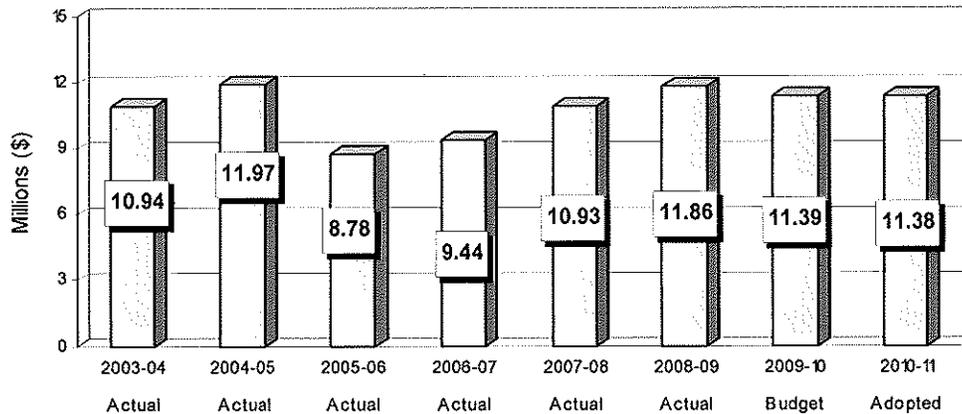
utility franchise tax on electricity and gas is expected to remain flat compared to prior year collections.

Business Privilege Licenses: The City levies a privilege license fee on certain businesses operating within the City of Asheville. The budget for privilege license revenue is increased in FY 2010-11 to reflect collections in FY 2008-09.

Motor Vehicle Licenses: The City levies an annual registration fee of \$10 on all motor vehicles owned by City residents. In prior years, all of this money was collected in the general fund and half of the revenue was transferred to the Transit Services Fund to support the operational and capital needs of the City's transit system. Beginning in 2007-08, this revenue was split with half going into each fund. This budget is adjusted downward in FY 2010-11 to reflect collection trends observed over the last few years.

GENERAL FUND REVENUES

INTERGOVERNMENTAL REVENUE



<u>Intergovernmental</u>	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Adopted
State Utility Taxes	6,412,238	7,403,284	7,151,506	7,400,000
Powell Bill	2,607,730	2,372,265	2,160,189	2,070,170
ABC Revenue	895,909	750,000	900,000	900,000
State Beer & Wine Tax	349,847	349,564	360,000	360,000
Other	<u>668,339</u>	<u>987,915</u>	<u>821,436</u>	<u>652,432</u>
Total Intergovernmental	10,934,063	11,863,028	11,393,131	11,382,602

Trends & Assumptions

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

State Utility Taxes: The state levies the following utility taxes: a franchise tax on electricity, a sales tax on telecommunications and video services, and an excise tax on piped natural gas. The state then shares a portion of these revenues with municipalities based on sales and consumption within each city.

City staff completed an audit of address data maintained by Progress Energy Company in FY 2008-09 and discovered a number of premises that were in the City but coded as out of the City by Progress. This audit resulted in a one-time back payment of \$300,000 and an ongoing annual gain of \$100,000 in the City's electricity franchise tax revenue. In addition, the state increased the tax rate on telecommunications, satellite, and cable service providers in April 2008. Based on these two factors, along with current year collection trends and growth estimates provided by the North Carolina League of Municipalities, staff has budgeted a 3.5% or \$250,000 increase in this revenue in FY 2010-11.

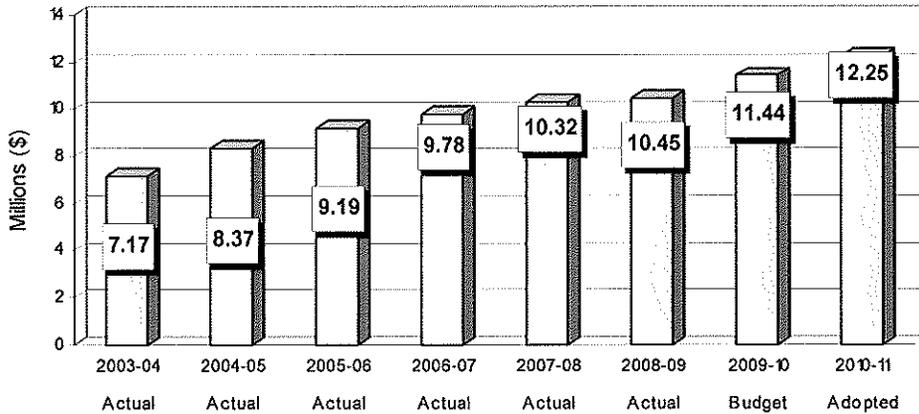
ABC Revenue: A portion of net profits from Alcoholic Beverage Control sales in the City of Asheville are divided between the City and Buncombe County. The budget for this revenue is held flat in FY 2010-11.

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

Powell Bill: North Carolina municipalities receive a portion of the proceeds from the state gasoline tax and the Highway Trust Fund. The money is distributed to municipalities based on 75% on population and 25% on local street mileage. Powell Bill funds can only be expended to maintain, repair, or construct local streets. The current recession has caused a slowdown in automobile sales and decreased demand for gasoline, as a result, Powell Bill revenue in the current fiscal year declined 10.4% compared to FY 2008-09. The League of Municipalities is forecasting another 2.6% decline in this revenue in FY 2010-11.

GENERAL FUND REVENUES

CHARGES FOR SERVICE



<u>Charges For Service</u>	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Adopted
Charges to Other Funds	2,387,859	2,329,899	2,686,753	2,499,821
Employee Insurance Contributions	2,740,926	3,088,522	2,740,926	3,553,000
Parks & Recreation Fees	1,410,650	1,253,880	1,572,507	1,522,959
Recycling Charges	417,224	420,682	965,376	950,500
Fire Protection & Inspections	1,433,212	1,544,159	1,605,000	1,626,743
Outside Vehicle Repairs & Fuel	1,140,749	1,130,007	1,258,594	1,258,594
Other	<u>788,796</u>	<u>679,874</u>	<u>537,436</u>	<u>840,304</u>
Total Charges For Service	10,319,416	10,447,023	11,439,835	12,251,921

Trends & Assumptions

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

Charges to Other Funds: Charges to other funds are transfers to the general fund from other City funds, specifically the water fund. The transfer amounts are designed to cover the cost of services provided by general fund departments in support of these enterprise fund operations. This revenue shows an \$186,000 decrease in FY 2010-11 based on the latest update to the City's cost allocation plan, which was completed by a consultant in the spring of 2010.

Employee Insurance Contributions: City employees are charged differing rates based on the type of health insurance coverage they select.

Employee contributions in the current fiscal year are coming in higher than initially budgeted. In addition, the City is increasing employee health insurance premiums by 5% in FY 2010-11. Based on these two factors, the budget for this revenue is increased by \$800,000 in FY 2010-11.

Parks & Recreation Fees: Based on current year trends and a Adopted reduction in community center programming, a slight decrease of \$50,000 is budgeted in Parks and Recreation fees.

Recycling Charges: City Council approved increasing the fee for household recycling to 100% cost recovery in FY 2009-10. With recycling costs holding steady in FY 2010-11, no increase was adopted for FY 2010-11. Therefore, this revenue is expected to remain essentially flat in FY 2010-11.

GENERAL FUND REVENUES

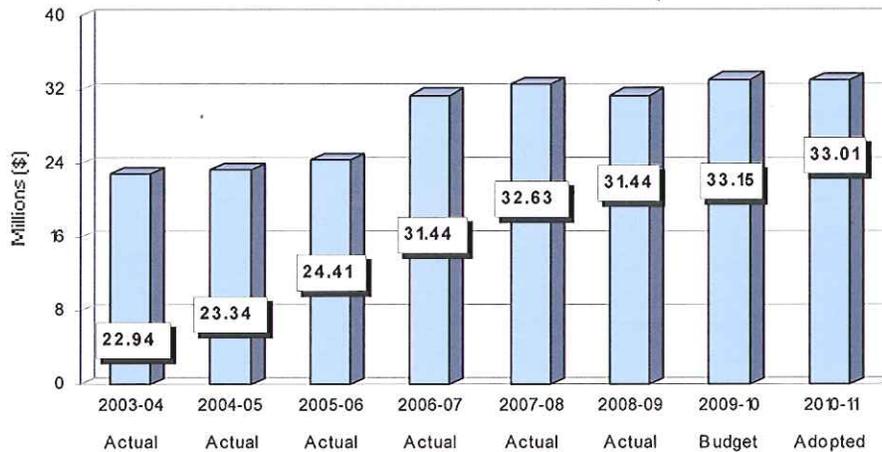
Fire Protection & Inspections: The City's Fire and Rescue Department has historically provided fire protection services to the Biltmore Estate and the town of Biltmore Forest. The charge for this service is based on the assessed value of the property being served. On July 1, 2009, the City also began providing service to a portion of the Haw Creek suburban fire district. In addition, the Fire and Rescue Department provides inspection services and charges a fee for this service.

Overall, revenue generated by the Fire Department will be flat in FY 2010-11.

Outside Vehicle Repairs & Fuel: The City's Fleet Maintenance Division provides fuel and limited repair services to certain governmental units and non-profit agencies, including Mission/St. Joseph's Hospital and the Metropolitan Sewerage District. With fuel prices expected to remain flat in FY 2010, staff budgeted no increase in this revenue.

ENTERPRISE FUND REVENUES

WATER RESOURCES FUND REVENUE



<u>Water Resources Revenue</u>	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Adopted
Utility Charges	21,065,198	21,034,771	22,104,000	22,400,000
Other Operating Revenue	4,275,417	3,953,120	4,405,629	3,906,700
Capital Maintenance Fee	5,859,327	5,846,409	6,090,000	6,394,500
Investment Earnings	<u>1,427,717</u>	<u>608,295</u>	<u>550,000</u>	<u>310,000</u>
Total Water Resources Revenue	32,627,659	31,442,595	33,149,629	33,011,200

Trends & Assumptions

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

Utility Charges: The FY 2009-10 budget includes a 5% increase in water rates, which will generate approximately \$1,000,000 in additional revenue. Even with this rate increase, overall revenue from utility charges is only showing a budget-to-budget increase of \$300,000. This smaller than expected increase is primarily due to the fact that in the current fiscal year, there has been a 9% decrease in water consumption as customers have conserved more water and water usage for irrigation has declined as a result of the wet weather. This trend is expected to continue into next fiscal year. Revenue has also been impacted due to the loss of the City of Hendersonville as a wholesale water customer.

Capital Maintenance Fee: The purpose of this fee is to provide funding for major capital

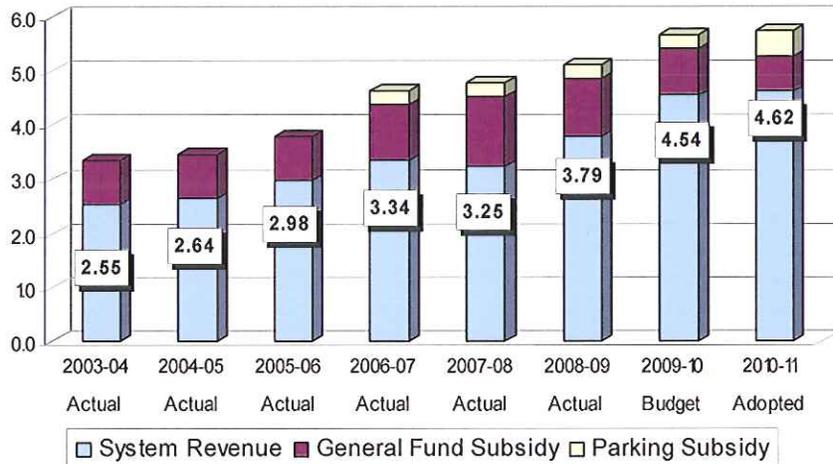
improvements such as water line replacements and water treatment source improvements. It is a charge based on the size of the meter. Based on collection trends over the last two years, along with the 5% rate increase approved by City Council, staff has budgeted a \$300,000 increase in this revenue for FY 2010-11.

Other Revenue: This category includes development fees, tap and connection fees, fire line charges, reconnection and delinquency fees and other miscellaneous revenue. A \$500,000 decrease is budgeted in this revenue based on current year trends. The recession continues to have a major impact on new development across Buncombe County, resulting in a 47% decrease in tap/connection fees in the current fiscal year.

Investment earnings reflect earnings on cash fund balances. The budget for investment earnings is adjusted downward to reflect current interest rates and a decrease in cash available for investment.

ENTERPRISE FUND REVENUES

TRANSIT SERVICES FUND REVENUE



<u>Transit Services Revenue</u>	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Adopted
Federal/State Grants	2,075,988	2,553,611	3,317,333	3,463,200
General Fund Subsidy	1,275,565	1,066,197	872,831	642,196
Parking Fund Subsidy	248,116	248,116	248,116	484,000
Operating Revenue	870,860	832,117	911,000	831,000
Motor Vehicle License Fee	307,352	309,175	310,000	316,200
Miscellaneous	0	100,000	0	0
Total Transit Revenue	4,777,881	5,109,216	5,659,280	5,736,596

Trends & Assumptions

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

Federal & State Grants: The Transit Fund receives grant funding from the Federal Transit Administration and the North Carolina Department of Transportation. Revenue from federal and state grants represents 60% of the fund's total revenue. In FY 2010-11, the City will continue to receive the same level of federal operating support for transit that it has over the last several years. However, given the City's current Census classification, there is no guarantee that the City will receive this level of federal support in future budget years.

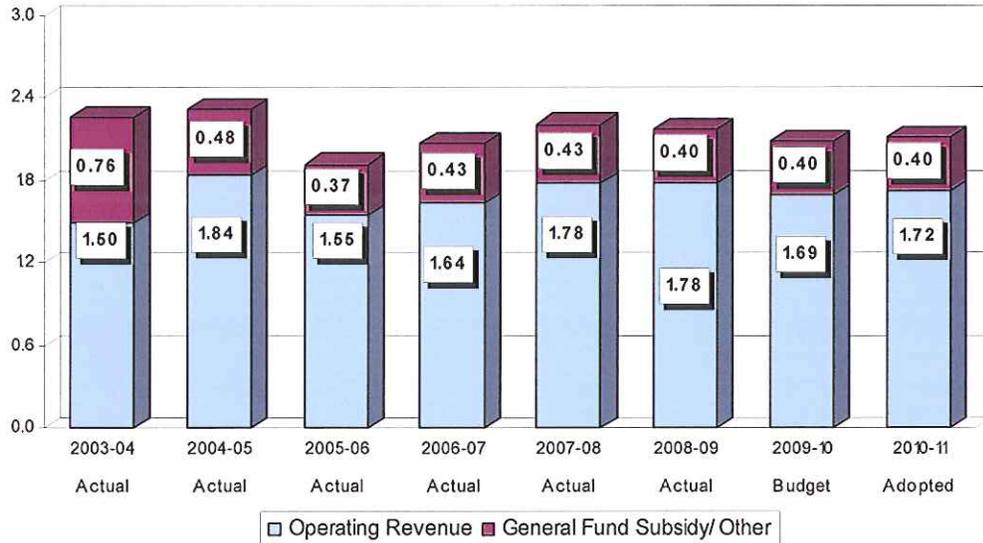
City Support: This category includes both the general fund and parking fund subsidies and the motor vehicle license fee. The parking fund

subsidy is being increased by approximately \$234,000. \$125,000 of this amount represents an ongoing adjustment to the transfer to cover increased expenses in the Transit Fund. The other \$109,000 is a one-time increase to provide funding that will allow for the continuation of all the existing transit evening service. With the increase in the parking fund subsidy, staff was able to reduce the general fund subsidy to transit by approximately \$230,000. Motor vehicle license fee revenue is expected to remain flat compared to the current year.

Operating Revenue: This category consists of passenger fares, bulk fare income, and advertising revenue. Based on current staff has budgeted a decrease in this revenue category in FY 2010-11.

ENTERPRISE FUND REVENUES

CIVIC CENTER FUND REVENUE



<u>Civic Center Revenue</u>	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Adopted
Food & Beverage Sales	587,776	798,918	607,300	632,800
Rent	567,305	491,265	530,750	530,750
Admissions & Other Sales	442,774	358,849	410,350	414,000
Other	<u>178,213</u>	<u>130,490</u>	<u>144,400</u>	<u>144,400</u>
Total Operating Revenue	1,776,068	1,779,522	1,692,800	1,721,950
General Fund Subsidy	431,198	<u>397,989</u>	<u>391,315</u>	<u>392,594</u>
Total Civic Center Revenue	2,207,266	2,177,511	2,084,115	2,114,544

Trends & Assumptions

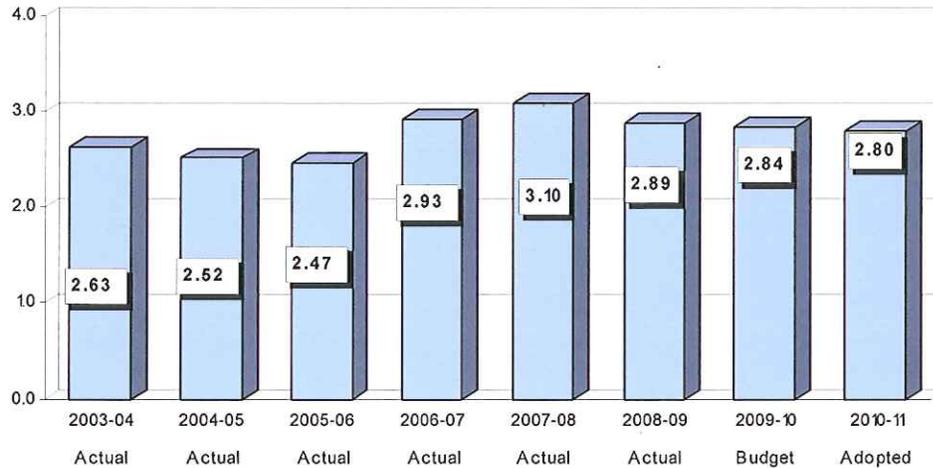
The Civic Center receives operating revenue from the sale of food and beverages, rental fees charged to the users of the facility, and from various other charges including facility fees and staffing reimbursements. Operating revenue is supplemented with support from the City's general fund.

Operating Revenue: Operating revenue shows a budget-to-budget increase of approximately \$30,000. This increase reflects additional revenue generated from the sale of wristbands to patrons purchasing alcoholic beverages.

General Fund Subsidy: The strong performance in operating revenue has allowed the Civic Center to operate at a substantially lower loss over the last several fiscal years. As such, the general fund subsidy has remained in the \$400,000 range over the last five years. In the years prior to that, the operating deficit had routinely exceeded \$700,000. This trend continues with the FY 2010-11 budget, which includes a general fund subsidy of \$392,594.

ENTERPRISE FUND REVENUES

PARKING SERVICES FUND REVENUES



<u>Parking Services Revenue</u>	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Adopted
Garage Revenue	1,226,593	1,136,838	1,115,000	1,090,000
Parking Meters	992,344	986,648	925,000	940,000
Parking Violations	617,131	574,936	644,700	596,000
Parking Lots & Peripheral Parking	172,231	148,731	105,000	140,000
App. Fund Balance	--	--	--	109,000
Other	<u>87,355</u>	<u>43,257</u>	<u>50,000</u>	<u>36,500</u>
Total Parking Services Revenue	3,095,654	2,890,410	2,839,700	2,911,500

Trends & Assumptions

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

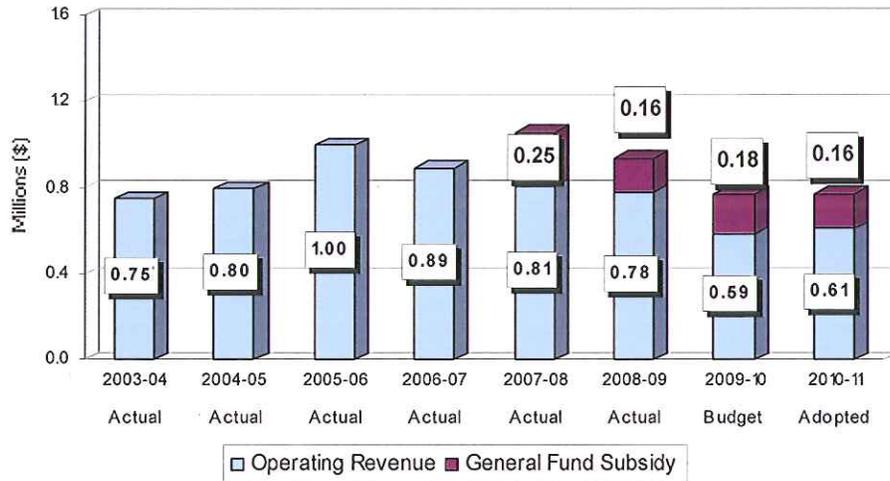
Garage Revenue: The recession has led to a decline in garage revenue compared to prior years. In FY 2009-10, garage revenue is expected to come in slightly under budget. Based on this trend, a small decrease is budgeted in FY 2010-11.

Parking Meters & Parking Violations: All other parking operating revenues have also seen declines since FY 2007-08. The budgets for FY 2010-11 for these revenues assume a continuation of the current year collection trends.

Appropriated Fund Balance: In order to avoid a reduction in transit evening service, staff is proposing that \$109,000 be transferred from the Parking Fund to the Transit Fund. This transfer will be covered with an appropriation from the Parking Fund's fund balance. This level of appropriation will allow the Parking Fund to maintain adequate reserves in anticipation of future parking garage construction.

ENTERPRISE FUND REVENUES

FESTIVALS FUND REVENUES



<u>Festivals Revenue</u>	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Adopted
Sponsorships	269,179	270,325	273,917	243,917
Beverages	208,512	229,906	156,500	161,500
Vendor Fees & Booths	191,064	165,126	112,000	121,125
Souvenirs	34,421	32,190	21,300	20,000
Tickets/Events	80,588	6,866	30,000	0
Other	<u>24,923</u>	<u>79,861</u>	<u>700</u>	<u>700</u>
Total Operating Revenue	808,687	784,274	594,417	547,242
General Fund Subsidy	253,922	162,675	184,726	162,652
Total Festivals Revenue	1,062,609	946,949	779,143	709,894

Trends & Assumptions

The Festivals Fund was created in FY 2001-02 to account for revenues and expenditures associated with City-produced festivals, such as Bele Chere and the Film Festival.

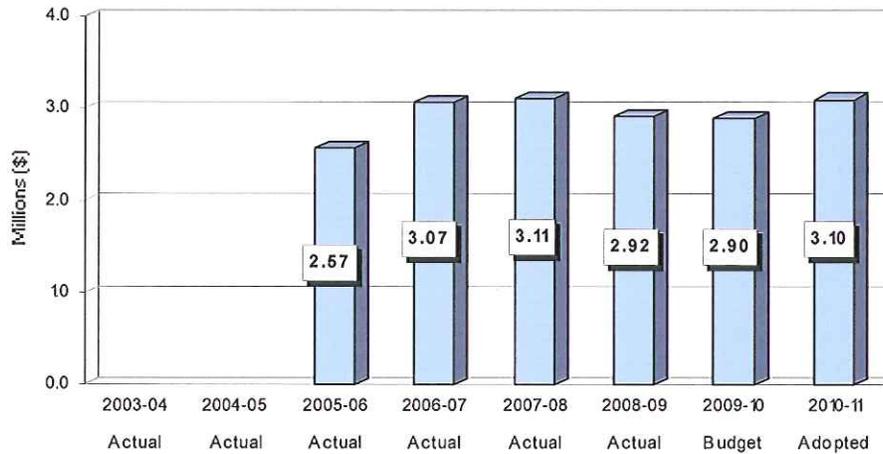
Operating Revenue: The operating revenue budget shows a decrease to reflect the recommendation that the Film Festival not be held in 2010. This revenue decrease is partially offset by the additional revenue from Bele Chere

beverage sales and vendor fees that will be realized as a result of Council-approved fee increases.

General Fund Subsidy: With the elimination of the Film Festival from the budget, and no increase projected for operating expenses for the other festivals, staff is able to reduce the general fund subsidy by approximately \$22,000.

ENTERPRISE FUND REVENUES

STORMWATER FUND REVENUES



<u>Stormwater Revenue</u>	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Adopted
Utility Charges	2,744,219	2,576,677	2,665,218	2,665,218
Licenses & Permits	305,430	186,666	204,000	200,000
Lease-Purchase Proceeds	264	0	0	0
Transfer from Other Funds	0	0	0	200,000
Other	<u>56,029</u>	<u>165,803</u>	<u>30,000</u>	<u>30,000</u>
Total Stormwater Revenue	3,105,942	2,929,146	2,899,218	3,095,218

Trends & Assumptions

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

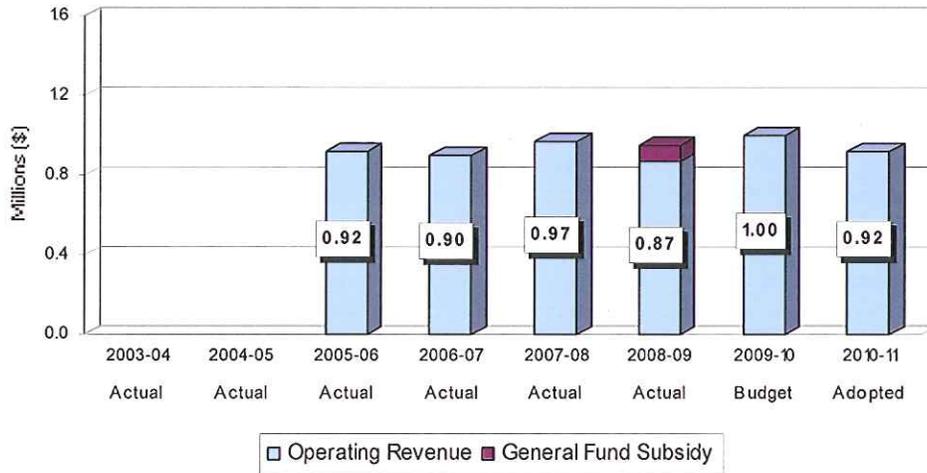
Licenses & Permits: The current recession has slowed revenue collections in the licenses and permits category. The FY 2010-11 budget reflects a continuation of this trend.

Utility Charges: Revenue from utility charges remains flat compared to the current year budget.

Transfer from Other Funds: The Stormwater Fund will be issuing debt in FY 2010-11 in order to fund \$2.3 million in major capital projects. A portion of the debt funding will be transferred to the operating fund to reimburse for staff time spent on those projects. A similar reimbursement mechanism will be used for staff time spent on Recovery Act projects. In total, staff is estimating that \$200,000 in reimbursements from capital and grant funds will be received in FY 2010-11.

ENTERPRISE FUND REVENUES

GOLF FUND REVENUES



<u>Golf Revenue</u>	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Adopted
Pro Shop Sales	42,319	27,644	30,000	10,000
Membership Fees	191,482	170,379	180,000	180,000
Snack Bar	73,543	57,029	80,000	40,000
Equipment Rental	272,775	246,604	275,000	255,000
Green Fees	381,270	359,344	435,000	435,000
Other	<u>5,172</u>	<u>8,242</u>	<u>0</u>	<u>0</u>
Total Operating Revenue	966,561	869,241	1,000,000	920,000
General Fund Subsidy	<u>0</u>	<u>75,701</u>	<u>0</u>	<u>0</u>
Total Golf Revenue	966,561	944,942	1,000,000	920,000

Trends & Assumptions

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

Operating Revenues: The Adopted Budget shows a decrease in operating revenue of \$80,000 or 8.0%. This decrease reflects the

impact of the recession on golf course revenue, as well as an attempt by staff to budget revenues at a level that is more consistent with collections in prior years.

General Fund Subsidy: No general fund subsidy is required to balance the FY 2010-11 golf fund budget.

