



ASHEVILLE CITY SCHOOLS

ASHEVILLE, NORTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011



Comprehensive Annual Financial Report
of the
Asheville City Schools

Asheville, North Carolina
For the Fiscal Year Ended June 30, 2011



Prepared by Finance Department
Donna W. Watson, CPA, Chief Financial Officer
Christy Wilson, Director of Financial and Data Services



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Introductory Section

Introductory Section



Asheville City Schools

Administrative Offices • PO Box 7347 • 85 Mountain Street • Asheville, North Carolina 28802

LETTER OF TRANSMITTAL

November 11, 2011

To the Members of the Asheville City Board of Education and Citizens of Asheville and Buncombe County, North Carolina

In compliance with the *Public School Laws of North Carolina*, The Comprehensive Annual Financial Report of The Asheville City Board of Education (Board), operating as the "Asheville City Schools," for the fiscal year ended June 30, 2011, is herewith submitted. Responsibility for the accuracy, completeness, and clarity of the report rests with the Superintendent and the Chief Financial Officer.

The report has been prepared by the Finance Department following the requirements and guidelines promulgated by the Governmental Accounting Standards Board. We believe the data presented is accurate in all material respects and that it is presented in a manner designed to fairly reflect the financial position and results of operations of the Board. All disclosures necessary to enable the reader to gain the maximum understanding of the Board's financial activity have been included. Additionally, the report contains Management's Discussion and Analysis (MD&A), a narrative introduction, overview and analysis of the basic financial statements beginning on page 3 of the Financial Section of the report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

REPORTING ENTITY

The Board is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes (G.S.)] with the responsibility to oversee and control all activities related to public school education in Asheville, North Carolina. It was established in 1887 by action of the state legislature. For fiscal year 2011, the Board operated nine schools that provided a continuum of service from birth through twelfth grade. These schools include a preschool; one comprehensive high school facility which houses both Asheville High School and the School of Inquiry and Life Sciences at Asheville (SILSA); one middle school; a small alternative middle/high school; five elementary schools; and several alternative classrooms/programs. The average daily membership for the 2010-11 school year was 3,855 students.

Within the context of a strong system-wide curricular emphasis, Asheville City Schools offers parents a choice from among five elementary magnet schools. Each school has adopted a theme that guides instructional decisions and strategies. The themes are Arts and Humanities; Human Diversity and Ecology; Global Scholars; Science, Math and Technology; and Experiential Learning. The magnet themes provide unique opportunities for students and their families to experience a curriculum suited to their individual interests and needs.

The Asheville City Council is responsible for appointing the members of the Board for Asheville City Schools, but the City's accountability for the Board does not extend beyond making those appointments. The Buncombe County Board of Commissioners levies all taxes, but the Asheville City Board of Education determines how the school system will spend the funds generated for schools. The County cannot modify the school system's budget, nor is the County entitled to share in any surpluses or required to finance any deficits of the school system. For these reasons, the Board is not fiscally dependent on the County and therefore is recognized as a primary government, as defined by the Governmental Accounting Standards Board. The Board also receives state, local, and federal government funding and must comply with the legal requirements of each funding agency.

In 1997, the North Carolina General Assembly passed legislation creating charter schools, an alternative to traditional public schools. Charter schools receive a per pupil allocation of local county funds as defined by the legislation. Although the County funding for the charter schools passes through the Board, the Board has no authority or responsibility related to the charter schools and, therefore, they are not a component unit of the Board.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

Accounting records of the school system must be maintained in a uniform state format. Monthly reports of transactions of state and federal funds and details of disbursements from these funds are submitted to the North Carolina Department of Public Instruction for review. Financial activities throughout the year are controlled in accordance with the *North Carolina School Budget and Fiscal Control Act* which requires a pre-audit procedure to ensure availability of funds prior to the issuance of purchase orders or payment of claims. We believe that the Board's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. The concept of reasonable assurance recognizes that the cost of a control should not exceed the

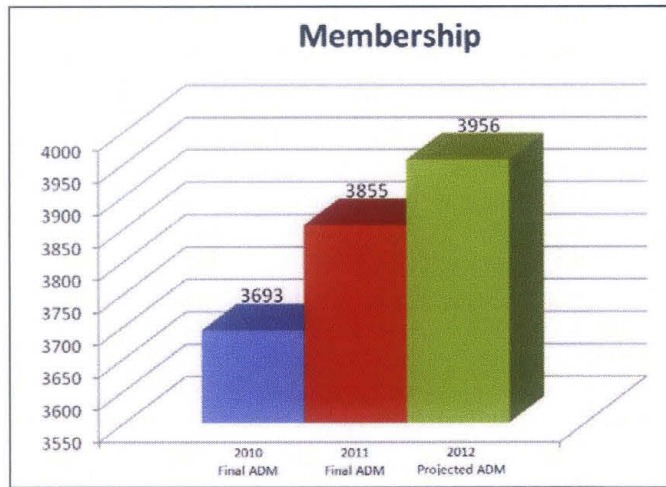
benefits likely to be derived and the evaluation of cost and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

North Carolina General Statutes require all governmental units to adopt a balanced budget by July 1 of each year. The Board's annual budget resolution authorizes expenditures by purpose or function on a modified accrual basis. For internal management purposes, the budget is allocated by line item within each purpose or function. The Board also uses a purchase order encumbrance system that records encumbrances outstanding against each line item of expenditure. Outstanding encumbrances at the end of the fiscal year related to normal operations are considered to be continuing contracts and are transferred at the end of the fiscal year to appropriations in future years.

ECONOMIC CONDITION AND OUTLOOK

Since Asheville City Schools receives about 34% of its budgeted funding through the State Public School Fund established by the North Carolina General Assembly, the economic condition of the State greatly impacts the system's economic condition and outlook. North Carolina has been negatively impacted by the nationwide economic downturn and made major cuts to the State Public School Fund in order to balance its budget for fiscal year 2011. However, since most state funding formulas are driven by student population and Asheville City Schools is experiencing a sustained period of significant student population growth, increases in state funding due to student population growth helped to offset many of the state cuts so that the total amount received through the State Public School Fund for fiscal year 2011 actually increased when compared to the prior fiscal year. This same trend in student population growth is expected to continue into fiscal year 2012 to once again help Asheville City Schools overcome further state budget cuts to public education. A graph comparing final average daily membership for

fiscal years 2010 and 2011 and projected average daily membership for fiscal year 2012 is depicted below.



Additionally, local funds generated from the general tax levies of the County are necessary to supplement the basic education program funded by the State. Some school districts, such as Asheville City Schools, have also established a supplemental tax levy through a referendum. Funding for these two local revenue sources comprise the major revenue sources within the Board's main operating fund, the General Fund. In Buncombe County, the impact of the nationwide economic downturn on the local economy has been relatively modest due to diversification among various industries. Therefore, Buncombe County was able to continue its strong support of education and not only held the line on the general appropriation funding it made available to Asheville City Schools for fiscal year 2011, but was able to increase that funding slightly. Likewise, supplemental tax revenues also increased during fiscal year 2011. Expected increases to the amount budgeted for the Buncombe County general appropriation for fiscal year 2012, along with expected state funding increases due to student

population growth, should help Asheville City Schools to maintain its positive economic condition and outlook in the year ahead.

MAJOR ACCOMPLISHMENTS AND INITIATIVES

As noted above, throughout these difficult economic times Asheville City Schools has been able to maintain a strong foundation, increase academic performance and employ innovative programs and initiatives to ensure student success. During the 2010-11 school year, the system posted the following milestones and achievements:

- The average daily membership for the system increased four percent from 3,693 students in fiscal year 2010 to 3,855 students in fiscal year 2011.
- Asheville City Schools achieved an 80.7% graduation rate in 2011, the highest since the new state graduation model was put in place in 2006.
- Asheville City Schools met 39 of 48 (81%) No Child Left Behind district goals.
- For the second consecutive year, every school within the district met or exceeded North Carolina student academic growth standards. Five schools were recognized for "high growth." Additionally, two of the five high growth schools were recognized as Schools of Distinction by the State and SILSA was named an Honor School of Excellence for the second time in the past three years.
- All five district elementary schools and Asheville Middle School were recognized by the State in 2010-11 as Positive Behavior Intervention and Support (PBIS) Model Schools. PBIS utilizes practices, outcomes, systems and data to increase academic performance and decrease challenging behavior.
- Asheville High and SILSA students outpaced the state and nation on the SATs for the 14th consecutive year while posting one of the highest participation rates in both the state and the nation. Asheville High School posted a combined math and reading score

of 1,060 with a 70.0 % participation rate. SILSA's combined score was 1,117.

- Asheville High School won recognition for posting GPAs in two spring sports that exceeded 3.75 --- Men's Tennis and Women's Soccer.
- During fiscal year 2011, Asheville High School became one of fifteen public schools in North Carolina to initiate a Chinese language curriculum.
- Asheville City Schools completed the second year of a \$151,000 dropout prevention grant through the North Carolina Department of Public Instruction to provide innovative summer programs to middle and high school students.
- The district continued implementation of the \$3 million system wide IMPACT technology grant awarded in fiscal year 2010 to be spent in fiscal years 2010 through 2012. Through the grant, all Asheville High School and SILSA freshmen were issued laptops to support their coursework during the year. Efforts are underway to secure additional funding to issue all high school students laptops during fiscal year 2012.
- An energy efficiency grant matched by Progress Energy was issued to the system to provide for energy savings by installing occupancy sensors and by replacing or retrofitting light fixtures to use florescent lamps and electronic ballasts.
- The project to add an elevator to the two-story building at Jones Elementary School was completed for the opening of the 2010-11 school year.
- The first phase of renovations to the historic 1929 main building on the Asheville High School campus was completed during fiscal year 2011. Those renovations, primarily funded by a \$2.6 million Qualified School Construction Bond issued by Buncombe County during fiscal year 2010, involved window, ceiling and lighting replacements along with roof repairs, upgrades to the HVAC system and installation of a sprinkler system within the main building.
- Buncombe County issued \$3.8 million Qualified Zone Academy Bonds on behalf of Asheville City Schools to renovate science

labs within the main building on the Asheville High School campus. The project began in fiscal year 2011 and is expected to be complete for the start of school in August, 2012.

All of the above noted accomplishments support Superintendent Allen Johnson's statement, "A year ago we pledged to sustain a tradition of excellence in Asheville City Schools' classrooms despite a challenging economic climate. I am pleased to report that we have done just that, thanks to excellent support from our County Commissioners and citizens, judicious use of the last of federal special program dollars, the efficient use of energy and supplies and a true spirit of doing more with less among our employees."

INDEPENDENT AUDIT

The financial statements have been audited by Dixon Hughes Goodman LLP, independent certified public accountants, whose opinion is included in the Financial Section of this report. The goal of the independent audit was to provide reasonable assurance that the financial statements of Asheville City Schools for the fiscal year ended June 30, 2011, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Asheville City Schools financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with accounting principles generally accepted in the United States of America.

The independent audit of the financial statements of the Asheville City Schools 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 on the audited entity's internal controls and legal requirements involving the administration of federal awards. These reports are available in the Asheville City Schools separately issued Single Audit Report.

FINANCIAL REPORTING AWARDS

Each year since 1985, the Asheville City Schools Comprehensive Annual Financial Report has earned the Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting Award. The Report has also earned the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the past twenty-four years. These awards are made to governmental units that publish a comprehensive annual financial report that is easily readable, efficiently organized, and conforms to program standards as well as satisfies accounting principles generally accepted in the United States of America and applicable legal requirements. The awards are valid for a period of one year only. We believe the accompanying Report continues to conform to ASBO and GFOA requirements, and we will submit it to the respective organizations for consideration of awards for the fiscal year ended June 30, 2011.

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated services of the personnel in the Finance Department, Superintendent's Office, Community Relations and the staff of our independent auditor. Assistance received from the personnel in Buncombe County's Finance Department, Buncombe County's Tax Department and the Asheville Area Chamber of Commerce was also invaluable. We would like to express our appreciation to all of these people for their assistance and contributions in developing the final report.

Respectfully submitted,



Allen H. Johnson
Superintendent



Donna W. Watson, CPA
Chief Financial Officer



Christy L. Wilson
Director of Financial and Data Services

Certificate of Excellence - Association of School Business Officials International

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

ASHEVILLE CITY SCHOOLS

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2010

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

Certificate of Achievement - Government Finance Officers Association

**Certificate of
Achievement
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Presented to

**Asheville City Schools
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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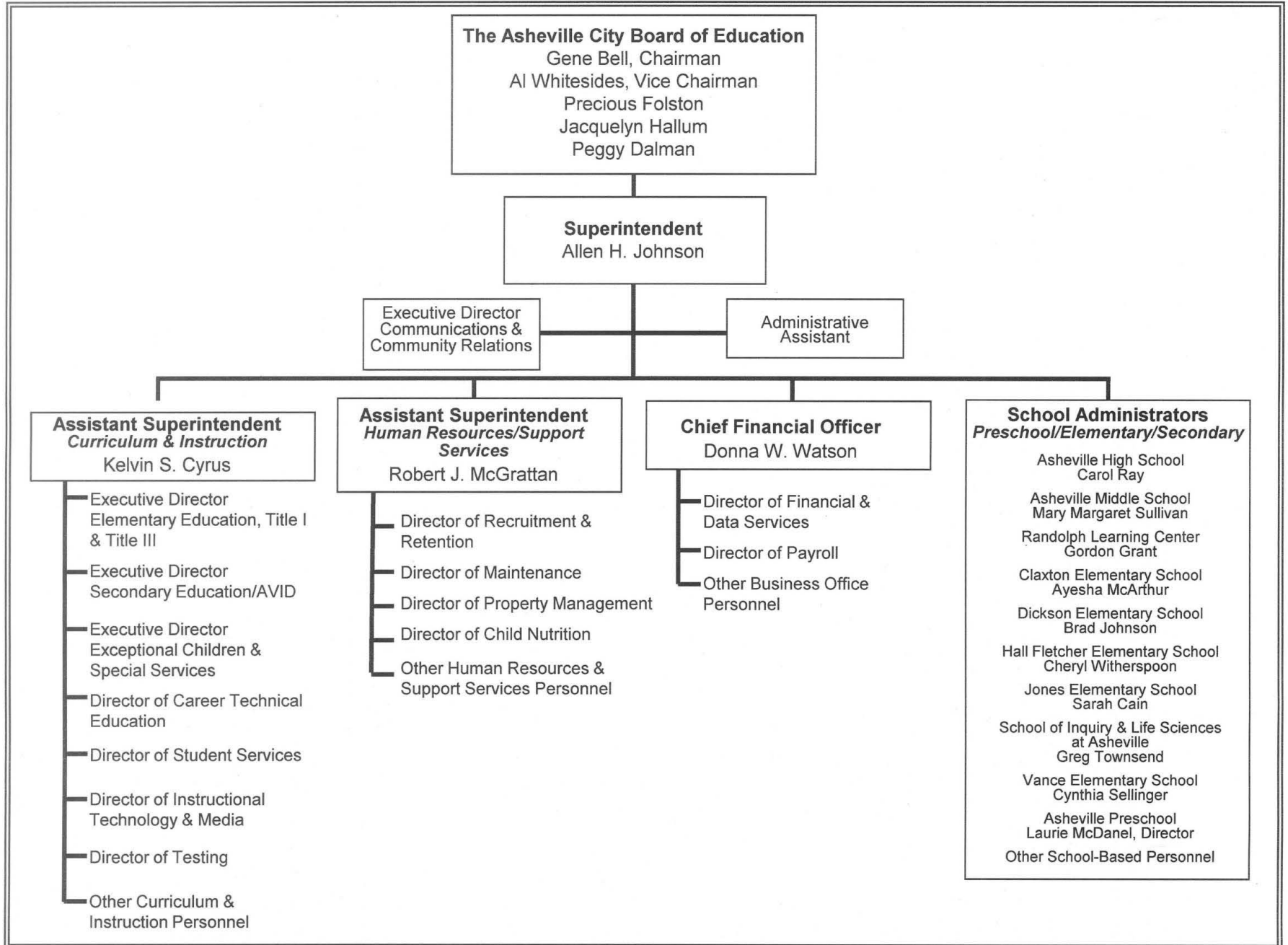
Linda C. Dawson

President

Jeffrey R. Emer

Executive Director

ASHEVILLE CITY SCHOOLS ORGANIZATIONAL CHART





Financial Section

Financial Section



DIXON HUGHES GOODMAN ^{LLP}
Certified Public Accountants and Advisors

INDEPENDENT AUDITORS' REPORT

The Asheville City Board of Education
Asheville City Schools
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 Asheville City Schools, as of and for the year ended June 30, 2011, which collectively comprise Asheville City Schools' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Asheville City Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

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 financial statements are free of material misstatement. 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Asheville City Schools as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the State Public School Fund, the Federal Grants Fund, and the Other Specific Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2011, on our consideration of the Asheville City Schools' 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 considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is 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 on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Asheville City Schools. The introductory section, combining and individual non-major fund financial statements, budgetary schedules, other schedules and statistical tables 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 statements, budgetary schedules and other schedules 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 11, 2011

Dixon Hughes Goodman LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Asheville City Schools' (Board) financial performance provides a narrative overview of the Board's financial activities for the fiscal year ended June 30, 2011. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The assets of the Board exceeded its liabilities at the close of the fiscal year by \$46,095,895.
- The Board's total net assets increased by \$705,684.
- As of the close of the current fiscal year, the Board's governmental funds reported combined ending fund balances of \$5,746,772, a decrease of \$669,178.
- The Board enjoyed an increase of 162 students (or 4%) when comparing average daily membership for fiscal year 2011 to the previous year.
- A \$3.8 million multi-year project to renovate science labs on the Asheville High School campus was begun during the year.

Overview of the Financial Statements

The audited financial statements of Asheville City Schools consist of four components. They are as follows:

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Supplementary information that presents budgetary schedules for governmental and enterprise funds and a combining statement for the fiduciary fund*

The *Basic Financial Statements* include two types of statements that present different views of the Board's finances. The first is the *government-wide statements*. The government-wide statements are presented on the full accrual basis of accounting and include the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets includes all of the Board's assets and liabilities. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The Statement of Activities summarizes the Board's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds, proprietary fund, and fiduciary fund. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary fund and fiduciary fund are presented on the full accrual basis of accounting. The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on the financial resources of each of the Board's major funds.

Government-wide Statements

The government-wide statements report information about the unit as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the Board's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Board's net assets and how they have changed. Net assets - the difference between the Board's assets and liabilities - is one way to measure the unit's financial health or position.

- Over time, increases or decreases in the Board's net assets are an indicator of whether its financial position is improving or deteriorating.
- To assess the Board's overall health, one needs to consider additional non-financial factors such as changes in the County's property tax base and the condition of the Board's school buildings and other physical assets.

The Board's activities are divided into two categories in the government-wide statements:

- **Governmental activities:** Most of the Board's basic services are included here, such as regular and special education, transportation, and administration. County funding, the Asheville City Schools supplemental city school tax, and state and federal aid finance most of these activities.
- **Business-type activities:** The Board charges fees to help cover the costs of certain services it provides. Child nutrition is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Board's funds, focusing on its most significant or "major" funds - not the unit as a whole. Funds are accounting devices the Board uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law, such as the State Public School Fund.
- The Board has established other funds to control and manage money for a particular purpose or to show that it is properly using certain revenues, such as in the Federal Grants Fund.

Asheville City Schools has three types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things - how cash and other assets can readily be converted to cash flow in and out, and the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Federal Grants Fund, the Other Specific Revenue Fund, the Capital Outlay Fund and the Individual Schools Fund.

Proprietary fund: Services for which the Board charges a fee are generally reported in the proprietary fund. The proprietary fund statement is reported on the same full accrual basis of accounting as the government-wide statements. Asheville City Schools has one proprietary fund, an enterprise fund, the Child Nutrition Fund.

Fiduciary fund: Assets held by the Board as an agent for other organizations are accounted for using an Agency Fund. Since the resources of the Agency Fund are not available to support government programs, they are excluded from the government-wide statements.

Financial Analysis of the Schools as a Whole

Net assets may serve over time as one useful indicator of the fiscal health of the Board. The Board's assets exceeded its liabilities by \$46,095,895 as of June 30, 2011, an increase of \$705,684 compared to the prior fiscal year. Capital assets (e.g. land, buildings, machinery and equipment), net of related debt, represented the largest component of net assets. Net assets invested in capital assets totaled \$42,217,957 (91.6%) at June 30, 2011, an increase of \$1,267,207 compared to June 30, 2010. Restricted net assets accounted for \$2,057,659 (4.5%) of net assets, a decrease of \$515,371. Unrestricted net assets at year end totaled \$1,820,279 (3.9%), a decrease of \$46,152 compared to the prior fiscal year.

Following is a summary of the Statement of Net Assets:

Table 1
Condensed Statement of Net Assets
June 30, 2011 and 2010

| | 2011 | | | 2010 | | |
|----------------------------|-------------------------|--------------------------|-----------------------|-------------------------|--------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total Government-wide | Governmental Activities | Business-type Activities | Total Government-wide |
| Current assets | \$ 7,086,536 | \$ 211,362 | \$ 7,297,898 | \$ 7,705,723 | \$ 103,637 | \$ 7,809,360 |
| Capital assets | 42,212,464 | 201,042 | 42,413,506 | 41,195,408 | 230,279 | 41,425,687 |
| Total assets | 49,299,000 | 412,404 | 49,711,404 | 48,901,131 | 333,916 | 49,235,047 |
| Current liabilities | 1,637,540 | 21,943 | 1,659,483 | 1,769,163 | 19,648 | 1,788,811 |
| Long-term liabilities | 1,934,763 | 21,263 | 1,956,026 | 2,034,542 | 21,483 | 2,056,025 |
| Total liabilities | 3,572,303 | 43,206 | 3,615,509 | 3,803,705 | 41,131 | 3,844,836 |
| Invested in capital assets | 42,016,915 | 201,042 | 42,217,957 | 40,720,471 | 230,279 | 40,950,750 |
| Restricted net assets | 2,057,659 | - | 2,057,659 | 2,573,030 | - | 2,573,030 |
| Unrestricted net assets | 1,652,123 | 168,156 | 1,820,279 | 1,803,925 | 62,506 | 1,866,431 |
| Total net assets | \$ 45,726,697 | \$ 369,198 | \$ 46,095,895 | \$ 45,097,426 | \$ 292,785 | \$ 45,390,211 |

The following table shows the revenues and expenses for the Board for the current fiscal year.

Table 2
Condensed Statement of Activities
For the Years Ended June 30, 2011 and 2010

| | 2011 | | | 2010 | | |
|------------------------------------|-------------------------|--------------------------|-----------------------|-------------------------|--------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total Government-wide | Governmental Activities | Business-type Activities | Total Government-wide |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,471,855 | \$ 468,500 | \$ 1,940,355 | \$ 1,525,449 | \$ 469,799 | \$ 1,995,248 |
| Operating grants and contributions | 28,669,673 | 1,199,626 | 29,869,299 | 28,054,706 | 1,099,164 | 29,153,870 |
| Capital grants and contributions | 536,628 | - | 536,628 | 386,673 | - | 386,673 |
| General revenues: | | | | | | |
| U.S. Government | 72,516 | - | 72,516 | - | - | - |
| Buncombe County | 10,208,033 | - | 10,208,033 | 10,077,203 | - | 10,077,203 |
| Supplemental city school tax | 8,053,018 | - | 8,053,018 | 7,816,953 | - | 7,816,953 |
| Local option sales tax | 2,273,028 | - | 2,273,028 | 2,162,868 | - | 2,162,868 |
| Other revenues | 427,631 | 67 | 427,698 | 498,423 | 490 | 498,913 |
| Total revenues | <u>51,712,382</u> | <u>1,668,193</u> | <u>53,380,575</u> | <u>50,522,275</u> | <u>1,569,453</u> | <u>52,091,728</u> |
| Expenses: | | | | | | |
| Governmental activities: | | | | | | |
| Instructional programs | 38,127,000 | - | 38,127,000 | 37,844,471 | - | 37,844,471 |
| Support services | 9,934,044 | - | 9,934,044 | 9,728,867 | - | 9,728,867 |
| Ancillary services | 268,351 | - | 268,351 | 283,275 | - | 283,275 |
| Non-programmed charges | 1,153,715 | - | 1,153,715 | 592,314 | - | 592,314 |
| Unallocated depreciation expense | 1,533,209 | - | 1,533,209 | 1,622,375 | - | 1,622,375 |
| Business-type activities: | | | | | | |
| Child Nutrition | - | 1,658,572 | 1,658,572 | - | 1,682,677 | 1,682,677 |
| Total expenses | <u>51,016,319</u> | <u>1,658,572</u> | <u>52,674,891</u> | <u>50,071,302</u> | <u>1,682,677</u> | <u>51,753,979</u> |
| Revenues over (under) expenses | 696,063 | 9,621 | 705,684 | 450,973 | (113,224) | 337,749 |
| Transfers in (out) | (66,792) | 66,792 | - | (116,047) | 116,047 | - |
| Change in net assets | 629,271 | 76,413 | 705,684 | 334,926 | 2,823 | 337,749 |
| Net assets—beginning | 45,097,426 | 292,785 | 45,390,211 | 44,762,500 | 289,962 | 45,052,462 |
| Net assets—ending | <u>\$ 45,726,697</u> | <u>\$ 369,198</u> | <u>\$ 46,095,895</u> | <u>\$ 45,097,426</u> | <u>\$ 292,785</u> | <u>\$ 45,390,211</u> |

Governmental activities generated revenues of \$51.7 million for fiscal year 2011 compared to \$50.5 million for the previous year. Governmental activities expenses totaled \$51 million for fiscal year 2011 compared to \$50.1 million for the previous year. After transfers to the business-type activities, the increase in net assets stands at \$629,271 at June 30, 2011 compared to \$334,926 in 2010.

The Asheville City Schools supplemental city school tax comprised 15.6% of total governmental revenues for fiscal year 2011 compared to 15.5% for fiscal year 2010. County funding decreased from 19.9% in 2010 to 19.7% in 2011. Much of the remaining governmental revenues consist of

restricted state and federal money. Instructional expenses comprised 74.7% of total governmental expenses for fiscal year 2011 compared to 75.6% for fiscal year 2010. Support services accounted for 19.5% of expenses in fiscal year 2011 compared to 19.4% for fiscal year 2010.

Business-type activities generated revenue of \$1.7 million in 2011 and \$1.6 million in 2010, and had expenses of \$1.7 million in both fiscal years. Net assets increased in the business-type activities by \$76,413, after transfers in from the governmental activities of \$66,792.

Financial Analysis of the Board’s Funds

Governmental Funds: The focus of Asheville City Schools’ governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Board’s financing requirements. Table 3 below compares fund balance at June 30, 2011 and 2010 for the General Fund, the Other Specific Revenue Fund, the Capital Outlay Fund and the Non-Major Governmental Fund. Both the State Public School Fund and the Federal Grants Fund do not maintain a fund balance since revenues must equal expenditures. Thus these funds have been excluded from Table 3.

**Table 3
Summary of Fund Balances—Governmental Funds
June 30, 2011 and 2010**

| | 2011 | | | | | 2010 | | | | |
|---------------|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|
| | General Fund | Other Specific Revenue Fund | Capital Outlay Fund | Non-Major Governmental Fund | Total | General Fund | Other Specific Revenue Fund | Capital Outlay Fund | Non-Major Governmental Fund | Total |
| Non-spendable | \$ 27,797 | \$ - | \$ - | \$ - | \$ 27,797 | \$ 29,828 | \$ - | \$ - | \$ - | \$ 29,828 |
| Restricted | 11 | 2 | 1 | 383,366 | 2 | 3 | 1 | 351,181 | 2 | |
| Committed | - | 6 | - | - | 6 | - | - | - | - | - |
| Assigned | 2 | - | - | - | 2 | 1 | - | - | - | 1 |
| Unassigned | 3,370,258 | - | - | - | 3,370,258 | 1,913,092 | - | - | - | 1,913,092 |
| Total | \$ 3,812,781 | \$ 306,815 | \$ 1,243,810 | \$ 383,366 | \$ 5,746,772 | \$ 4,156,638 | \$ - | \$ 1,908,131 | \$ 351,181 | \$ 6,415,950 |

At June 30, 2011, the governmental funds of Asheville City Schools reported a combined fund balance of \$5,746,772, a \$669,178 net decrease compared to last year. Both the General fund and the Capital Outlay Fund had expenditures and other uses that exceeded revenues and other financing sources, thus total fund balance decreased in those two funds. On the other hand, revenues and other financing sources exceeded expenditures and other uses in both the Other Specific Revenue Fund and the Non-Major Governmental Fund, thus total fund balance increased in those two funds.

Most major revenue sources within the governmental funds experienced an increase during fiscal year 2011. State funding received through the State Public School Fund increased \$919,032, largely due to student population growth and the ability to use lottery funding for classroom teachers for that year only. Likewise, net funding received from Buncombe County for the general appropriation and construction funding increased \$130,830, while supplemental tax and sales tax collections increased \$236,065 and \$110,160, respectively. At the same time, funds received through the Federal Grants Fund decreased \$567,031, largely due to the spend-down of funding received through both the American Recovery and Reinvest Act (ARRA) and a multi-year technology IMPACT grant. Overall, revenues recorded within the governmental funds increased \$1,208,649 and were accompanied by corresponding increases in expenditures, particularly in employee benefits costs, payments to charter schools and capital outlay expenditures.

Proprietary Fund: The Board’s proprietary fund reflected an increase in net assets of \$76,413 for 2011 compared to an increase of \$2,823 for 2010. Increases in two non-operating revenue sources, federal reimbursements and federal commodities, resulted in the increase in net assets in the proprietary fund.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the General Fund budget on three different occasions. Two of the three revisions involved amendments made to adjust the estimates that were used to prepare the original budget resolution after exact information became available. Those revisions increased the General Fund budget by \$178,669. The third revision resulted in the elimination of an internal fund and the transfer of those revenues and expenditures for the fiscal year outside the General Fund following legislation passed by the North Carolina General Assembly during its 2010 session and the subsequent change to fund definitions as provided by the North Carolina Department of Public Instruction. Thus, the third revision involved transferring \$2,269,408 budgeted revenues and expenditures from the Board’s Other Reimbursements and Tax Revenues Fund to the Board’s Other Specific Revenue Fund, thereby reducing the General Fund budget by that amount. At no time had any of the revenues and expenditures involved in the third revision been accounted for within the Board’s Local Current Expense Fund. Further, after the revision, the General Fund consisted only of the Local Current Expense Fund. Complete details regarding the third revision are set forth in Section XV of the June 6, 2011 Amended Budget Resolution and are available upon request.

Actual General Fund revenues exceeded budgeted amounts due to better than projected collections of the supplemental tax. At the same time, actual General Fund expenditures were less than budgeted amounts particularly in the areas of utility costs and other purchased services. A mid-year increase in state funding due to student population growth also helped to reduce General Fund actual expenditures. The end result of all these factors was that the \$343,857 use of appropriated fund balance was much less than budgeted.

Capital Assets

Capital assets increased \$987,819 or 2.4% over the previous year. This was largely due to the ongoing renovation projects occurring on the campus of Asheville High School. Following is a summary of capital assets, net of depreciation at year-end. Additional information regarding the Board’s capital assets can be found in the notes to the basic financial statements on Pages 30 through 33 of this report.

**Table 4
Summary of Capital Assets
June 30, 2011 and 2010**

| | 2011 | | | 2010 | | |
|--------------------------|-------------------------|--------------------------|-----------------------|-------------------------|--------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total Government-wide | Governmental Activities | Business-type Activities | Total Government-wide |
| Land | \$ 1,307,576 | \$ - | \$ 1,307,576 | \$ 1,307,576 | \$ - | \$ 1,307,576 |
| Land improvements | 1,623,460 | - | 1,623,460 | 1,757,691 | - | 1,757,691 |
| Buildings | 30,888,736 | - | 30,888,736 | 31,860,003 | - | 31,860,003 |
| Construction in progress | 5,886,807 | - | 5,886,807 | 3,433,795 | - | 3,433,795 |
| Equipment and furniture | 1,256,345 | 201,042 | 1,457,387 | 1,374,186 | 230,279 | 1,604,465 |
| Vehicles | 1,249,540 | - | 1,249,540 | 1,462,157 | - | 1,462,157 |
| Total | \$ 42,212,464 | \$ 201,042 | \$ 42,413,506 | \$ 41,195,408 | \$ 230,279 | \$ 41,425,687 |

Debt Outstanding

The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. During the year the Board's outstanding debt decreased by \$281,667 mostly due to the reduction in installment financing used to pay for school buses. The County holds all debt issued for school capital construction. Additional information regarding the Board's debt can be found in the notes to the basic financial statements on Pages 33 and 34 of the report.

Economic Factors Affecting Next Year's Budget

The Board has approved a \$56.6 million total budget for fiscal year 2012, a decrease of 7.8% compared to the final fiscal year 2011 budget. The following factors were considered when developing the 2012 budget:

- State funding received through the North Carolina Department of Public Instruction and recorded in the State Public School Fund increased a net \$643,749 despite cuts to various programs and allotments and a \$368,938 increase in the discretionary reversion required by the state. The net increase in the State Public School Fund budget was largely due to the partial restoration of allotments that had been funded through the Federal Grants Fund in 2011 using ARRA Education Stabilization funding. The Board also enjoyed an increase in state funding due to student population growth since most state funding formulas are based on student population.
- The Asheville City Schools supplemental tax rate remained unchanged at 15 cents per \$100 of assessed valuation. Projected collections of the tax declined \$95,182 (1%) partly due to a small projected decrease in the collection rate of the tax.
- The Buncombe County General Appropriation increased \$833,844 (12%), partly due to new funding added to the County-wide appropriation and partly due to the increase in Asheville City Schools' percentage share of the County-wide appropriation as a result of its student population growth.
- The Federal Grants Fund decreased \$1,193,580. The spend-down of most of the special funding allotted to Asheville City Schools through ARRA, partially offset by new budgets for the Education Jobs Fund and Race to the Top funding, accounted for most of the decrease.
- The Capital Outlay Fund decreased \$2,577,535 as Phase I of the multi-year renovation project at Asheville High School was completed and Phase II was partially completed.
- For the third year in a row, the General Assembly did not approve salary increases for any employees. At the same time, benefit rates set by the General Assembly increased significantly since the matching retirement rate increased from 10.51% to 13.12%.

Requests for Information

This report is intended to provide a summary of the financial condition of Asheville City Schools. Questions or requests for additional information should be addressed to:

Donna Watson, CPA, Chief Financial Officer
Asheville City Schools
Post Office Box 7347
Asheville, NC 28802



BASIC FINANCIAL STATEMENTS



ASHEVILLE CITY SCHOOLS
STATEMENT OF NET ASSETS
June 30, 2011

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|---|--|----------------------|
| Assets: | | | |
| Cash and cash equivalents | \$ 6,029,204 | \$ 102,812 | \$ 6,132,016 |
| Due from other governments | 919,688 | 31,797 | 951,485 |
| Accounts receivable (net) | 109,847 | 15,143 | 124,990 |
| Inventories | - | 61,610 | 61,610 |
| Prepays | 27,797 | - | 27,797 |
| Capital assets: | | | |
| Land and construction in progress | 7,194,383 | - | 7,194,383 |
| Other capital assets, net of depreciation | 35,018,081 | 201,042 | 35,219,123 |
| Total capital assets | <u>42,212,464</u> | <u>201,042</u> | <u>42,413,506</u> |
| Total assets | <u>49,299,000</u> | <u>412,404</u> | <u>49,711,404</u> |
| Liabilities: | | | |
| Accounts payable | 492,317 | 1,197 | 493,514 |
| Accrued salaries and wages payable | 117,317 | 7,700 | 125,017 |
| Other accrued liabilities | 379,162 | - | 379,162 |
| Unearned revenue | 350,968 | 9,046 | 360,014 |
| Long-term liabilities: | | | |
| Due in one year | 297,776 | 4,000 | 301,776 |
| Due in more than one year | 1,934,763 | 21,263 | 1,956,026 |
| Total liabilities | <u>3,572,303</u> | <u>43,206</u> | <u>3,615,509</u> |
| Net assets: | | | |
| Invested in capital assets, net of related debt | 42,016,915 | 201,042 | 42,217,957 |
| Restricted for: | | | |
| Stabilization by State Statute | 1,003,420 | - | 1,003,420 |
| School capital outlay | 670,873 | - | 670,873 |
| Individual school activities | 383,366 | - | 383,366 |
| Unrestricted | <u>1,652,123</u> | <u>168,156</u> | <u>1,820,279</u> |
| Total net assets | <u>\$ 45,726,697</u> | <u>\$ 369,198</u> | <u>\$ 46,095,895</u> |

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

ASHEVILLE CITY SCHOOLS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Assets</u> | | |
|---|-------------------|-----------------------------|---|---|--|---------------------------------|---------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
| Governmental activities: | | | | | | | |
| Instructional services: | | | | | | | |
| Regular instructional | \$ 19,217,696 | \$ 124,045 | \$ 13,907,864 | \$ 11,145 | \$ (5,174,642) | \$ - | \$ (5,174,642) |
| Special populations | 4,595,992 | 451,072 | 3,957,522 | - | (187,398) | - | (187,398) |
| Alternative programs | 4,832,142 | - | 4,120,463 | - | (711,679) | - | (711,679) |
| School leadership | 2,689,788 | - | 1,311,659 | - | (1,378,129) | - | (1,378,129) |
| Co-curricular | 1,451,456 | 894,723 | 158,576 | - | (398,157) | - | (398,157) |
| School-based support | 5,339,926 | - | 3,091,993 | - | (2,247,933) | - | (2,247,933) |
| System-wide support services: | | | | | | | |
| Support and development | 252,437 | - | 1,100 | - | (251,337) | - | (251,337) |
| Special populations support and development | 191,314 | - | 154,467 | - | (36,847) | - | (36,847) |
| Alternative programs and services support and development | 511,328 | - | 280,803 | - | (230,525) | - | (230,525) |
| Technology support | 640,244 | - | 42,406 | - | (597,838) | - | (597,838) |
| Operational support | 5,296,741 | - | 631,000 | 523,483 | (4,142,258) | - | (4,142,258) |
| Financial and human resource | 990,811 | - | 290,060 | - | (700,751) | - | (700,751) |
| Accountability | 110,344 | - | 22,408 | - | (87,936) | - | (87,936) |
| System-wide pupil support | 391,789 | - | 130,112 | - | (261,677) | - | (261,677) |
| Policy, leadership and public relations | 1,549,036 | - | 500,994 | - | (1,048,042) | - | (1,048,042) |
| Ancillary services | 268,351 | 2,015 | 68,246 | 2,000 | (196,090) | - | (196,090) |
| Non-programmed charges | 1,153,715 | - | - | - | (1,153,715) | - | (1,153,715) |
| Unallocated depreciation expense | 1,533,209 | - | - | - | (1,533,209) | - | (1,533,209) |
| Total governmental activities | <u>51,016,319</u> | <u>1,471,855</u> | <u>28,669,673</u> | <u>536,628</u> | <u>(20,338,163)</u> | <u>-</u> | <u>(20,338,163)</u> |

(continued)

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|--------------------------------------|---------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Business-type activities: | | | | | | | |
| Child Nutrition | \$ 1,658,572 | \$ 468,500 | \$ 1,199,626 | \$ - | \$ - | \$ 9,554 | \$ 9,554 |
| Total government-wide | \$ 52,674,891 | \$ 1,940,355 | \$ 29,869,299 | \$ 536,628 | (20,338,163) | 9,554 | (20,328,609) |
| General revenues: | | | | | | | |
| U.S. Government | | | | | 72,516 | - | 72,516 |
| Buncombe County | | | | | 10,208,033 | - | 10,208,033 |
| Supplemental city school tax | | | | | 8,053,018 | - | 8,053,018 |
| Local option sales tax | | | | | 2,273,028 | - | 2,273,028 |
| Interest earned on investments | | | | | 53,045 | 67 | 53,112 |
| Other revenues | | | | | 374,586 | - | 374,586 |
| Transfers | | | | | (66,792) | 66,792 | - |
| Total general revenues and transfers | | | | | 20,967,434 | 66,859 | 21,034,293 |
| Change in net assets | | | | | 629,271 | 76,413 | 705,684 |
| Net assets--beginning | | | | | 45,097,426 | 292,785 | 45,390,211 |
| Net assets--ending | | | | | \$ 45,726,697 | \$ 369,198 | \$ 46,095,895 |

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

ASHEVILLE CITY SCHOOLS
BALANCE SHEET--GOVERNMENTAL FUNDS
June 30, 2011

| | Major Funds | | | | | Non-major | Total Governmental Funds |
|---|---------------------|--------------------------------|---------------------------|-----------------------------------|---------------------------|-------------------------------|--------------------------------|
| | <u>General</u> | <u>State Public School</u> | <u>Federal Grants</u> | <u>Other Specific Revenue</u> | <u>Capital Outlay</u> | <u>Individual Schools</u> | |
| <u>Assets</u> | | | | | | | |
| Cash and cash equivalents | \$ 4,244,754 | \$ - | \$ - | \$ 406,930 | \$ 994,154 | \$ 383,366 | \$ 6,029,204 |
| Due from other governments | 103,560 | 1,151 | 24,964 | 242,757 | 547,256 | - | 919,688 |
| Accounts receivable (net) | 84,166 | - | - | - | 25,681 | - | 109,847 |
| Prepays | 27,797 | - | - | - | - | - | 27,797 |
| Total assets | <u>\$ 4,460,277</u> | <u>\$ 1,151</u> | <u>\$ 24,964</u> | <u>\$ 649,687</u> | <u>\$ 1,567,091</u> | <u>\$ 383,366</u> | <u>\$ 7,086,536</u> |
| <u>Liabilities and Fund Balances</u> | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 152,715 | \$ - | \$ 11,882 | \$ 4,439 | \$ 323,281 | \$ - | \$ 492,317 |
| Accrued salaries and wages payable | 115,619 | 948 | 750 | - | - | - | 117,317 |
| Other accrued liabilities | 379,162 | - | - | - | - | - | 379,162 |
| Deferred revenue | - | 203 | 12,332 | 338,433 | - | - | 350,968 |
| Total liabilities | <u>647,496</u> | <u>1,151</u> | <u>24,964</u> | <u>342,872</u> | <u>323,281</u> | <u>-</u> | <u>1,339,764</u> |

(continued)

| | Major Funds | | | | | Non-major | Total |
|-------------------------------------|---------------------|----------------------------|-----------------------|-------------------------------|-----------------------|---------------------------|---------------------------|
| | <u>General</u> | <u>State Public School</u> | <u>Federal Grants</u> | <u>Other Specific Revenue</u> | <u>Capital Outlay</u> | <u>Individual Schools</u> | <u>Governmental Funds</u> |
| Fund balances: | | | | | | | |
| Non-spendable: | | | | | | | |
| Prepays | \$ 27,797 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 27,797 |
| Restricted: | | | | | | | |
| Stabilization by State Statute | 187,726 | - | - | 242,757 | 572,937 | - | 1,003,420 |
| School capital outlay | - | - | - | - | 670,873 | - | 670,873 |
| Individual school activities | - | - | - | - | - | 383,366 | 383,366 |
| Committed: | | | | | | | |
| Special programs | - | - | - | 64,058 | - | - | 64,058 |
| Assigned: | | | | | | | |
| Subsequent year's budget | 227,000 | - | - | - | - | - | 227,000 |
| Unassigned | 3,370,258 | - | - | - | - | - | 3,370,258 |
| Total fund balances | <u>3,812,781</u> | <u>-</u> | <u>-</u> | <u>306,815</u> | <u>1,243,810</u> | <u>383,366</u> | <u>5,746,772</u> |
| Total liabilities and fund balances | <u>\$ 4,460,277</u> | <u>\$ 1,151</u> | <u>\$ 24,964</u> | <u>\$ 649,687</u> | <u>1,567,091</u> | <u>\$ 383,366</u> | |

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.

42,212,464

Liabilities for long-term debt are not payable with current financial resources and therefore are not reported in the funds:

Installment purchase contracts

(195,549)

Compensated absences

(2,036,990)

Net assets of governmental activities

\$ 45,726,697

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

ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

| | Major Funds | | | | | Non-major | Total Governmental Funds |
|---|-------------------|------------------------|-------------------|---------------------------|-------------------|-----------------------|--------------------------------|
| | General | State Public School | Federal Grants | Other Specific Revenue | Capital Outlay | Individual Schools | |
| Revenues: | | | | | | | |
| State of North Carolina | \$ - | \$ 20,353,343 | \$ - | \$ 707,221 | \$ 279,388 | \$ - | \$ 21,339,952 |
| U.S. Government | - | - | 6,221,279 | 1,375,383 | 131,405 | - | 7,728,067 |
| Local: | | | | | | | |
| Buncombe County | 6,945,191 | - | - | - | 3,262,842 | - | 10,208,033 |
| Supplemental city school tax | 8,053,018 | - | - | - | - | - | 8,053,018 |
| Local option sales tax | - | - | - | 2,273,028 | - | - | 2,273,028 |
| Other local revenues | 143,669 | - | - | 929,620 | 173,475 | 1,053,299 | 2,300,063 |
| Total revenues | <u>15,141,878</u> | <u>20,353,343</u> | <u>6,221,279</u> | <u>5,285,252</u> | <u>3,847,110</u> | <u>1,053,299</u> | <u>51,902,161</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| Instructional services: | | | | | | | |
| Regular instructional | 3,598,872 | 12,651,201 | 1,154,663 | 1,339,300 | 143,085 | - | 18,887,121 |
| Special populations | 323,153 | 2,792,675 | 1,134,986 | 242,826 | - | - | 4,493,640 |
| Alternative programs | 248,015 | 517,897 | 1,907,290 | 2,182,088 | 12,200 | - | 4,867,490 |
| School leadership | 1,222,006 | 1,145,271 | 166,388 | 170,676 | - | - | 2,704,341 |
| Co-curricular | 206,830 | - | - | - | - | 1,145,361 | 1,352,191 |
| School-based support | 1,572,016 | 1,698,738 | 1,306,043 | 297,824 | 340,577 | - | 5,215,198 |
| System-wide support services: | | | | | | | |
| Support and development | 225,659 | - | 1,100 | 18,614 | - | - | 245,373 |
| Special populations support and development | 22,844 | 89,435 | 65,032 | 8,380 | - | - | 185,691 |
| Alternative programs and services support and development | 217,243 | 10,675 | 111,511 | 158,617 | - | - | 498,046 |
| Technology support | 522,872 | 42,406 | - | 29,951 | 5,714 | - | 600,943 |
| Operational support | 4,056,820 | 568,838 | 8,874 | 301,699 | 71,947 | - | 5,008,178 |
| Financial and human resource | 664,385 | 136,855 | 153,205 | 36,814 | - | - | 991,259 |
| Accountability | 88,055 | - | 22,408 | 7,671 | - | - | 118,134 |
| System-wide pupil support | 253,316 | 130,112 | - | 29,338 | - | - | 412,766 |
| Policy, leadership and public relations | 970,682 | 500,994 | - | 85,245 | - | - | 1,556,921 |

(continued)

| | Major Funds | | | | | Non-major | Total Governmental Funds |
|--------------------------------------|---------------------|------------------------|-------------------|---------------------------|---------------------|-----------------------|--------------------------------|
| | General | State Public School | Federal Grants | Other Specific Revenue | Capital Outlay | Individual Schools | |
| Expenditures, continued: | | | | | | | |
| Current: | | | | | | | |
| Ancillary services | \$ 15,005 | \$ 1,454 | \$ - | \$ 69,394 | \$ 9,764 | \$ - | \$ 95,617 |
| Non-programmed charges: | | | | | | | |
| Payments to charter schools | 1,153,715 | - | - | - | - | - | 1,153,715 |
| Other | - | - | 189,779 | - | - | - | 189,779 |
| Debt service | - | - | - | - | 279,388 | - | 279,388 |
| Capital outlay | - | - | - | - | 3,648,756 | - | 3,648,756 |
| Total expenditures | <u>15,361,488</u> | <u>20,286,551</u> | <u>6,221,279</u> | <u>4,978,437</u> | <u>4,511,431</u> | <u>1,145,361</u> | <u>52,504,547</u> |
| Revenues over (under) expenditures | <u>(219,610)</u> | <u>66,792</u> | <u>-</u> | <u>306,815</u> | <u>(664,321)</u> | <u>(92,062)</u> | <u>(602,386)</u> |
| Other financing sources (uses): | | | | | | | |
| Transfers from other funds | - | - | - | - | - | 124,247 | 124,247 |
| Transfers to other funds | (124,247) | (66,792) | - | - | - | - | (191,039) |
| Total other financing sources (uses) | <u>(124,247)</u> | <u>(66,792)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>124,247</u> | <u>(66,792)</u> |
| Net change in fund balances | (343,857) | - | - | 306,815 | (664,321) | 32,185 | (669,178) |
| Fund balances--beginning | <u>4,156,638</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,908,131</u> | <u>351,181</u> | <u>6,415,950</u> |
| Fund balances--ending | <u>\$ 3,812,781</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 306,815</u> | <u>\$ 1,243,810</u> | <u>\$ 383,366</u> | <u>\$ 5,746,772</u> |

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

| | |
|---|-------------------|
| Net changes in fund balances--total governmental funds | \$ (669,178) |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period: | |
| Depreciation expense | (2,854,631) |
| Capital outlays | 3,871,687 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds: | |
| Net change in compensated absences | 2,005 |
| Repayment of long-term debt | 279,388 |
| Total changes in net assets of governmental activities | <u>\$ 629,271</u> |

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

ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE--BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2011

| General Fund | | | | |
|---|----------------------------|-------------------------|-------------------|---|
| | Original Budget | Final Budget | Actual | Positive (Negative) Variance |
| Revenues: | | | | |
| U.S. Government | \$ 65,000 | \$ - | \$ - | \$ - |
| Local | 17,116,292 | 15,090,553 | 15,141,878 | 51,325 |
| Total revenues | <u>17,181,292</u> | <u>15,090,553</u> | <u>15,141,878</u> | <u>51,325</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional services: | | | | |
| Regular instructional | 5,561,778 | 3,867,833 | 3,598,872 | 268,961 |
| Special populations | 576,828 | 359,144 | 323,153 | 35,991 |
| Alternative programs | 274,962 | 274,405 | 248,015 | 26,390 |
| School leadership | 1,474,949 | 1,292,165 | 1,222,006 | 70,159 |
| Co-curricular | 262,399 | 262,399 | 206,830 | 55,569 |
| School based support | 1,920,985 | 1,629,880 | 1,572,016 | 57,864 |
| System-wide support services: | | | | |
| Support and development | 255,727 | 237,112 | 225,659 | 11,453 |
| Special populations support and development | 32,536 | 24,156 | 22,844 | 1,312 |
| Alternative programs and services support and development | 236,685 | 217,250 | 217,243 | 7 |
| Technology support | 586,810 | 554,032 | 522,872 | 31,160 |
| Operational support | 4,667,098 | 4,700,794 | 4,056,820 | 643,974 |
| Financial and human resource | 828,789 | 791,523 | 664,385 | 127,138 |
| Accountability | 98,014 | 90,225 | 88,055 | 2,170 |
| System-wide pupil support | 307,568 | 275,710 | 253,316 | 22,394 |
| Policy, leadership and public relations | 1,062,166 | 1,046,426 | 970,682 | 75,744 |

(continued)

| | General Fund | | | |
|--------------------------------------|-----------------------------------|--------------------------------|----------------------|--|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Positive (Negative) Variance</u> |
| Expenditures: | | | | |
| Current, continued: | | | | |
| Ancillary services | \$ 108,805 | \$ 25,000 | \$ 15,005 | \$ 9,995 |
| Non-programmed charges: | | | | |
| Payments to charter schools | 625,943 | 1,193,249 | 1,153,715 | 39,534 |
| Total expenditures | <u>18,882,042</u> | <u>16,841,303</u> | <u>15,361,488</u> | <u>1,479,815</u> |
| Revenues under expenditures | <u>(1,700,750)</u> | <u>(1,750,750)</u> | <u>(219,610)</u> | <u>1,531,140</u> |
| Other financing sources (uses): | | | | |
| Transfers to other funds | (149,250) | (149,250) | (124,247) | 25,003 |
| Appropriated fund balance | 1,900,000 | 1,900,000 | - | (1,900,000) |
| Contingency | (50,000) | - | - | - |
| Total other financing sources (uses) | <u>1,700,750</u> | <u>1,750,750</u> | <u>(124,247)</u> | <u>(1,874,997)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>(343,857)</u> | <u>\$ (343,857)</u> |
| Fund balance--beginning of year | | | <u>4,156,638</u> | |
| Fund balance--end of year | | | <u>\$ 3,812,781</u> | |

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



ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE--BUDGET AND ACTUAL
STATE PUBLIC SCHOOL FUND
For the Year Ended June 30, 2011

| | <u>State Public School Fund</u> | | | |
|---|---------------------------------|-------------------------|-------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Positive (Negative) Variance</u> |
| Revenues: | | | | |
| State of North Carolina | \$ 20,057,995 | \$ 20,814,837 | \$ 20,353,343 | \$ (461,494) |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional services: | | | | |
| Regular instructional | 12,485,865 | 12,963,360 | 12,651,201 | 312,159 |
| Special populations | 2,698,024 | 2,793,881 | 2,792,675 | 1,206 |
| Alternative programs | 536,908 | 536,908 | 517,897 | 19,011 |
| School leadership | 1,170,046 | 1,170,046 | 1,145,271 | 24,775 |
| School based support | 1,714,653 | 1,773,597 | 1,698,738 | 74,859 |
| System-wide support services: | | | | |
| Special populations support and development | 91,337 | 90,671 | 89,435 | 1,236 |
| Alternative programs | - | 10,675 | 10,675 | - |
| Technology support | - | 42,406 | 42,406 | - |
| Operational support | 531,500 | 592,725 | 568,838 | 23,887 |
| Financial and human resource | 123,547 | 137,285 | 136,855 | 430 |
| System-wide pupil support | 132,462 | 131,004 | 130,112 | 892 |
| Policy, leadership and public relations | 505,915 | 503,950 | 500,994 | 2,956 |
| Ancillary services | 945 | 1,536 | 1,454 | 82 |
| Total expenditures | <u>19,991,202</u> | <u>20,748,044</u> | <u>20,286,551</u> | <u>461,493</u> |
| Revenues over expenditures | <u>66,793</u> | <u>66,793</u> | <u>66,792</u> | <u>(1)</u> |
| Other financing uses: | | | | |
| Transfers to other funds | (66,793) | (66,793) | (66,792) | 1 |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| Fund balance--beginning of year | | | - | |
| Fund balance--end of year | | | <u>\$ -</u> | |

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

ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE--BUDGET AND ACTUAL
FEDERAL GRANTS FUND
For the Year Ended June 30, 2011

| | <u>Federal Grants Fund</u> | | | |
|---|----------------------------|-------------------------|------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Positive (Negative) Variance</u> |
| Revenues: | | | | |
| U.S. Government | \$ 8,351,315 | \$ 8,617,425 | \$ 6,221,279 | \$ (2,396,146) |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional services: | | | | |
| Regular instructional | 1,301,044 | 1,241,167 | 1,154,663 | 86,504 |
| Special populations | 1,989,081 | 2,257,390 | 1,134,986 | 1,122,404 |
| Alternative programs | 2,175,465 | 2,135,412 | 1,907,290 | 228,122 |
| School leadership | 167,569 | 167,569 | 166,388 | 1,181 |
| School-based support | 1,862,631 | 1,858,364 | 1,306,043 | 552,321 |
| System-wide support services: | | | | |
| Support and development | 1,100 | 1,100 | 1,100 | - |
| Special populations support and development | 65,215 | 65,215 | 65,032 | 183 |
| Alternative programs and services support and development | 111,160 | 202,569 | 111,511 | 91,058 |
| Technology support | | - | - | - |
| Operational support | 25,935 | 28,329 | 8,874 | 19,455 |
| Financial and human resource | 171,350 | 171,350 | 153,205 | 18,145 |
| Accountability | 38,120 | 22,412 | 22,408 | 4 |
| Non-programmed charges: | | | | |
| Unbudgeted federal grants | 195,321 | 220,154 | - | 220,154 |
| Other | 247,324 | 246,394 | 189,779 | 56,615 |
| Total expenditures | <u>8,351,315</u> | <u>8,617,425</u> | <u>6,221,279</u> | <u>2,396,146</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| Fund balance--beginning of year | | | <u>-</u> | |
| Fund balance--end of year | | | <u>\$ -</u> | |

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

ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE--BUDGET AND ACTUAL
OTHER SPECIFIC REVENUE FUND
For the Year Ended June 30, 2011

| | Other Specific Revenue Fund | | | Positive (Negative) Variance |
|---|-----------------------------|------------------|-------------------|------------------------------------|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| State of North Carolina | \$ 721,079 | \$ 725,079 | \$ 707,221 | \$ (17,858) |
| U.S. Government | 1,723,013 | 1,875,766 | 1,375,383 | (500,383) |
| Local | 938,800 | 3,143,208 | 3,202,648 | 59,440 |
| Total revenues | <u>3,382,892</u> | <u>5,744,053</u> | <u>5,285,252</u> | <u>(458,801)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional services: | | | | |
| Regular instructional | 126,105 | 1,470,341 | 1,339,300 | 131,041 |
| Special populations | 253,138 | 558,575 | 242,826 | 315,749 |
| Alternative programs | 2,371,059 | 2,409,404 | 2,182,088 | 227,316 |
| School leadership | - | 182,784 | 170,676 | 12,108 |
| School based support | 95,980 | 311,804 | 297,824 | 13,980 |
| System-wide support services: | | | | |
| Support and development | - | 18,615 | 18,614 | 1 |
| Special populations support and development | - | 8,380 | 8,380 | - |
| Alternative programs | 184,022 | 184,022 | 158,617 | 25,405 |
| Technology support | - | 32,778 | 29,951 | 2,827 |
| Operational support | 352,588 | 320,892 | 301,699 | 19,193 |
| Financial and human resource | - | 37,266 | 36,814 | 452 |
| Accountability | - | 7,789 | 7,671 | 118 |
| System-wide pupil support | - | 31,858 | 29,338 | 2,520 |
| Policy, leadership and public relations | - | 85,740 | 85,245 | 495 |
| Ancillary services | - | 83,805 | 69,394 | 14,411 |
| Total expenditures | <u>3,382,892</u> | <u>5,744,053</u> | <u>4,978,437</u> | <u>765,616</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | 306,815 | <u>\$ 306,815</u> |
| Fund balance--beginning of year | | | - | |
| Fund balance--end of year | | | <u>\$ 306,815</u> | |

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

ASHEVILLE CITY SCHOOLS
STATEMENT OF NET ASSETS--PROPRIETARY FUND
June 30, 2011

| | Child Nutrition Fund |
|--|---------------------------------|
| <u>Assets</u> | |
| Current assets: | |
| Cash and cash equivalents | \$ 102,812 |
| Due from other governments | 31,797 |
| Accounts receivable (net) | 15,143 |
| Inventories | 61,610 |
| Total current assets | 211,362 |
| Non-current assets: | |
| Capital assets: | |
| Furniture and equipment, net | 201,042 |
| Total assets | 412,404 |
| <u>Liabilities</u> | |
| Current liabilities: | |
| Accounts payable | 1,197 |
| Accrued salaries and wages payable | 7,700 |
| Unearned revenue | 9,046 |
| Compensated absences, current portion | 4,000 |
| Total current liabilities | 21,943 |
| Non-current liabilities: | |
| Compensated absences, less current portion | 21,263 |
| Total liabilities | 43,206 |
| <u>Net Assets</u> | |
| Invested in capital assets | 201,042 |
| Unrestricted | 168,156 |
| Total net assets | \$ 369,198 |

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

ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS--PROPRIETARY FUND
For the Year Ended June 30, 2011

| | Child Nutrition Fund |
|-----------------------------------|---------------------------------|
| Operating revenues: | |
| Food sales | \$ 468,500 |
| Operating expenses: | |
| Food cost | 684,982 |
| Salaries and benefits | 856,185 |
| Materials and supplies | 60,666 |
| Depreciation | 29,237 |
| Other | 27,502 |
| Total operating expenses | <u>1,658,572</u> |
| Operating loss | <u>(1,190,072)</u> |
| Non-operating revenues: | |
| Federal reimbursements and grants | 993,744 |
| Federal commodities | 90,704 |
| State reimbursements | 115,178 |
| Interest earned | 67 |
| Total non-operating revenues | <u>1,199,693</u> |
| Income before transfers | 9,621 |
| Transfers from other funds | 66,792 |
| Change in net assets | <u>76,413</u> |
| Total net assets--beginning | <u>292,785</u> |
| Total net assets--ending | <u><u>\$ 369,198</u></u> |

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

ASHEVILLE CITY SCHOOLS
STATEMENT OF CASH FLOWS--PROPRIETARY FUND
For the Year Ended June 30, 2011

| | Child Nutrition Fund |
|---|---------------------------------|
| Cash flows from operating activities: | |
| Cash received from customers | \$ 463,562 |
| Cash paid for goods and services | (708,021) |
| Cash paid to employees for services | (785,665) |
| Net cash used for operating activities | <u>(1,030,124)</u> |
| Cash flows from non-capital financing activities: | |
| State reimbursements | 116,021 |
| Federal reimbursements | 1,007,138 |
| Net cash provided by non-capital financing activities | <u>1,123,159</u> |
| Cash flows from investing activities: | |
| Interest on investments | <u>67</u> |
| Net increase in cash and cash equivalents | 93,102 |
| Cash and cash equivalents, beginning of year | <u>9,710</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 102,812</u></u> |

(continued)

**Child Nutrition
Fund**

| | |
|--|----------------|
| Reconciliation of operating loss to net cash used for operating activities: | |
| Operating loss | \$ (1,190,072) |
| | |
| Adjustments to reconcile operating loss to net cash used for operating activities: | |
| Depreciation | 29,237 |
| Donated commodities consumed | 90,704 |
| Salaries paid by special revenue fund | 66,792 |
| Change in assets and liabilities: | |
| Increase in accounts receivable | (5,148) |
| Increase in inventories of food and supplies | (23,712) |
| Increase in accounts payable and accrued salaries and wages payable | 2,085 |
| Decrease in compensated absences | (220) |
| Increase in unearned revenue | 210 |
| | 210 |
| Net cash used for operating activities | \$ (1,030,124) |
| | |
| Non-cash investing, capital, and financing activities: | |
| Donated commodities received, reflected as a non-operating revenue and operating expense | \$ 90,704 |
| Transfer for salaries paid by the State Public School Fund, reflected as a transfer in and operating expense | \$ 66,792 |

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

ASHEVILLE CITY SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES--FIDUCIARY FUND
June 30, 2011

| | Agency Fund |
|---------------------------|------------------------|
| Assets: | |
| Cash and cash equivalents | <u>\$ 216,610</u> |
| Liabilities: | |
| Due to other sources | <u>\$ 216,610</u> |

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

NOTES TO FINANCIAL STATEMENTS

1. REPORTING ENTITY

The reporting entity is comprised of the primary government and its component units. Component units are legally separate organizations for which the Board is financially accountable. The Board is financially accountable if the Board appoints a voting majority of the organization's governing board and (1) the Board is able to significantly influence the programs or services performed or provided by the organization; or (2) the Board is legally entitled to or can otherwise access the organizations' resources; the Board is legally obligated or has assumed responsibility to finance the deficits of, or provide financial support to, the organization; or the Board is obligated for the debt of the organization. The Board is a primary government because it is a special purpose government that is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the Board for financial statement presentation purposes, and it is not included in any other governmental reporting entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Asheville City Schools conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

Asheville City Schools (Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes, hereafter referred to as G.S. or State Statute] with the responsibility to oversee and control all activities related to public school education in Asheville, North Carolina. The Board receives state, local, and federal government funding and must adhere to the legal requirements of each funding entity.

BASIS OF PRESENTATION

Government-wide Statements: The statement of net assets and the statement of activities display information about the Board. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses; however, interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Board and for each function of the Board's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular

function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Board's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported in one column as other governmental funds. The fiduciary funds are presented separately.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses result from normal day-to-day transactions associated with the fund. Non-operating expenses, such as loss on disposal of capital assets, result from unusual transactions not associated with the day-to-day transactions of the fund.

NOTES TO FINANCIAL STATEMENTS

The Board reports the following major governmental funds:

- ✓ **General Fund:** The General Fund is the general operating fund of the Board. The General Fund consists of the Local Current Expense Fund.
- ✓ **State Public School Fund:** The State Public School Fund includes appropriations from the North Carolina Department of Public Instruction for the current operating expenditures of the public school system.
- ✓ **Federal Grants Fund:** The Federal Grants Fund accounts for appropriations for the expenditure of federal categorical grants made available through the North Carolina Department of Public Instruction.
- ✓ **Other Specific Revenue Fund:** The Other Specific Revenue Fund accounts for reimbursements, including indirect costs, fees for actual costs, tuition, sales tax revenues distributed using the ad valorem method pursuant to G.S. 105-472(b)(2), sales tax refunds, gifts and grants restricted as to use, federal grants restricted as to use, federal appropriations made directly to local school administrative units, funds received for prekindergarten programs, and special programs that are not accounted for in the General Fund or other special revenue funds pursuant to G.S. 115C-426(c).
- ✓ **Capital Outlay Fund:** The Capital Outlay Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities and the acquisition of vehicles and equipment (other than

those financed by proprietary funds). It is mandated by State Statute [G.S. 115C-426]. Major capital projects are funded by Buncombe County and the State of North Carolina (the "State").

The Board reports the following non-major fund:

- ✓ **Individual Schools Fund:** The Individual Schools Fund includes revenues and expenditures of the activity funds of the individual schools. The primary revenue sources include funds held on the behalf of various clubs and organizations, receipts from athletic events, and proceeds from various fundraising activities. The primary expenditures are for the athletic teams, club programs, student activities, and instructional needs.

The Board reports the following major enterprise fund:

- ✓ **Child Nutrition Fund:** The Child Nutrition Fund is used to account for the food service program within the school system.

The Board reports the following fiduciary fund:

- ✓ **Agency Fund:** The Agency Fund is used to account for assets held by the Board as an agent for other organizations. The Agency Fund is used to account for funds deposited with the Board as an agent for the benefit of various scholarship and awards funds, the Asheville City Schools Foundation, the Asheville City Schools Pool Committee, and the Educational Access Channel Consortium.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide and Proprietary Fund Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

NOTES TO FINANCIAL STATEMENTS

Fiduciary Fund Financial Statements: The Fiduciary Fund financial statements use the accrual basis of accounting. The Board's only fiduciary fund is its Agency Fund. An Agency Fund is custodial in nature (assets equal liabilities) and does not involve measuring the results of operations, and therefore has no measurement focus.

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Board's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The Board's business-type activities and enterprise fund follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

BUDGETARY DATA

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the Individual Schools Fund, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations, except where construction project budgets have been approved in the Capital Outlay Fund or grants whose funding period does not coincide with the fiscal year end, lapse at the fiscal year-end.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys (up to \$5,000) from one function to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. All amendments must be approved by the governing board. During the year, several amendments to the original budget ordinance 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 BALANCES

Deposits and Investments: All deposits of the Board are made in board-designated official depositories and are secured as required by State law [G.S. 115C-444]. The Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. The Board also has money credited in its name with the State Treasurer and may issue State warrants against these funds.

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest 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; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF). The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. The STIF consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The 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 NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

Cash and Cash Equivalents: The Board pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

NOTES TO FINANCIAL STATEMENTS

Inventories: The inventories of the Board are valued at cost and the Board uses the first-in, first-out (FIFO) flow assumption in determining cost. Proprietary fund inventories consist of food and supplies and are recorded as expenses when consumed.

Prepays: Prepays are recorded using the purchases method and consist of Workers' Compensation insurance premiums paid one month in advance of the coverage period in order to bind coverage effective the first day of the new policy period.

Capital Assets: The Board's capital assets are recorded at original cost. Donated assets are listed at their estimated fair value at the date of donation or forfeiture. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| | |
|-------------------------|------------|
| Buildings | 50 years |
| Improvements | 20 years |
| Equipment and furniture | 5-20 years |
| Vehicles | 8 years |

Long-Term Obligations: In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities.

Compensated Absences: The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. In addition, certain employees may accumulate up to twenty (20) additional bonus vacation leave days, which are fully vested when earned. The Board records compensated absences on a LIFO basis. The liability as of June 30, 2011, represents the value of accumulated unpaid vacation leave and salary related payments as of that date. (See Table V).

The sick leave policy of the Board 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 the Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

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

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-spendable Fund Balance: The portion of fund balance that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

- ✓ Prepaid items - portion of fund balance not available for appropriation because it presents the year-end balance of prepaid items that are not expendable available resources.

Restricted Fund Balance: The portion of fund balance that is restricted to specific purposes externally imposed by creditors or imposed by law.

- ✓ Restricted for Stabilization by State Statute - portion of fund balance not available for appropriation under State law. [G.S. 115C-425a.] State law [G.S. 115C-425a] restricts the appropriation of fund balance 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 stand at the close of the fiscal year preceding the budget year.
- ✓ Restricted for School Capital Outlay - portion of fund balance that can only be used for School Capital Outlay. [G.S. 159-18 through 22]

NOTES TO FINANCIAL STATEMENTS

- ✓ Restricted for Individual Schools - revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fund raising activities for which they were collected.

Committed Fund Balance: The portion of fund balance that can only be used for specific purpose imposed by majority vote by quorum of the Board (highest level of decision-making authority) and in certain instances approval by the County's governing body is required. Any changes or removal of specific purpose requires majority action by the governing bodies that approved the original action.

- ✓ Committed for Special Programs - portion of fund balance committed for prekindergarten and other special programs not accounted for in other special revenue funds.

Assigned Fund Balance: The portion of fund balance that the Board intends to use for specific purposes.

- ✓ Subsequent year's expenditures - portion of total fund balance that is appropriated in the 2011-2012 budget ordinance that is not already classified in restricted.

Unassigned Fund Balance: The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Board does not have a revenue spending policy that provides guidance for programs with multiple revenue sources. However, it is the Board's practice that the Finance Officer will use resources in the following hierarchy: federal funds, state funds, local non-board of education

funds, and board of education funds. For purposes of fund balance, classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

3. ASSETS AND LIABILITIES

ASSETS

Deposits: All of the Board's deposits are either insured or collateralized by using the Pooling Method. 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 Board, these deposits are considered to be held by the agent in the entity's name. 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 Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the 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 Board

has no policy regarding custodial credit risk for deposits.

At June 30, 2011, the Board had deposits with financial institutions with a carrying amount of \$1,579,343 and \$-0- with the State Treasurer. The bank balances with the financial institutions and the State Treasurer were \$1,869,975 and \$140,518, respectively. Of these balances, \$619,979 was covered by federal depository insurance, \$1,249,996 was covered by collateral under the Pooling Method, and \$140,518 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The Board's petty cash at June 30, 2011, was \$275.

Investments: At June 30, 2011, the Board had \$23,833 invested with the North Carolina Capital Management Trust's Term Portfolio which is unrated. The Board had \$331,289 invested with the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. There was \$4,413,886 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.9 years at June 30, 2011. The Board has no formal policy for managing interest rate risk or credit risk. The Board follows State law.

Due from Other Governments: Amounts due from other governments at June 30, 2011, are summarized in Table I on the following page.

Capital Assets: Capital asset activity for the year ended June 30, 2011, is summarized in Table II on the following page.

NOTES TO FINANCIAL STATEMENTS

| Table I DUE FROM OTHER GOVERNMENTS | | | | | | | |
|---------------------------------------|-------------------------|---------------------------|-------------------|------------------------------|-------------------|-----------------------------|--------------------|
| | Governmental Activities | | | | | Business-type Activities | |
| | General | State Public School | Federal Grants | Other Specific Revenue | Capital Outlay | Total | Child Nutrition |
| State government | \$ - | \$ 1,151 | \$ 12,332 | \$ 38,854 | \$ 26,201 | \$ 78,538 | \$ 31,797 |
| Federal government | - | - | 12,632 | 6,455 | - | 19,087 | - |
| Local governments | 103,560 | - | - | 197,448 | 521,055 | 822,063 | - |
| | \$ 103,560 | \$ 1,151 | \$ 24,964 | \$ 242,757 | \$ 547,256 | \$ 919,688 | \$ 31,797 |

| Table II CAPITAL ASSETS | | | | | |
|--|-----------------------|--------------|-----------|-----------|--------------------|
| | Beginning Balances | Increases | Decreases | Transfers | Ending Balances |
| Governmental activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 1,307,576 | \$ - | \$ - | \$ - | \$ 1,307,576 |
| Construction in progress | 3,433,795 | 3,146,250 | - | (693,238) | 5,886,807 |
| Total capital assets not being depreciated | 4,741,371 | 3,146,250 | - | (693,238) | 7,194,383 |
| Capital assets being depreciated: | | | | | |
| Buildings | 60,679,816 | 494,782 | - | 693,238 | 61,867,836 |
| Equipment and furniture | 3,978,797 | 196,230 | (68,148) | - | 4,106,879 |
| Vehicles | 3,184,822 | 23,280 | - | - | 3,208,102 |
| Land improvements | 3,695,280 | 11,145 | - | - | 3,706,425 |
| Total capital assets being depreciated | 71,538,715 | 725,437 | (68,148) | 693,238 | 72,889,242 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (28,819,813) | (2,159,287) | - | - | (30,979,100) |
| Equipment and furniture | (2,604,611) | (314,071) | 68,148 | - | (2,850,534) |
| Vehicles | (1,722,665) | (235,897) | - | - | (1,958,562) |
| Land improvements | (1,937,589) | (145,376) | - | - | (2,082,965) |
| Total accumulated depreciation | (35,084,678) | (2,854,631) | 68,148 | - | (37,871,161) |
| Total capital assets being depreciated, net | 36,454,037 | (2,129,194) | - | 693,238 | 35,018,081 |
| Governmental activity capital assets, net | \$ 41,195,408 | \$ 1,017,056 | \$ - | \$ - | \$ 42,212,464 |
| Business-type activities: | | | | | |
| Child Nutrition Fund: | | | | | |
| Capital assets being depreciated: | | | | | |
| Equipment | \$ 645,719 | \$ - | \$ - | \$ - | \$ 645,719 |
| Less accumulated depreciation for: | | | | | |
| Equipment | (415,440) | (29,237) | - | - | (444,677) |
| Business-type activities capital assets, net | \$ 230,279 | \$ (29,237) | \$ - | \$ - | \$ 201,842 |

NOTES TO FINANCIAL STATEMENTS

Depreciation was charged to the governmental functions as follows:

| | |
|--|---------------------|
| Regular instructional | \$ 330,043 |
| Special populations | 105,300 |
| Alternative programs | 1,709 |
| School leadership | 2,350 |
| Co-curricular | 99,265 |
| School-based support | 236,185 |
| Technology support | 44,922 |
| Operational support | 328,254 |
| Policy leadership and public relations | 855 |
| Ancillary | 172,539 |
| Unallocated | 1,533,209 |
| | <u>\$ 2,854,631</u> |

At June 30, 2011, the Board's commitment with contractors for school construction projects was approximately \$2,030,000.

LIABILITIES

Accounts Payable: The balance in accounts payable at June 30, 2011 is summarized in Table III.

Deferred/Unearned Revenue: The balance in deferred/unearned revenue at June 30, 2011, is summarized in Table IV.

Long-Term Obligations: The summary of changes in the Board's long-term obligations for the year ended June 30, 2011, is shown in Table V.

Compensated absences are typically liquidated by the general and other governmental funds.

| Table III ACCOUNTS PAYABLE | | | | | | |
|-------------------------------|-------------------------|------------------|------------------------|-------------------|-------------------|--------------------------|
| | Governmental Activities | | | | Total | Business-type Activities |
| | General | Federal Grants | Other Specific Revenue | Capital Outlay | | Child Nutrition |
| | | | | | | |
| Vendors | \$ 116,021 | \$ 11,882 | \$ 4,439 | \$ 323,281 | \$ 455,623 | \$ 1,197 |
| Charter Schools | 36,694 | - | - | - | 36,694 | - |
| | <u>\$ 152,715</u> | <u>\$ 11,882</u> | <u>\$ 4,439</u> | <u>\$ 323,281</u> | <u>\$ 492,317</u> | <u>\$ 1,197</u> |

| Table IV DEFERRED/UNEARNED REVENUE | | | | | | |
|---------------------------------------|-------------------------|------------------|------------------------|-------------------|-----------------|--------------------------|
| | Governmental Activities | | | | Total | Business-type Activities |
| | State Public School | Federal Grants | Other Specific Revenue | Total | | Child Nutrition |
| | | | | | | |
| Grants and contracts | \$ 203 | \$ 12,332 | \$ 338,433 | \$ 350,968 | \$ - | - |
| Prepaid lunch sales | - | - | - | - | - | 9,046 |
| | <u>\$ 203</u> | <u>\$ 12,332</u> | <u>\$ 338,433</u> | <u>\$ 350,968</u> | <u>\$ 9,046</u> | <u>\$ 9,046</u> |

| Table V LONG-TERM OBLIGATIONS | | | | | |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| | Beginning Balances | Increases | Decreases | Ending Balances | Due in One Year |
| Governmental activities: | | | | | |
| Installment purchase | \$ 474,937 | \$ - | \$ 279,388 | \$ 195,549 | \$ 97,776 |
| Compensated absences | 2,038,995 | 1,561,479 | 1,563,484 | 2,036,990 | 200,000 |
| Total | <u>\$ 2,513,932</u> | <u>\$ 1,561,479</u> | <u>\$ 1,842,872</u> | <u>\$ 2,232,539</u> | <u>\$ 297,776</u> |
| Business-type activities: | | | | | |
| Compensated absences | \$ 25,537 | \$ 30,463 | \$ 30,737 | \$ 25,263 | \$ 4,000 |

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has

accepted the bid to purchase Thomas Built Buses through a special third party financing arrangement by SunTrust Equipment Finance & Leasing Corporation at total payments less than the purchase price. In fiscal year 2010 the Board entered into an installment purchase contract to

NOTES TO FINANCIAL STATEMENTS

finance the purchase of five school buses in the amount of \$391,105. The financing contract requires only principal payment of \$97,776 due at the beginning of each contract year.

The future minimum payments of the installment purchases as of June 30, 2011, are as follows:

| | | |
|----------------------|----|---------|
| Year Ending June 30, | | |
| 2012 | \$ | 97,776 |
| 2013 | | 97,773 |
| Total | \$ | 195,549 |

FUND BALANCE

The Board does not have a formal fund balance policy. Therefore, the unassigned fund balance in the General Fund is available for appropriation.

The Board maintains encumbrance accounts which are considered to be budgetary accounts. Encumbrances outstanding at year-end represent executed purchase orders that will result in expenditures when the purchase has been completed. Outstanding encumbrances are a restriction of fund balance and will be charged against next year's budget. At June 30, 2011, the outstanding encumbrances in the Capital Outlay Fund amounted to \$102,122.

4. EMPLOYEE BENEFITS

Pension Plan Obligations:

✓ **TEACHERS AND STATE EMPLOYEES RETIREMENT SYSTEM PLAN DESCRIPTION.** The Board contributes to the statewide Teachers' and State Employees' Retirement

System (TSERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State. TSERS provides retirement benefits to plan members and beneficiaries. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Teachers' and State 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 TSERS. 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 and the Board is required to contribute at an actuarially determined rate. For the fiscal year ended June 30, 2011, the Board was required to contribute 4.93% to TSERS. The contribution requirements of plan members and the Board are established and may be amended by the North Carolina General Assembly. The Board's contributions to TSERS for the years ended June 30, 2011, 2010, and 2009 were \$1,439,325, \$1,014,871, and \$1,034,984, respectively, equal to the required contributions for each year.

Healthcare Benefits:

✓ **PLAN DESCRIPTION:** The post-employment healthcare benefits are provided through a cost-sharing multiple-employer defined benefit plan administered by the Executive Administrator and the Board of Trustees of the North Carolina State

Health Plan for Teachers and State Employees (the Plan). The Executive Administrator and the Board of Trustees of the Plan establishes premium rates except as may be established by the General Assembly in an appropriation act. The Plan's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3 of the General Statutes and may be amended only by the North Carolina General Assembly. By General Statute, the Plan accumulates contributions from employers and any earnings on those contributions in the Retiree Health Benefit Fund. These assets shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. These contributions are irrevocable. Also by law, these assets are not subject to the claims of creditors of the employers making contributions to the Plan.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the State Health Plan. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/> and clicking on "Financial Reports," or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

✓ **FUNDING POLICY.** The State Health Plan is administered by the Executive Administrator and Board of Trustees of the Plan, which establishes premium rates except as may be established by the North Carolina General Assembly in an appropriation act. The healthcare benefits for retired and disabled employees are the same as for active employees, except that the coverage becomes secondary when former employees become

NOTES TO FINANCIAL STATEMENTS

eligible for Medicare. For employees first hired on and after October 1, 2006, future coverage as retired employees is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on and after October 1, 2006 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total non-contributory premium. For employees hired before October 1, 2006, healthcare benefits are provided to retirees (at no charge to the retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the North Carolina General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2011, 2010, and 2009, the Board paid all annual required contributions to the Plan for post-employment healthcare and death benefits of \$1,447,279, \$1,324,734, and \$1,312,212, respectively. These contributions represented 5.06%, 4.66%, and 4.26%, of covered payroll, respectively.

Long-Term Disability Benefits

✓ **PLAN DESCRIPTION.** Short-term and long-term disability benefits are provided through the

Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan. The DIPNC is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System. Long-term disability benefits are payable as an other post-employment benefit from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The Plan accumulates contributions from employers and any earnings on those contributions in the Disability Income Plan Trust Fund. The Plan does not provide for automatic post-employment benefit increases.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the DIPNC. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page noted below and clicking on "Financial Reports," or by calling the State Controller's Financial Reporting Section at (919) 981-5454.
(<http://www.ncosc.net/>)

✓ **FUNDING POLICY.** An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in the Teachers' and State Employees' Retirement System of North Carolina, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments,

whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from the Retirement System; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement System after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

For members with five or more years of membership service as of July 31, 2007, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one twelfth of the annual longevity payment to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled. The monthly benefit

NOTES TO FINANCIAL STATEMENTS

shall be further reduced by the amount of any monthly payments from the Department of Veterans Affairs, any other federal agency or any payments made under the provisions of G.S.127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided in any event, the benefits payable shall be no less than \$10 a month. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS. For members who obtain five years of membership service on or after August 1, 2007, the monthly long-term disability benefit is reduced by the primary Social Security retirement benefit to which you might be entitled should you become age 62 during the first 36 months. After 36 months of long-term disability, there will be no further payments from the DIPNC unless the member is approved for and is in receipt of primary Social Security disability benefits. It is payable so long as the member remains disabled and is in receipt of a primary Social Security disability benefit until eligible for an unreduced service retirement benefit. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS.

The Board's contributions are established in the Appropriations Bill by the General Assembly. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The contributions cannot be separated between the amounts that relate to other post-employment

benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other post-employment benefit. For the fiscal years ended June 30, 2011, 2010, and 2009, the Board paid all annual required contributions to the DIPNC for disability benefits of \$151,815, \$147,829, and \$160,176, respectively. These contributions represented .52% of covered payroll each year.

5. RISK MANAGEMENT

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$2 million per claim, \$5.15 million per coverage period aggregate. In addition, the Board maintains automobile liability and uninsured/ underinsured motorists coverage limits of \$2 million per accident through the Trust. The Trust retention per claim for general liability and errors and omissions claims is \$150,000, and the retention per accident for automobile liability and uninsured/ underinsured motorists' claims is \$150,000. The Trust maintains reinsurance through a commercial company to cover losses in excess of the retention amounts. Automobile physical damage coverage along with inland marine coverage for scheduled equipment is also maintained through the Trust. The Board also

participates in the Public School Insurance Fund (the Fund). This is a voluntary, self-insured risk control and risk-financing fund administered by the North Carolina Department of Public Instruction. The Fund insures tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Building and contents are insured on a replacement cost basis subject to the adjusted total coverage of all scheduled property. The Fund purchases excess reinsurance to cover catastrophic events in excess of \$10 million. Excess reinsurance is purchased through commercial insurers. Flood and earthquake damages are subject to limits of \$5 million per occurrence and \$15 million aggregate. Increased cost of construction is provided at \$10 million per occurrence.

The Board maintains Workers' Compensation coverage up to statutory limits for employees not paid from state funds through a commercial carrier. The State of North Carolina provides Workers' Compensation for employees paid from state funds.

The Board also participates in the North Carolina State Health Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits with no lifetime limit. The Board pays the full cost of coverage for employees enrolled in the Plan.

In accordance with G.S. 115C-442, the Board has purchased a commercial surety bond as a public official bond for employees who have custody of the Board's monies at any given time. The finance officer is bonded for \$200,000. All other employees that have access to funds are bonded under a

NOTES TO FINANCIAL STATEMENTS

blanket bond for \$50,000, with a \$10,000 theft, disappearance and destruction limit.

There have been no significant reductions in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past three fiscal years.

6. INTERFUND ACTIVITY

TRANSFERS TO/FROM OTHER FUNDS

Transfers to/from other funds at June 30, 2011, consist of \$66,792 transferred from the State Public School Fund to the Child Nutrition Fund for administrative costs; and \$124,247 transferred from the General Fund to the Non-major Governmental Fund for the individual schools.

7. SUPPLEMENTAL CITY SCHOOL TAX

The supplemental city school tax, approved in 1935 by the citizens of Asheville, is currently 15¢ per \$100 of assessed valuation of taxable property located in the Asheville City School District. The Asheville City School District's boundaries do not coincide with the City of Asheville corporate limits. In compliance with North Carolina state law, the supplemental city school tax is levied, billed and collected by Buncombe County. All property taxes, including the supplemental city school tax, are assessed as of July 1, the beginning of the County's fiscal year, and are based upon 100 percent of the assessed value as of January 1 the same year. Revaluation of real property, required at least every eight years, was completed during the Spring of 2006 and was effective for the levy of taxes for the fiscal year ending June 30, 2007.

The assessed valuation of the property subject to the supplemental city school tax is estimated to be \$5 billion (unaudited) at June 30, 2011.

8. SUMMARY DISCLOSURE OF CONTINGENCIES

FEDERAL AND STATE ASSISTED PROGRAMS

The Board has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

CONTINGENT LIABILITIES

Three local charter schools have sued the Board of Education for current expense funding for fiscal years 2007 through 2010. The trial court has awarded the Plaintiffs a total of \$379,162 as a partial judgment and that amount has been recorded by the Board as an other accrued liability for the fiscal year ended June 30, 2011. Another approximately \$412,711 is being contested for fiscal years 2007 through 2009 and approximately \$161,116 is at issue for fiscal year 2010. The Board is vigorously defending this lawsuit. The final judgment of the trial court is pending and can be appealed by either side. Once a judgment becomes final, the Board of Education has the statutory right to pay any judgment amounts over a three year period.





Supplementary Information

CAPITAL OUTLAY FUND

The Capital Outlay Fund accounts for resources used in the construction, acquisition, repair, and replacement of Asheville City Schools' capital assets. Major revenue sources include Buncombe County and the State of North Carolina. The Capital Outlay Fund is accounted for using the modified accrual basis of accounting.

ASHEVILLE CITY SCHOOLS
 CAPITAL OUTLAY FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE--BUDGET AND ACTUAL
 For the Year Ended June 30, 2011

| | <u>Budget</u> | <u>Actual</u> | <u>Positive (Negative) Variance</u> |
|--------------------------------|--------------------|------------------|---|
| Revenues: | | | |
| State of North Carolina | \$ 287,502 | \$ 279,388 | \$ (8,114) |
| U.S. Government | 200,000 | 131,405 | (68,595) |
| Local: | | | |
| Buncombe County | 5,415,239 | 3,262,842 | (2,152,397) |
| Other: | | | |
| Interest earned on investments | 35,000 | 16,644 | (18,356) |
| Other local sources | 204,485 | 156,831 | (47,654) |
| Total other | <u>239,485</u> | <u>173,475</u> | <u>(66,010)</u> |
| Total revenues | <u>6,142,226</u> | <u>3,847,110</u> | <u>(2,295,116)</u> |
| Expenditures: | | | |
| Current: | | | |
| Instructional Services: | | | |
| Regular instructional | 162,500 | 143,085 | 19,415 |
| Alternative programs | 12,200 | 12,200 | - |
| School-based support | 358,000 | 340,577 | 17,423 |
| System-wide Support Services: | | | |
| Technology support | 20,000 | 5,714 | 14,286 |
| Operational support | 72,000 | 71,947 | 53 |
| Ancillary services | 19,000 | 9,764 | 9,236 |
| Debt service | 287,502 | 279,388 | 8,114 |
| Capital outlay | <u>6,488,224</u> | <u>3,648,756</u> | <u>2,839,468</u> |
| Total expenditures | <u>7,419,426</u> | <u>4,511,431</u> | <u>2,907,995</u> |
| Revenues under expenditures | <u>(1,277,200)</u> | <u>(664,321)</u> | <u>612,879</u> |

(continued)

| | <u>Budget</u> | <u>Actual</u> | <u>Positive (Negative) Variance</u> |
|--------------------------------------|------------------|---------------------|---|
| Other financing sources (uses): | | | |
| Appropriated fund balance | \$ 1,287,200 | \$ - | \$ (1,287,200) |
| Contingency | (10,000) | - | 10,000 |
| Total other financing sources (uses) | <u>1,277,200</u> | <u>-</u> | <u>(1,277,200)</u> |
| Net change in fund balance | <u>\$ -</u> | (664,321) | <u>\$ (664,321)</u> |
| Fund balance: | | | |
| Beginning of year, July 1 | | <u>1,908,131</u> | |
| End of year, June 30 | | <u>\$ 1,243,810</u> | |



CHILD NUTRITION FUND

The Child Nutrition Fund uses the full accrual basis of accounting. The Child Nutrition Program provides breakfast and lunch to students in the Asheville City Schools. Primary revenue sources are meal charges, federal commodity subsidies, and USDA reimbursements.



ASHEVILLE CITY SCHOOLS
CHILD NUTRITION FUND
SCHEDULE OF REVENUES AND EXPENDITURES--BUDGET AND ACTUAL (Non-GAAP)
For the Year Ended June 30, 2011

| | <u>Budget</u> | <u>Actual</u> | <u>Positive (Negative) Variance</u> |
|---|--------------------|--------------------|---|
| Operating revenues: | | | |
| Food sales | 480,671 | \$ 468,710 | \$ (11,961) |
| Operating expenditures: | | | |
| Purchase of food | 718,681 | 708,508 | 10,173 |
| Salaries and benefits | 888,587 | 856,405 | 32,182 |
| Materials and supplies | 73,780 | 60,852 | 12,928 |
| Other | 28,105 | 27,502 | 603 |
| Total operating expenditures | <u>1,709,153</u> | <u>1,653,267</u> | <u>55,886</u> |
| Operating loss | <u>(1,228,482)</u> | <u>(1,184,557)</u> | <u>43,925</u> |
| Non-operating revenues: | | | |
| Federal reimbursements | 943,244 | 993,744 | 50,500 |
| Federal commodities | 80,230 | 90,704 | 10,474 |
| State reimbursement | 112,727 | 115,178 | 2,451 |
| Interest earned | 488 | 67 | (421) |
| Total non-operating revenues | <u>1,136,689</u> | <u>1,199,693</u> | <u>63,004</u> |
| Revenues over (under) expenditures before other financing sources | (91,793) | 15,136 | 106,929 |
| Other financing sources: | | | |
| Transfers from other funds | 91,793 | 66,792 | (25,001) |
| Revenues and other sources over expenditures | <u>\$ -</u> | <u>81,928</u> | <u>\$ 81,928</u> |
| Reconciliation of modified accrual to full accrual basis: | | | |
| Reconciling items: | | | |
| Depreciation | | (29,237) | |
| Decrease in compensated absences | | 220 | |
| Increase in inventories of food and supplies | | 23,712 | |
| Increase in unearned revenue | | (210) | |
| Change in net assets | | <u>\$ 76,413</u> | |



AGENCY FUND

The Agency Fund is used to account for assets held by the Board as an agent for the benefit of various scholarship and award funds, the Asheville City Schools Foundation, the Asheville City Schools Pool Committee, and the Educational Access Channel Consortium.



**ASHEVILLE CITY SCHOOLS
AGENCY FUND
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2011**

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| ASHEVILLE CITY SCHOOLS FOUNDATION: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 932,095 | \$ 7,248 | \$ 939,343 | \$ - |
| Liabilities: | | | | |
| Due to other sources | \$ 932,095 | \$ 7,248 | \$ 939,343 | \$ - |
| ASHEVILLE HIGH AWARDS: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 20,022 | \$ 204 | \$ 209 | \$ 20,017 |
| Liabilities: | | | | |
| Due to other sources | \$ 20,022 | \$ 204 | \$ 209 | \$ 20,017 |
| ASHEVILLE CITY SCHOOLS POOL COMMITTEE: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 738,023 | \$ 7,243 | \$ 744,886 | \$ 380 |
| Liabilities: | | | | |
| Due to other sources | \$ 738,023 | \$ 7,243 | \$ 744,886 | \$ 380 |
| EDUCATIONAL ACCESS CHANNEL CONSORTIUM: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 209,676 | | \$ 13,463 | \$ 196,213 |
| Liabilities: | | | | |
| Due to other sources | \$ 209,676 | \$ - | \$ 13,463 | \$ 196,213 |
| TOTAL--AGENCY FUND: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 1,899,816 | \$ 14,695 | \$ 1,697,901 | \$ 216,610 |
| Liabilities: | | | | |
| Due to other sources | \$ 1,899,816 | \$ 14,695 | \$ 1,697,901 | \$ 216,610 |





Statistical Section

Statistical Section

STATISTICAL SECTION

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about Asheville City Schools' overall financial health. The schedules included in this section can be categorized as follows:

Financial Trends Schedules

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity Schedules

These schedules contain information to help the reader assess one of the government's most significant local revenue sources, the Asheville City Schools' supplemental city school tax.

Debt Capacity Schedules

No schedules for debt capacity are included since the Board's long-term obligations are limited to compensated absences to be paid from governmental and proprietary funds, and the installment purchase of school buses to be repaid through the North Carolina Department of Public Instruction.

Demographic and Economic Information Schedules

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 Schedules

These schedules contain service 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.

The schedule type or category is listed in the upper right-hand corner on each of the attached schedules. Unless otherwise noted, the information shown on the attached schedules was derived from the comprehensive annual financial reports for the relevant year. Asheville City Schools implemented GASB Statement No. 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

**ASHEVILLE CITY SCHOOLS
NET ASSETS BY COMPONENT
Last Nine Fiscal Years
(accrual basis of accounting)**

| | Fiscal Year | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| Governmental activities: | | | | | | | | | |
| Invested in capital assets | \$ 42,016,915 | \$ 40,720,471 | \$ 39,831,882 | \$ 40,742,273 | \$ 42,579,373 | \$ 43,180,650 | \$ 36,145,142 | \$ 34,012,521 | \$ 32,814,131 |
| Restricted | 2,057,659 | 2,573,030 | 3,041,033 | 3,121,124 | 2,223,465 | 1,464,061 | 1,751,429 | 1,811,443 | 1,862,829 |
| Unrestricted | 1,652,123 | 1,803,925 | 1,889,585 | 2,527,733 | 2,365,479 | 2,528,870 | 2,778,082 | 2,755,847 | 1,569,563 |
| Total governmental activities net assets | <u>\$ 45,726,697</u> | <u>\$ 45,097,426</u> | <u>\$ 44,762,500</u> | <u>\$ 46,391,130</u> | <u>\$ 47,168,317</u> | <u>\$ 47,173,581</u> | <u>\$ 40,674,653</u> | <u>\$ 38,579,811</u> | <u>\$ 36,246,523</u> |
| Business-type activities: | | | | | | | | | |
| Invested in capital assets | \$ 201,042 | \$ 230,279 | \$ 239,890 | \$ 272,359 | \$ 305,870 | \$ 56,496 | \$ 83,170 | \$ 81,624 | \$ 95,560 |
| Unrestricted | 168,156 | 62,506 | 50,072 | (23,956) | (118,922) | 20,275 | 162,616 | 256,026 | 286,422 |
| Total business-type activities net assets | <u>\$ 369,198</u> | <u>\$ 292,785</u> | <u>\$ 289,962</u> | <u>\$ 248,403</u> | <u>\$ 186,948</u> | <u>\$ 76,771</u> | <u>\$ 245,786</u> | <u>\$ 337,650</u> | <u>\$ 381,982</u> |
| Government-wide: | | | | | | | | | |
| Invested in capital assets | \$ 42,217,957 | \$ 40,950,750 | \$ 40,071,772 | \$ 41,014,632 | \$ 42,885,243 | \$ 43,237,146 | \$ 36,228,312 | \$ 34,094,145 | \$ 32,909,691 |
| Restricted | 2,057,659 | 2,573,030 | 3,041,033 | 3,121,124 | 2,223,465 | 1,464,061 | 1,751,429 | 1,811,443 | 1,862,829 |
| Unrestricted | 1,820,279 | 1,866,431 | 1,939,657 | 2,503,777 | 2,246,557 | 2,549,145 | 2,940,698 | 3,011,873 | 1,855,985 |
| Total government-wide net assets | <u>\$ 46,095,895</u> | <u>\$ 45,390,211</u> | <u>\$ 45,052,462</u> | <u>\$ 46,639,533</u> | <u>\$ 47,355,265</u> | <u>\$ 47,250,352</u> | <u>\$ 40,920,439</u> | <u>\$ 38,917,461</u> | <u>\$ 36,628,505</u> |

Note: Asheville City Schools began to report accrual information when it implemented GASB Statement 34 in 2003. Asheville City Schools implemented GASB Statement 54 in 2011. The amounts shown above have been restated in accordance with GASB Statement 54 for comparability purposes.

**ASHEVILLE CITY SCHOOLS
EXPENSES, PROGRAM REVENUES AND NET (EXPENSE)
Last Nine Fiscal Years
(accrual basis of accounting)**

| | Fiscal Year | | | | | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| Expenses: | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Instructional programs | \$ 38,127,000 | \$ 37,844,471 | \$ 38,501,664 | \$ 37,206,592 | \$ 32,144,863 | \$ 30,113,067 | \$ 28,747,566 | \$ 27,924,801 | \$ 27,060,043 |
| Support services | 9,934,044 | 9,728,867 | 9,971,095 | 9,472,591 | 11,579,037 | 11,217,031 | 10,601,184 | 10,126,909 | 9,650,031 |
| Unallocated depreciation expense | 1,533,209 | 1,622,375 | 1,618,517 | 1,628,326 | 2,313,179 | 1,908,699 | 1,632,260 | 1,537,735 | 1,492,569 |
| Other | 1,422,066 | 875,589 | 788,107 | 713,959 | 624,887 | 603,596 | 555,921 | 529,272 | 393,149 |
| Total governmental activities expenses | <u>51,016,319</u> | <u>50,071,302</u> | <u>50,879,383</u> | <u>49,021,468</u> | <u>46,661,966</u> | <u>43,842,393</u> | <u>41,536,931</u> | <u>40,118,717</u> | <u>38,595,792</u> |
| Business-type activities: | | | | | | | | | |
| Child nutrition | <u>1,658,572</u> | <u>1,682,677</u> | <u>1,781,287</u> | <u>1,695,817</u> | <u>1,719,078</u> | <u>1,621,843</u> | <u>1,589,636</u> | <u>1,558,638</u> | <u>1,559,570</u> |
| Total government-wide expenses | <u>52,674,891</u> | <u>51,753,979</u> | <u>52,660,670</u> | <u>50,717,285</u> | <u>48,381,044</u> | <u>45,464,236</u> | <u>43,126,567</u> | <u>41,677,355</u> | <u>40,155,362</u> |
| Program revenues: | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Charges for services | | | | | | | | | |
| Instructional programs | 1,469,840 | 1,520,984 | 1,452,988 | 1,343,434 | 1,436,419 | 1,357,411 | 1,347,313 | 1,401,613 | 1,292,519 |
| Support programs | - | - | 6,302 | 4,749 | - | 31,246 | 17,610 | 29,530 | 51,289 |
| Ancillary services | 2,015 | 4,465 | 8,178 | 6,424 | 6,628 | 6,401 | 35,570 | 17,879 | 16,955 |
| Operating grants and contributions | 28,669,673 | 28,054,706 | 28,623,511 | 27,475,326 | 25,468,050 | 24,621,723 | 23,449,502 | 23,121,865 | 22,622,287 |
| Capital grants and contributions | 536,628 | 386,673 | 351,765 | 51,599 | 5,588 | 23,345 | 16,779 | 20,718 | 65,908 |
| Total governmental activities program revenues | <u>30,678,156</u> | <u>29,966,828</u> | <u>30,442,744</u> | <u>28,881,532</u> | <u>26,916,685</u> | <u>26,040,126</u> | <u>24,866,774</u> | <u>24,591,605</u> | <u>24,048,958</u> |
| Business-type activities: | | | | | | | | | |
| Charges for services | 468,500 | 469,799 | 526,806 | 537,651 | 507,126 | 446,497 | 492,729 | 531,832 | 552,360 |
| Operating grants and contributions | 1,199,626 | 1,099,164 | 1,064,302 | 1,020,189 | 965,387 | 929,235 | 919,137 | 916,443 | 917,825 |
| Total business-type activities program revenues | <u>1,668,126</u> | <u>1,568,963</u> | <u>1,591,108</u> | <u>1,557,840</u> | <u>1,472,513</u> | <u>1,375,732</u> | <u>1,411,866</u> | <u>1,448,275</u> | <u>1,470,185</u> |
| Total government-wide program revenues | <u>32,346,282</u> | <u>31,535,791</u> | <u>32,033,852</u> | <u>30,439,372</u> | <u>28,389,198</u> | <u>27,415,858</u> | <u>26,278,640</u> | <u>26,039,880</u> | <u>25,519,143</u> |
| Net (expense) | <u>\$ (20,328,609)</u> | <u>\$ (20,218,188)</u> | <u>\$ (20,626,818)</u> | <u>\$ (20,277,913)</u> | <u>\$ (19,991,846)</u> | <u>\$ (18,048,378)</u> | <u>\$ (16,847,927)</u> | <u>\$ (15,637,475)</u> | <u>\$ (14,636,219)</u> |

Notes: Asheville City Schools began to report accrual information when it implemented GASB Statement 34 in 2003. A state-wide chart of accounts change was implemented during fiscal year 2008, which reclassified certain expenses between the categories above.

ASHEVILLE CITY SCHOOLS
GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS
Last Nine Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | | | | | |
|--|-------------------|-------------------|-----------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| Net (expense): | | | | | | | | | |
| Government-wide net (expense) | \$ (20,328,609) | \$ (20,218,188) | \$ (20,626,818) | \$ (20,277,913) | \$ (19,991,846) | \$ (18,048,378) | \$ (16,847,927) | \$ (15,637,475) | \$ (14,636,219) |
| General revenues and transfers: | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| U.S. Government | 72,516 | - | - | - | - | - | - | - | - |
| State of North Carolina--construction | - | - | - | - | - | 450,000 | 213,738 | 1,361,964 | 232,800 |
| Buncombe County--appropriation | 8,121,889 | 7,937,508 | 7,954,545 | 7,578,633 | 6,834,500 | 6,432,698 | 6,210,175 | 6,027,697 | 5,754,619 |
| Buncombe County--other | 2,086,144 | 2,139,695 | 18,378 | 410,692 | 1,561,433 | 7,159,805 | 2,576,052 | 555,244 | 1,617,478 |
| Supplemental city school tax | 8,053,018 | 7,816,953 | 7,735,552 | 7,596,032 | 7,402,672 | 6,677,152 | 6,441,256 | 6,351,447 | 6,235,382 |
| Local option sales tax | 2,273,028 | 2,162,868 | 2,652,714 | 2,999,131 | 3,125,067 | 2,848,259 | 2,554,471 | 2,614,357 | 2,009,599 |
| Other revenues | 427,631 | 498,423 | 678,438 | 975,978 | 1,171,268 | 793,963 | 848,660 | 1,012,357 | 1,042,384 |
| Transfers (out) | (66,792) | (116,047) | (231,618) | (197,717) | (354,923) | (60,682) | (79,353) | (62,666) | (54,422) |
| Total governmental activities general revenues and transfers | <u>20,967,434</u> | <u>20,439,400</u> | <u>18,808,009</u> | <u>19,362,749</u> | <u>19,740,017</u> | <u>24,301,195</u> | <u>18,764,999</u> | <u>17,860,400</u> | <u>16,837,840</u> |
| Business-type activities: | | | | | | | | | |
| Other revenues | 67 | 490 | 120 | 1,715 | 1,819 | 16,414 | 6,553 | 3,365 | 4,074 |
| Transfers in | 66,792 | 116,047 | 231,618 | 197,717 | 354,923 | 60,682 | 79,353 | 62,666 | 54,422 |
| Total business-type activities general revenues and transfers | <u>66,859</u> | <u>116,537</u> | <u>231,738</u> | <u>199,432</u> | <u>356,742</u> | <u>77,096</u> | <u>85,906</u> | <u>66,031</u> | <u>58,496</u> |
| Total government-wide general revenues and transfers | <u>21,034,293</u> | <u>20,555,937</u> | <u>19,039,747</u> | <u>19,562,181</u> | <u>20,096,759</u> | <u>24,378,291</u> | <u>18,850,905</u> | <u>17,926,431</u> | <u>16,896,336</u> |
| Change in net assets | <u>\$ 705,684</u> | <u>\$ 337,749</u> | <u>\$ (1,587,071)</u> | <u>\$ (715,732)</u> | <u>\$ 104,913</u> | <u>\$ 6,329,913</u> | <u>\$ 2,002,978</u> | <u>\$ 2,288,956</u> | <u>\$ 2,260,117</u> |

Note: Asheville City Schools began to report accrual information when it implemented GASB Statement 34 in 2003.

**ASHEVILLE CITY SCHOOLS
FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)**

| | Fiscal Year | | | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| General Fund: | | | | | | | | | | |
| Non-spendable | \$ 27,797 | \$ 29,828 | \$ 31,797 | \$ 37,744 | \$ 57,321 | \$ 81,437 | \$ 54,900 | \$ - | \$ - | \$ - |
| Restricted--Stabilization by State Statute | 187,726 | 313,718 | 537,212 | 635,599 | 573,419 | 517,672 | 557,334 | 524,201 | 399,131 | 188,591 |
| Assigned | 227,000 | 1,900,000 | 1,900,000 | 1,900,000 | 2,018,000 | 2,249,000 | 2,291,500 | 1,808,000 | 455,000 | 1,270,000 |
| Unassigned | <u>3,370,258</u> | <u>1,913,092</u> | <u>1,967,542</u> | <u>2,326,390</u> | <u>2,144,286</u> | <u>2,020,660</u> | <u>2,271,770</u> | <u>2,756,282</u> | <u>2,887,002</u> | <u>1,412,279</u> |
| Total General Fund | <u>\$ 3,812,781</u> | <u>\$ 4,156,638</u> | <u>\$ 4,436,551</u> | <u>\$ 4,899,733</u> | <u>\$ 4,793,026</u> | <u>\$ 4,868,769</u> | <u>\$ 5,175,504</u> | <u>\$ 5,088,483</u> | <u>\$ 3,741,133</u> | <u>\$ 2,870,870</u> |
| All other governmental funds: | | | | | | | | | | |
| Restricted--Stabilization by State Statute | \$ 815,694 | \$ 578,609 | \$ 16,209 | \$ 15,559 | \$ 42,024 | \$ 472,865 | \$ 325,047 | \$ 333,029 | \$ 319,649 | \$ 399,252 |
| Restricted--school capital outlay | 670,873 | 1,329,522 | 2,166,806 | 2,173,881 | 1,345,886 | 171,173 | 637,812 | 710,438 | 869,782 | 514,213 |
| Restricted--individual schools activities | 383,366 | 351,181 | 320,806 | 296,085 | 262,136 | 302,351 | 231,236 | 243,775 | 274,267 | 253,071 |
| Committed--special programs | <u>64,058</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total all other governmental funds | <u>\$ 1,933,991</u> | <u>\$ 2,259,312</u> | <u>\$ 2,503,821</u> | <u>\$ 2,485,525</u> | <u>\$ 1,650,046</u> | <u>\$ 946,389</u> | <u>\$ 1,194,095</u> | <u>\$ 1,287,242</u> | <u>\$ 1,463,698</u> | <u>\$ 1,166,536</u> |

Note: Asheville City Schools implemented GASB Statement 54 in 2011.

The amounts shown above have been restated in accordance with GASB Statement 54 for comparability purposes.

ASHEVILLE CITY SCHOOLS
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|---|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|-------------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| Revenues: | | | | | | | | | | |
| State of North Carolina | \$ 21,339,952 | \$ 20,262,065 | \$ 22,453,531 | \$ 22,214,646 | \$ 20,987,659 | \$ 20,654,243 | \$ 19,360,866 | \$ 20,302,734 | \$ 19,043,498 | \$ 20,104,313 |
| U. S. Government | 7,728,067 | 8,062,245 | 6,480,293 | 5,162,624 | 4,275,071 | 4,296,347 | 4,130,198 | 4,108,617 | 3,759,971 | 3,297,014 |
| Local sources: | | | | | | | | | | |
| Buncombe County - appropriation | 8,121,889 | 7,937,508 | 7,954,545 | 7,578,633 | 7,125,864 | 6,699,943 | 6,456,646 | 6,276,519 | 5,981,751 | 5,976,985 |
| Buncombe County - other | 2,086,144 | 2,139,695 | 18,378 | 410,692 | 1,561,433 | 7,159,805 | 2,576,052 | 555,244 | 1,617,478 | 1,810,580 |
| Supplemental city school tax | 8,053,018 | 7,816,953 | 7,735,552 | 7,596,032 | 7,402,672 | 6,677,152 | 6,441,256 | 6,351,447 | 6,235,382 | 5,049,320 |
| Local option sales tax | 2,273,028 | 2,162,868 | 2,652,714 | 2,999,131 | 3,125,067 | 2,848,259 | 2,554,471 | 2,614,357 | 2,009,599 | 1,946,115 |
| Other local revenues | 2,300,063 | 2,312,178 | 2,312,276 | 2,590,455 | 2,637,892 | 2,212,199 | 2,349,424 | 2,437,197 | 2,349,344 | 2,361,952 |
| Total revenues | <u>51,902,161</u> | <u>50,693,512</u> | <u>49,607,289</u> | <u>48,552,213</u> | <u>47,115,658</u> | <u>50,547,948</u> | <u>43,868,913</u> | <u>42,646,115</u> | <u>40,997,023</u> | <u>40,546,279</u> |
| Expenditures: | | | | | | | | | | |
| Instructional programs | 37,519,981 | 37,152,716 | 38,020,523 | 36,336,671 | 31,764,836 | 30,193,557 | 28,740,482 | 27,905,800 | 26,903,434 | 26,946,062 |
| Support services | 9,617,311 | 9,889,095 | 10,555,648 | 9,158,220 | 11,559,015 | 10,942,004 | 10,353,467 | 9,627,553 | 9,120,717 | 9,091,328 |
| Capital Outlay | 3,648,756 | 3,302,053 | 838,868 | 1,276,337 | 2,076,174 | 9,226,526 | 4,076,464 | 3,291,559 | 2,755,271 | 3,932,869 |
| Other | 1,718,499 | 1,149,128 | 1,088,251 | 641,082 | 732,796 | 679,620 | 625,273 | 587,643 | 444,635 | 403,416 |
| Total expenditures | <u>52,504,547</u> | <u>51,492,992</u> | <u>50,503,290</u> | <u>47,412,310</u> | <u>46,132,821</u> | <u>51,041,707</u> | <u>43,795,686</u> | <u>41,412,555</u> | <u>39,224,057</u> | <u>40,373,675</u> |
| Revenues over (under) expenditures | <u>(602,386)</u> | <u>(799,480)</u> | <u>(896,001)</u> | <u>1,139,903</u> | <u>982,837</u> | <u>(493,759)</u> | <u>73,227</u> | <u>1,233,560</u> | <u>1,772,966</u> | <u>172,604</u> |
| Other financing (uses): | | | | | | | | | | |
| Transfers from other funds | 124,247 | 253,156 | 270,674 | 264,786 | 274,199 | 250,559 | 251,073 | 264,840 | 248,663 | 237,011 |
| Transfers to other funds | (191,039) | (369,203) | (502,292) | (462,503) | (629,122) | (311,241) | (330,426) | (327,506) | (303,085) | (289,267) |
| Installment purchase obligations issued | - | 391,105 | 682,733 | - | - | - | - | - | - | - |
| Total other financing (uses) | <u>(66,792)</u> | <u>275,058</u> | <u>451,115</u> | <u>(197,717)</u> | <u>(354,923)</u> | <u>(60,682)</u> | <u>(79,353)</u> | <u>(62,666)</u> | <u>(54,422)</u> | <u>(52,256)</u> |
| Extraordinary item | - | - | - | - | - | - | - | - | (692,567) | - |
| Net change in fund balances | <u>\$ (669,178)</u> | <u>\$ (524,422)</u> | <u>\$ (444,886)</u> | <u>\$ 942,186</u> | <u>\$ 627,914</u> | <u>\$ (554,441)</u> | <u>\$ (6,126)</u> | <u>\$ 1,170,894</u> | <u>\$ 1,025,977</u> | <u>\$ 120,348</u> |

Notes: The extraordinary item recorded in fiscal year 2003 was the payment of a summary judgment ruled against Asheville City Schools.
A state-wide chart of accounts change was implemented during fiscal year 2008 which reclassified certain expenditures between the categories above.

**ASHEVILLE CITY SCHOOLS
ASSESSED VALUE OF TAXABLE PROPERTY
Supplemental City School Tax
Last Ten Fiscal Years
(in thousands)**

| Fiscal Year | Actual Value - Asheville City School District | | | | Direct Tax Rate |
|-------------|---|-------------------|--------------------------|---------------------|-----------------|
| | Real Property | Personal Property | Public Service Companies | Total Taxable Value | |
| 2011 | \$ 4,813,441 | \$ 412,260 | \$ 101,106 | \$ 5,326,807 | \$ 0.15 |
| 2010 | 4,735,398 | 439,940 | 82,152 | 5,257,490 | 0.15 |
| 2009 | 4,616,367 | 475,376 | 111,655 | 5,203,398 | 0.15 |
| 2008 | 4,461,149 | 479,873 | 103,974 | 5,044,996 | 0.15 |
| 2007 | 4,370,104 | 486,341 | 88,824 | 4,945,269 | 0.15 |
| 2006 | 2,796,592 | 454,223 | 96,752 | 3,347,567 | 0.20 |
| 2005 | 2,691,470 | 418,201 | 97,959 | 3,207,630 | 0.20 |
| 2004 | 2,646,183 | 424,238 | 97,668 | 3,168,089 | 0.20 |
| 2003 | 2,628,502 | 435,069 | 88,802 | 3,152,373 | 0.20 |
| 2002 | 1,986,212 | 438,879 | 99,264 | 2,524,355 | 0.20 |

Source: Buncombe County Tax Department
Notes: Property is assessed at market value.
The tax rate is per \$100 of assessed value.

ASHEVILLE CITY SCHOOLS
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

| Fiscal Year | Direct | | Overlapping Rates | | Total Combined Rate | | | |
|----------------|---------------------------------|--------|--------------------|----------------------|---------------------------|--------|----|--------|
| | Supplemental City School Tax | | Buncombe County | City of Asheville | | | | |
| 2011 | \$ | 0.1500 | \$ | 0.5250 | \$ | 0.4200 | \$ | 1.0950 |
| 2010 | | 0.1500 | | 0.5250 | | 0.4200 | | 1.0950 |
| 2009 | | 0.1500 | | 0.5250 | | 0.4200 | | 1.0950 |
| 2008 | | 0.1500 | | 0.5250 | | 0.4200 | | 1.0950 |
| 2007 | | 0.1500 | | 0.5300 | | 0.4238 | | 1.1038 |
| 2006 | | 0.2000 | | 0.5900 | | 0.5300 | | 1.3200 |
| 2005 | | 0.2000 | | 0.5900 | | 0.5300 | | 1.3200 |
| 2004 | | 0.2000 | | 0.5900 | | 0.5300 | | 1.3200 |
| 2003 | | 0.2000 | | 0.5900 | | 0.5300 | | 1.3200 |
| 2002 | | 0.2000 | | 0.6300 | | 0.5600 | | 1.3900 |

Source: Buncombe County Tax Department.
Note: Rates are per \$100 of assessed valuation.

**ASHEVILLE CITY SCHOOLS
PRINCIPAL PROPERTY TAX PAYERS
Supplemental City School Tax
Current Year and Five Years Ago**

| Taxpayer | Business | 2011 | | | 2006 | | |
|----------------------------------|-------------------------------|---------------------------------|------|-----------------------------------|---------------------------------|------|-----------------------------------|
| | | Taxable Value (in thousands) | Rank | Percentage of Total Taxable Value | Taxable Value (in thousands) | Rank | Percentage of Total Taxable Value |
| Jack Tar/Grove Park Inc. | Hotels/Convention Services | \$ 102,511 | 1 | 2.01% | \$ 101,700 | 1 | 0.30% |
| Progress Energy | Electric Power Utility | 59,174 | 2 | 1.16% | | | |
| Power Development | Real Estate Development | 28,922 | 3 | 0.57% | | | |
| BellSouth | Communications Service | 27,205 | 4 | 0.53% | 38,799 | 3 | 1.20% |
| GPI Ventures LLC | Hotels/Convention Services | 23,826 | 5 | 0.47% | | | |
| Nesbitt Asheville Venture LLC | Hotels/Convention Services | 23,371 | 6 | 0.46% | 12,252 | 4 | 0.40% |
| Beaverdam Land Conservancy LLC | Real Estate | 17,072 | 7 | 0.33% | | | |
| FIRC Haywood Part Holdings LLC | Real Estate | 16,825 | 8 | 0.33% | | | |
| Hospitality Lodging Investors II | Hotels/Convention Services II | 16,215 | 9 | 0.32% | | | |
| Ingles Markets | Supermarkets | 15,793 | 10 | 0.31% | 11,451 | 5 | 0.30% |
| Carolina Power & Light | Electric Power Utility | | | | 46,960 | 2 | 1.40% |
| Park Terrace Properties LLC | Real Estate/Commercial Office | | | | 9,703 | 6 | 0.30% |
| Tower Associates Inc. | Real Estate/Commercial Office | | | | 8,986 | 7 | 0.30% |
| Country Club of Asheville | Real Estate/Private Golf Club | | | | 8,799 | 8 | 0.30% |
| Pack Square Investors LLC | Real Estate/Commercial Office | | | | 8,644 | 9 | 0.30% |
| HGA Development LLC | Real Estate/Commercial Office | | | | 8,635 | 10 | 0.30% |

Source: Buncombe County Tax Department.

Note: Asheville City Schools did not start reporting principal property tax payers until 2006.

**ASHEVILLE CITY SCHOOLS
PROPERTY TAX LEVIES AND COLLECTIONS
Supplemental City School Tax
Last Ten Fiscal Years
(in thousands)**

| <u>Fiscal Year</u> | <u>Total Tax Levy</u> | <u>Current Tax Collections</u> | <u>Percentage of Current Collections to Levy</u> | <u>Prior Tax Collections</u> | <u>Total Tax Collections</u> | <u>Percentage of Total Collections to Levy</u> |
|--------------------|-----------------------|--------------------------------|--|------------------------------|------------------------------|--|
| 2011 | \$ 8,000 | \$ 7,946 | 99.3% | \$ 107 | \$ 8,053 | 100.7% |
| 2010 | 7,849 | 7,734 | 98.5% | 83 | 7,817 | 99.6% |
| 2009 | 7,767 | 7,693 | 99.0% | 43 | 7,736 | 99.6% |
| 2008 | 7,557 | 7,533 | 99.7% | 63 | 7,596 | 100.5% |
| 2007 | 7,391 | 7,347 | 99.4% | 56 | 7,403 | 100.2% |
| 2006 | 6,668 | 6,617 | 99.2% | 60 | 6,677 | 100.1% |
| 2005 | 6,411 | 6,384 | 99.6% | 57 | 6,441 | 100.5% |
| 2004 | 6,320 | 6,285 | 99.4% | 66 | 6,351 | 100.5% |
| 2003 | 6,248 | 6,178 | 98.9% | 57 | 6,235 | 99.8% |
| 2002 | 5,045 | 4,999 | 99.1% | 50 | 5,049 | 100.1% |

Sources: Buncombe County Tax Department and District records.

Note: The total tax levy includes penalties assessed and releases or discoveries made after the original assessment of taxable value.

ASHEVILLE CITY SCHOOLS
Demographic and Economic Statistics for Buncombe County
Last Ten Fiscal Years

| Fiscal Year | Estimated Population (in thousands) | Personal Income (in thousands) | Per Capita Personal Income | Estimated Median Age | Unemployment Rate |
|--------------------|--|---------------------------------------|-----------------------------------|-----------------------------|--------------------------|
| 2011 | Unavailable | Unavailable | Unavailable | Unavailable | 8.2 |
| 2010 | 234 | Unavailable | Unavailable | 41 | 8.3 |
| 2009 | 235 | \$ 8,048,421 | \$ 34,774 | 41 | 9.0 |
| 2008 | 229 | 8,020,952 | 34,969 | 41 | 4.9 |
| 2007 | 224 | 7,549,711 | 33,347 | 40 | 4.0 |
| 2006 | 220 | 7,063,622 | 31,743 | 40 | 4.0 |
| 2005 | 218 | 6,571,239 | 30,060 | 40 | 4.6 |
| 2004 | 216 | 6,195,268 | 28,711 | 40 | 3.4 |
| 2003 | 215 | 5,698,286 | 26,738 | 39 | 4.0 |
| 2002 | 212 | 5,671,946 | 26,929 | 38 | 4.6 |

Sources: Buncombe County Finance Department.

Note: Information presented is not separately identifiable for Asheville City Schools.

**ASHEVILLE CITY SCHOOLS
PRINCIPAL EMPLOYERS
Current Year and Five Years Ago**

| <u>Employer</u> | <u>2011</u> | | <u>2006</u> | |
|---|-------------|------------------|-------------|------------------|
| | <u>Rank</u> | <u>Employees</u> | <u>Rank</u> | <u>Employees</u> |
| Mission Health System & Hospitals | 1 | 7,000 | 1 | 6,000 |
| Buncombe County Government | 2 | 1,700 | 2 | 1,500 |
| The Biltmore Company | 3 | 1,600 | | |
| The Grove Park Inn Resort & Spa | 4 | 1,100 | 4 | 950 |
| City of Asheville | 5 | 1,000 | 3 | 1,300 |
| Asheville City Schools | 6 | 700 | 6 | 700 |
| University of North Carolina at Asheville | 7 | 700 | 7 | 650 |
| Asheville-Buncombe Technical Community College | 8 | 400 | 5 | 900 |
| YMCA of Western North Carolina | 9 | 400 | | |
| Asheville Radiology | 10 | 300 | | |
| Wal-Mart Stores, Inc. | | | 8 | 500 |
| United States Postal Service - Asheville Facility | | | 9 | 450 |
| Asheville Citizen-Times | | | 10 | 300 |

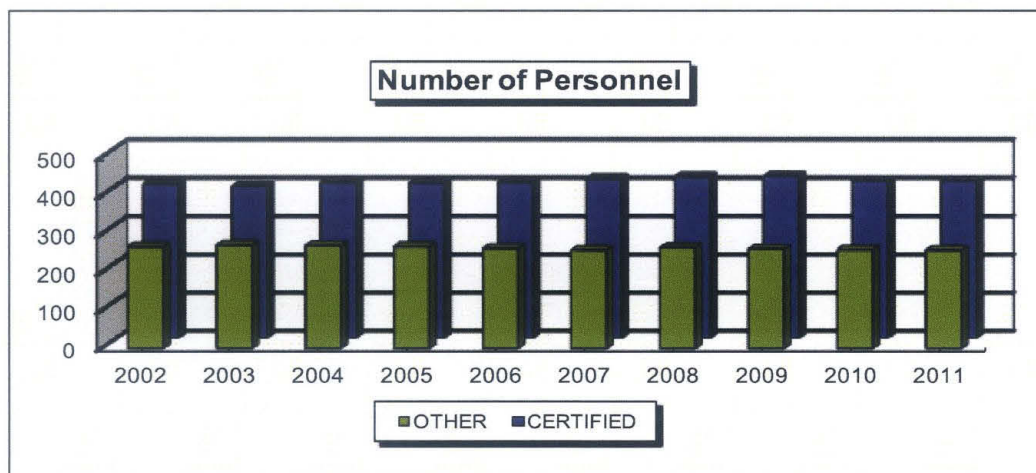
Source: Asheville Area Chamber of Commerce

Notes: Figures have been rounded to the nearest hundred.

Asheville City Schools did not start reporting top ten employers until 2006.

Information regarding the percentage of total employment is not available.

**ASHEVILLE CITY SCHOOLS
NUMBER OF PERSONNEL
Last Ten Fiscal Years**



| <u>Year Ended June 30:</u> | <u>Certified Personnel</u> | <u>Other Operating Personnel</u> | <u>Total</u> | <u>Average Daily Membership</u> | <u>Ratio of Pupils to Certified Personnel</u> |
|----------------------------|----------------------------|----------------------------------|--------------|---------------------------------|---|
| 2011 | 411 | 258 | 669 | 3,855 | 9.4 |
| 2010 | 411 | 259 | 670 | 3,693 | 9.0 |
| 2009 | 423 | 261 | 684 | 3,686 | 8.7 |
| 2008 | 422 | 264 | 686 | 3,683 | 8.7 |
| 2007 | 417 | 258 | 675 | 3,730 | 8.9 |
| 2006 | 407 | 262 | 669 | 3,753 | 9.2 |
| 2005 | 405 | 268 | 673 | 3,789 | 9.4 |
| 2004 | 407 | 270 | 677 | 3,789 | 9.3 |
| 2003 | 397 | 271 | 668 | 3,864 | 9.7 |
| 2002 | 404 | 267 | 671 | 3,904 | 9.7 |

Source: Asheville City Schools Human Resources Department.

Note: Certified Personnel includes teachers, librarians, counselors, principals, assistant principals and certified personnel working in the Administrative Offices.

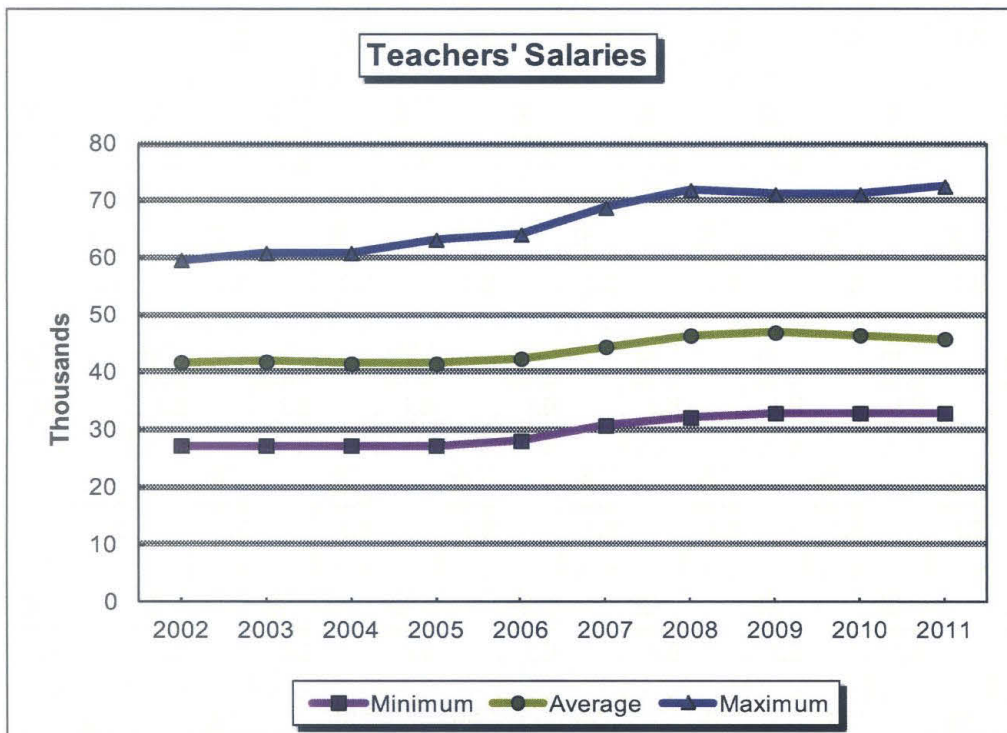
**ASHEVILLE CITY SCHOOLS
OPERATING STATISTICS
Last Ten Fiscal Years**

| Fiscal Year | Average Daily Membership | Average Daily Attendance | Per Pupil Expenditure | North Carolina Per Pupil Expenditure Rank | Students Receiving Free or Reduced-Price Meals | Student Racial/Ethnic Composition | | |
|-------------|--------------------------|--------------------------|-----------------------|---|--|-----------------------------------|-------|-------|
| | | | | | | Black | White | Other |
| 2011 | 3,855 | 3,640 | \$ 11,894 | Sixth | 48.4% | 28.7% | 55.7% | 15.6% |
| 2010 | 3,693 | 3,463 | 12,513 | Fourth | 47.1% | 39.3% | 54.7% | 6.0% |
| 2009 | 3,686 | 3,480 | 12,803 | Fifth | 46.0% | 40.7% | 52.3% | 7.0% |
| 2008 | 3,683 | 3,477 | 12,209 | Third | 51.5% | 42.1% | 51.2% | 6.7% |
| 2007 | 3,730 | 3,546 | 11,506 | Fourth | 48.9% | 42.4% | 50.7% | 6.9% |
| 2006 | 3,753 | 3,543 | 10,856 | Fourth | 51.3% | 43.5% | 50.0% | 6.5% |
| 2005 | 3,789 | 3,560 | 10,210 | Fourth | 50.3% | 43.7% | 50.3% | 6.0% |
| 2004 | 3,789 | 3,579 | 10,102 | Third | 52.2% | 45.7% | 49.3% | 5.0% |
| 2003 | 3,864 | 3,665 | 9,273 | Third | 51.6% | 45.0% | 50.8% | 4.2% |
| 2002 | 3,904 | 3,703 | 9,229 | Third | Unavailable | 45.4% | 50.4% | 4.2% |

Sources: Asheville City Schools Child Nutrition Department, Students Receiving Free or Reduced-Price Meals.
North Carolina Department of Public Instruction, all other information reported.

Notes: The amounts shown for per pupil expenditures represent the per pupil expenditures as computed and reported by the North Carolina Department of Public Instruction (NCDPI). NCDPI computes this statistic by dividing current expense expenditures by average daily membership. Consequently, capital outlay expenditures and certain other expenditures (community services, Head Start, and inter/intra fund transfers) are excluded to improve the comparability of per pupil expenditures between fiscal years and between other North Carolina school districts. This computation is considered the official per pupil expenditure.

**ASHEVILLE CITY SCHOOLS
TEACHERS' SALARIES
Last Ten Fiscal Years**



| <u>Year Ended June 30:</u> | <u>Minimum</u> | <u>Maximum</u> | <u>Average</u> |
|----------------------------|----------------|----------------|----------------|
| 2011 | \$ 33,017 | \$ 72,611 | \$ 45,916 |
| 2010 | 33,017 | 71,225 | 46,557 |
| 2009 | 33,017 | 71,225 | 47,032 |
| 2008 | 32,279 | 71,962 | 46,519 |
| 2007 | 30,933 | 68,904 | 44,542 |
| 2006 | 28,248 | 64,219 | 42,465 |
| 2005 | 27,396 | 63,294 | 41,597 |
| 2004 | 27,396 | 60,942 | 41,601 |
| 2003 | 27,396 | 60,942 | 41,941 |
| 2002 | 27,396 | 59,718 | 41,831 |

Source: Asheville City Schools Business and Financial Services.

Note: The above table includes base pay from the state salary schedule and the systemwide local salary supplement.

**ASHEVILLE CITY SCHOOLS
SCHOOL BUILDING INFORMATION
Last Ten Fiscal Years**

| <u>School</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Elementary: | | | | | | | | | | |
| Claxton: | | | | | | | | | | |
| Square feet | 81,193 | 81,193 | 81,193 | 81,193 | 81,193 | 78,711 | 78,711 | 64,146 | 64,146 | 64,146 |
| Capacity | 480 | 480 | 480 | 480 | 480 | 480 | 480 | 432 | 432 | 432 |
| First month membership | 431 | 419 | 418 | 412 | 386 | 387 | 395 | 388 | 382 | 396 |
| Dickson: | | | | | | | | | | |
| Square feet | 75,926 | 75,926 | 75,926 | 75,926 | 75,926 | 75,926 | 75,926 | 75,926 | 75,926 | 75,926 |
| Capacity | 449 | 449 | 449 | 449 | 449 | 449 | 449 | 449 | 449 | 449 |
| First month membership | 423 | 419 | 417 | 412 | 388 | 413 | 416 | 361 | 355 | 351 |
| Hall Fletcher: | | | | | | | | | | |
| Square Feet | 88,205 | 88,205 | 88,205 | 88,205 | 88,205 | 88,205 | 88,205 | 88,205 | 88,205 | 88,205 |
| Capacity | 455 | 455 | 455 | 455 | 455 | 455 | 455 | 455 | 455 | 455 |
| First month membership | 306 | 309 | 306 | 301 | 292 | 286 | 290 | 271 | 281 | 269 |
| Jones: | | | | | | | | | | |
| Square Feet | 85,730 | 85,162 | 85,162 | 85,162 | 85,162 | 85,162 | 85,162 | 85,162 | 85,162 | 85,162 |
| Capacity | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 |
| First month membership | 405 | 376 | 382 | 356 | 356 | 379 | 368 | 370 | 403 | 307 |
| Randolph: | | | | | | | | | | |
| Square Feet | See | See | See | See | See | See | See | See | See | 56,819 |
| Capacity | Notes | Notes | Notes | Notes | Notes | Notes | Notes | Notes | Notes | 384 |
| First month membership | Below | Below | Below | Below | Below | Below | Below | Below | Below | 139 |
| Vance: | | | | | | | | | | |
| Square Feet | 69,965 | 69,965 | 69,965 | 69,965 | 69,965 | 69,965 | 69,965 | 69,965 | 69,965 | 69,965 |
| Capacity | 422 | 422 | 422 | 422 | 422 | 422 | 422 | 422 | 422 | 422 |
| First month membership | 405 | 379 | 368 | 352 | 353 | 317 | 328 | 314 | 295 | 371 |

(continued)

**ASHEVILLE CITY SCHOOLS
SCHOOL BUILDING INFORMATION
Last Ten Fiscal Years**

| School | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Middle: | | | | | | | | | | |
| Asheville Middle: | | | | | | | | | | |
| Square Feet | 170,418 | 170,418 | 170,418 | 170,418 | 170,418 | 170,418 | 170,418 | 170,418 | 170,418 | 170,418 |
| Capacity | 1,064 | 1,064 | 1,064 | 1,064 | 1,064 | 1,064 | 1,064 | 1,064 | 1,064 | 1,064 |
| First month membership | 719 | 661 | 672 | 666 | 648 | 654 | 677 | 745 | 813 | 788 |
| Accelerated Learning Center: | | | | | | | | | | |
| Square Feet | See | See | See | See | See | See | See | See | See | 58,387 |
| Capacity | Notes | Notes | Notes | Notes | Notes | Notes | Notes | Notes | Notes | 319 |
| First month membership | Below | Below | Below | Below | Below | Below | Below | Below | Below | 55 |
| Randolph Learning Center: | | | | | | | | | | |
| Square Feet | 56,819 | 56,819 | 56,819 | 56,819 | 56,819 | 56,819 | 56,819 | 56,819 | 56,819 | See |
| Capacity | 384 | 384 | 384 | 384 | 384 | 384 | 384 | 384 | 384 | Notes |
| First month membership | 48 | 84 | 73 | 57 | 132 | 176 | 172 | 169 | 110 | Below |
| High: | | | | | | | | | | |
| Asheville High: | | | | | | | | | | |
| Square Feet | 365,441 | 365,441 | 365,441 | 365,441 | 365,441 | 353,041 | 353,041 | 353,041 | 353,041 | 353,041 |
| Capacity | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| First month membership | 1,135 | 1,111 | 1,101 | 1,150 | 1,222 | 1,203 | 1,221 | 1,227 | 1,248 | 1,269 |

Sources: District records and North Carolina Department of Public Instruction, Insurance Section

Notes: Prior to fiscal year 2003, Jones and Randolph Elementary Schools were paired schools. Jones served students from kindergarten through third grade, and Randolph served students in fourth and fifth grades. Those schools were consolidated at the beginning of the 2002-2003 school year into one elementary school serving kindergarten through fifth grades at the Jones Elementary School site. At the same time, the Accelerated Learning Center was moved to the former Randolph Elementary School site and the school name was changed to the Randolph Learning Center.



Gene Bell
Chairman



Al Whitesides
Vice Chairman



Jacquelyn Hallum



Peggy Dalman



Precious Folston

Asheville City Board of Education

