



ASHEVILLE  
CITY SCHOOLS  
ASHEVILLE, NORTH CAROLINA

2010

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Comprehensive Annual Financial Report  
of the  
**Asheville City Schools**

Asheville, North Carolina  
For the Fiscal Year Ended June 30, 2010



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

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

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## LETTER OF TRANSMITTAL

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November 2, 2010

**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, 2010, 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 2010, 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 2009-10 school year was 3,693 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**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Board operates. Asheville City Schools receives about 33% of its funding through the State Public School Fund established by the North Carolina General Assembly. Local funds, in varying amounts by district, supplement the basic program funded by the State and are generated from the general tax levies of the County. Some school districts, such as Asheville City Schools, have also established a supplemental tax levy through a referendum. These funds are collected by the County and passed through to the school district since local boards of education have no direct tax levying or borrowing authority. For Asheville City Schools, local funding recorded in the General Fund generally accounts for another 32% of its budget with the balance coming from federal funds, other state grants and other local sources.

Asheville City Schools is located within Buncombe County and the City of Asheville which are both part of the greater Asheville metropolitan

area encompassing several surrounding counties. The Asheville Metropolitan area has an estimated economy of \$13.4 billion and a population of just over 414,000. Health services, leisure and hospitality services and manufacturing continue to be the major employment sectors for the area. Job growth in these sectors was flat, except for the 2.1% growth experienced in the health services market through the second quarter of 2010. The unemployment rate for this same time period was 8.5%, which was well below the state (10.2%) and the nation (9.6%) and remained the third lowest unemployment rate in the state behind the Durham/Chapel Hill and the Jacksonville metro areas. Finally, the number of residential homes sold in the Asheville metro area was up 19.8%, but the same home appreciation rate dropped 6% for the second quarter of 2010.

As evidenced above, the Asheville metropolitan area has suffered due to the nationwide economic downturn, but the impact on the local economy has been relatively modest due to diversification among various industries. Nonetheless, the slowdown in the local economy did result in a 1.5% reduction in the general appropriation Asheville City Schools received from Buncombe County for fiscal year 2010. Likewise, other local revenue sources important to Asheville City Schools like sales tax revenues and interest income were negatively impacted by the faltering economy.

In order to address the reductions in local revenue sources, as well as, major budget cuts passed by the North Carolina General Assembly to balance the state budget, Asheville City Schools implemented many cost saving measures. First, a locally funded retirement incentive was offered to all classified employees so that as many positions as possible could be cut or combined without having to issue "pink slips." Throughout the year, all vacancies, both certified and classified, were carefully evaluated and cut or collapsed when possible, especially at the Central Office. Additionally, eligible expenditures were transferred to federal stabilization and stimulus funding received through the American Recovery and Reinvestment Act (ARRA) to the full extent

possible. This allowed Asheville City Schools to minimize the negative budget impact on the classroom while only cutting vacant positions.

Since most state funding formulas are driven by student population, Asheville City Schools should benefit from increased state funding due to projected student growth in coming years. The Board also plans to utilize remaining ARRA funding to help balance the 2011 budget along with legislation passed by the General Assembly which will allow the school system to use lottery funding otherwise designated for school construction for classroom teachers. Funding received through two additional federal programs, Race to the Top and EduJobs, should benefit Asheville City Schools in the near future. Finally, Asheville City Schools will work with Buncombe County to receive the interest free proceeds from Qualified Zone Academy Bonds to finance further renovations at Asheville High School.

## **MAJOR ACCOMPLISHMENTS AND INITIATIVES**

Despite the economic downturn experienced nationwide, Asheville City Schools was able to maintain a strong foundation, increase academic performance and employ innovative programs and initiatives to ensure student success. During the 2009-10 school year, the system posted the following milestones and achievements:

- Asheville City Schools met 42 of 50 No Child Left Behind district goals.
- Every school within the district met or exceeded student academic growth standards in 2009-10. Six schools were recognized for "high growth." Additionally, four of the six "high growth" schools were recognized as Schools of Distinction by the State.
- All five district elementary schools were recognized by the State in November 2009 as Positive Behavior Intervention and Support (PBIS) Schools of Recognition. 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 13<sup>th</sup> 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 1,106 with a 73.7% participation rate. SILSA's combined score was 1,097.

- Asheville High School was ranked 773 on *Newsweek's* annual listing of the top 1,500 high schools in the nation.
- Asheville High School has become one of fifteen public schools in North Carolina to initiate a Chinese language curriculum. Board members and administrators visited China during the 2009-10 school year in order to qualify for the program.
- Asheville City Schools was awarded a \$175,000 dropout prevention grant through the North Carolina Department of Public Instruction to provide innovative summer programs to middle and high school students during the summers of 2010 and 2011.
- The district was awarded a \$3 million IMPACT technology grant to be spent in fiscal years 2010 and 2011.
- The district received a \$62,000 donation from the SAS Institute to support the 1:1 laptop initiative underway for all students enrolled at Asheville High and SILSA.
- Buncombe County issued \$2.6 million Qualified School Construction Bonds on behalf of Asheville City Schools to continue renovations to the historic 1929 main building on the Asheville High School campus.
- Asheville High School won state championships in three sports: men's tennis, men's indoor track and men's outdoor track and field. All sports, but particularly the track team, benefited from the track resurfacing project completed at Asheville High School during fiscal year 2010.
- The project to add an elevator to the two-story building at the Asheville City Schools Preschool and Family Literacy Center was completed during fiscal year 2010. A similar project to add an elevator to the two-story building at Jones Elementary School was begun during the year and was completed for the opening of the 2010-11 school year.

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, 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 PLLC, 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, 2010, 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, 2010, 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.

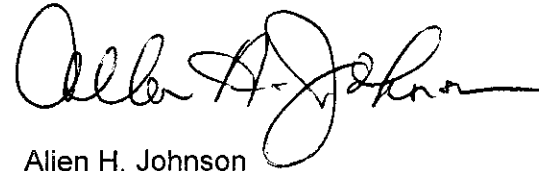
## FINANCIAL REPORTING AWARDS

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-three 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, 2010.

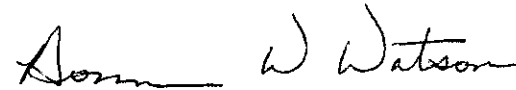
## ACKNOWLEDGMENTS

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.

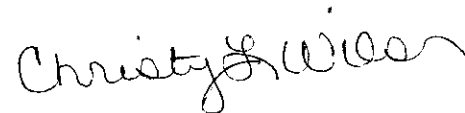
Respectfully submitted,



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, 2009

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  
for Excellence  
in Financial  
Reporting**

Presented to

**Asheville City Schools  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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



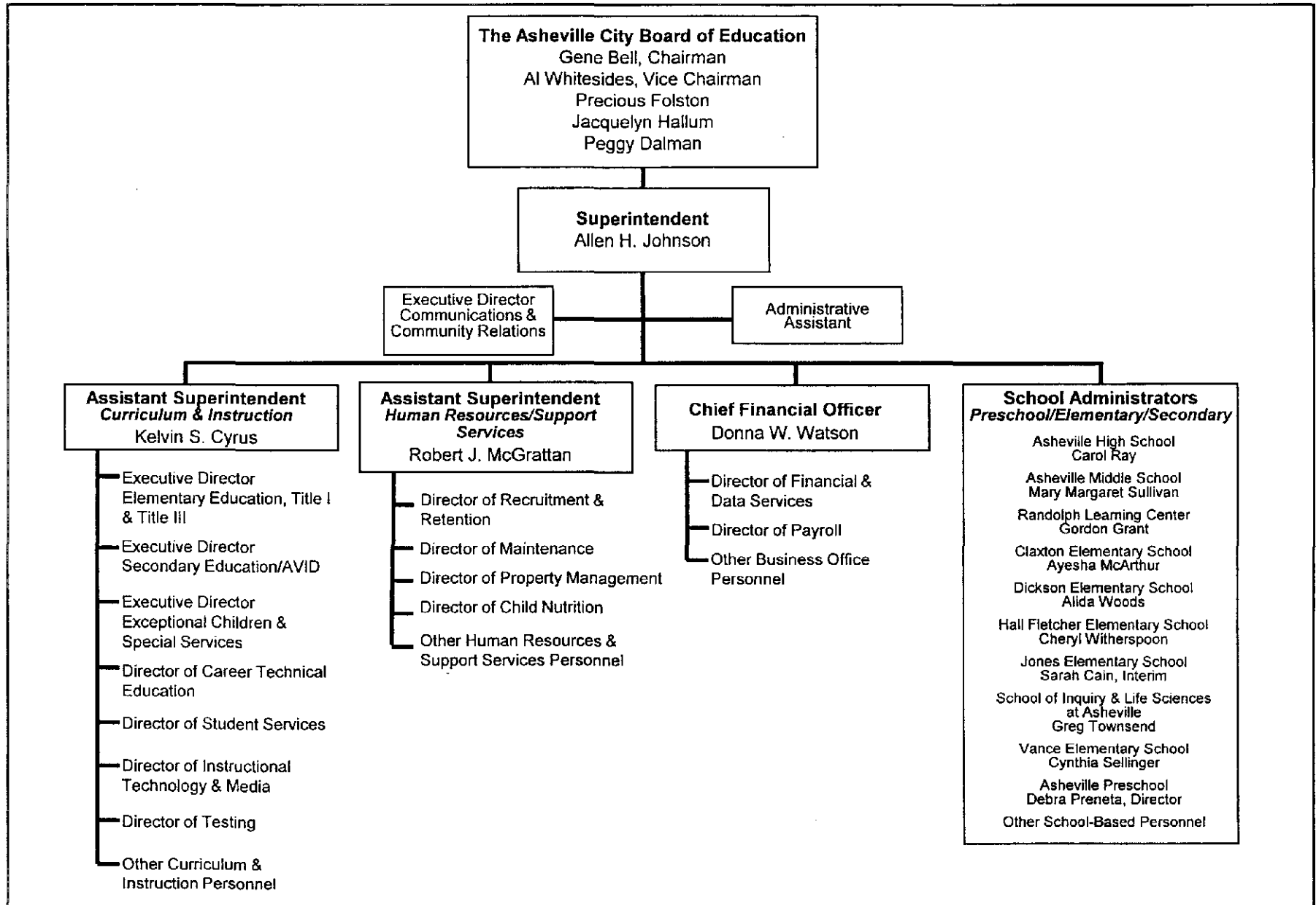
A handwritten signature in black ink, appearing to read "JEFFREY R. EGAN".

President

A handwritten signature in black ink, appearing to read "JEFFREY R. EGAN".

Executive Director

## Organizational Chart







*Financial Section*

*Financial Section*



**DIXON HUGHES** PLLC

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, 2010, 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, 2010, 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 Restricted 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 2, 2010, 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 2, 2010

*Dixon Hughes PLLC*

## 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, 2010. 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 \$45,390,211.
- The Board's total net assets increased by \$337,749.
- As of the close of the current fiscal year, the Board's governmental funds reported combined ending fund balances of \$6,415,950, a decrease of \$524,422.

### 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 Restricted 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 \$45,390,211 as of June 30, 2010, an increase of \$337,749 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 \$40,950,750 (90.2%) at June 30, 2010, an increase of \$878,978 compared to June 30, 2009. Assets restricted for the individual schools accounted for \$351,181 (.8%) of net assets, an increase of \$30,375. Unrestricted net assets at year end totaled \$4,088,280 (9.0%), a decrease of \$571,604 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, 2010 and 2009**

	2010			2009		
	Governmental Activities	Business-type Activities	Total Government-wide	Governmental Activities	Business-type Activities	Total Government-wide
Current assets	\$ 7,705,723	\$ 103,637	\$ 7,809,360	\$ 7,575,403	\$ 95,137	\$ 7,670,540
Capital assets	41,195,408	230,279	41,425,687	40,162,850	239,890	40,402,740
Total assets	<u>48,901,131</u>	<u>333,916</u>	<u>49,235,047</u>	<u>47,738,253</u>	<u>335,027</u>	<u>48,073,280</u>
Current liabilities	1,769,163	19,648	1,788,811	1,062,609	23,528	1,086,137
Long-term liabilities	2,034,542	21,483	2,056,025	1,913,144	21,537	1,934,681
Total liabilities	<u>3,803,705</u>	<u>41,131</u>	<u>3,844,836</u>	<u>2,975,753</u>	<u>45,065</u>	<u>3,020,818</u>
Invested in capital assets	40,720,471	230,279	40,950,750	39,831,882	239,890	40,071,772
Restricted net assets	351,181	-	351,181	320,806	-	320,806
Unrestricted net assets	<u>4,025,774</u>	<u>62,506</u>	<u>4,088,280</u>	<u>4,609,812</u>	<u>50,072</u>	<u>4,659,884</u>
Total net assets	<u>\$ 45,097,426</u>	<u>\$ 292,785</u>	<u>\$ 45,390,211</u>	<u>\$ 44,762,500</u>	<u>\$ 289,962</u>	<u>\$ 45,052,462</u>

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, 2010 and 2009**

	2010			2009		
	Governmental Activities	Business-type Activities	Total Government-wide	Governmental Activities	Business-type Activities	Total Government-wide
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,525,449	\$ 469,799	\$ 1,995,248	\$ 1,467,468	\$ 526,806	\$ 1,994,274
Operating grants and contributions	28,054,706	1,099,164	29,153,870	28,623,511	1,064,302	29,687,813
Capital grants and contributions	386,673	-	386,673	351,765	-	351,765
General revenues:						
Buncombe County	10,077,203	-	10,077,203	7,954,545	-	7,954,545
Supplemental city school tax	7,816,953	-	7,816,953	7,735,552	-	7,735,552
Local option sales tax	2,162,868	-	2,162,868	2,652,714	-	2,652,714
Other revenues	498,423	490	498,913	696,816	120	696,936
Total revenues	<u>50,522,275</u>	<u>1,569,453</u>	<u>52,091,728</u>	<u>49,482,371</u>	<u>1,591,228</u>	<u>51,073,599</u>
<b>Expenses:</b>						
Governmental activities:						
Instructional programs	37,844,471	-	37,844,471	38,501,664	-	38,501,664
Support services	9,728,867	-	9,728,867	9,971,095	-	9,971,095
Ancillary services	283,275	-	283,275	307,603	-	307,603
Non-programmed charges	592,314	-	592,314	480,504	-	480,504
Unallocated depreciation expense	1,622,375	-	1,622,375	1,618,517	-	1,618,517
Business-type activities:						
Child Nutrition	-	1,682,677	1,682,677	-	1,781,287	1,781,287
Total expenses	<u>50,071,302</u>	<u>1,682,677</u>	<u>51,753,979</u>	<u>50,879,383</u>	<u>1,781,287</u>	<u>52,660,670</u>
Revenues over (under) expenses	450,973	(113,224)	337,749	(1,397,012)	(190,059)	(1,587,071)
Transfers in (out)	(116,047)	116,047	-	(231,618)	231,618	-
Change in net assets	334,926	2,823	337,749	(1,628,630)	41,559	(1,587,071)
Net assets—beginning	<u>44,762,500</u>	<u>289,962</u>	<u>45,052,462</u>	<u>46,391,130</u>	<u>248,403</u>	<u>46,639,533</u>
Net assets—ending	<u>\$ 45,097,426</u>	<u>\$ 292,785</u>	<u>\$ 45,390,211</u>	<u>\$ 44,762,500</u>	<u>\$ 289,962</u>	<u>\$ 45,052,462</u>

Governmental activities generated revenues of \$50.5 million for fiscal year 2010 compared to \$49.5 million for the previous year. Funding received from Buncombe County for renovations at Asheville High School helped to offset the decreases in other revenue sources due to the faltering economy. Governmental activities expenses totaled \$50.1 million for fiscal year 2010 compared to \$50.9 million for the previous year. The decrease in expenses for governmental activities was largely due to cost savings measures initiated to deal with the reduction in many governmental revenue sources.

The Asheville City Schools supplemental city school tax comprised 15.5% of total governmental revenues for fiscal year 2010 compared to 15.6% for fiscal year 2009. County funding increased from 16.1% in 2009 to 19.9% in 2010 due to the aforementioned funding for renovation projects. Much of the remaining governmental revenues consist of restricted State and federal money. Instructional expenses comprised 75.6% of total governmental expenses for fiscal year 2010 compared to 75.7% for fiscal year 2009. Support services accounted for 19.4% of expenses in fiscal year 2010 compared to 19.6% for fiscal year 2009.

Business-type activities generated revenue of \$1.6 million for both fiscal years 2010 and 2009, and had expenses of \$1.7 million in fiscal year 2010 and \$1.8 million in fiscal year 2009. The Child Nutrition Director sought ways to reduce expenses throughout the year including preparing meals for the Board's smallest school off site to reduce food preparation costs and to help achieve economies of scale.

**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. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year. Table 3 on the following page compares fund balance at June 30, 2010 and 2009 for the General 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. Likewise, the Other Restricted Fund has been excluded since it did not report any fund balance at the end of the year.

**Table 3  
Summary of Fund Balances—Governmental Funds  
June 30, 2010 and 2009**

	2010				2009			
	General Fund	Capital Outlay Fund	Non-major Governmental Fund	Total	General Fund	Capital Outlay Fund	Non-major Governmental Fund	Total
Reserved	\$ 343,546	\$ 21,526	\$ -	\$ 365,072	\$ 569,009	\$ 23,355	\$ -	\$ 592,364
Unreserved	3,813,092	1,886,605	351,181	6,050,878	3,867,542	2,159,660	320,806	6,348,008
Total	<u>\$ 4,156,638</u>	<u>\$ 1,908,131</u>	<u>\$ 351,181</u>	<u>\$ 6,415,950</u>	<u>\$ 4,436,551</u>	<u>\$ 2,183,015</u>	<u>\$ 320,806</u>	<u>\$ 6,940,372</u>

At June 30, 2010, the governmental funds of Asheville City Schools reported a combined fund balance of \$6,415,950, a \$524,422 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. Transfers from the General fund to the Individual Schools Fund made possible the \$30,375 increase in fund balance reported in the Non-Major Governmental Fund.

Proprietary Fund: The Board's proprietary fund reflected an increase in net assets of \$2,823 for 2010 compared to an increase of \$41,559 for 2009. Increases in USDA grants partially offset declining food sales attributed to the depressed economy. However, reductions in both food cost and salaries and benefits costs allowed the program to "break even" while still reducing the transfer from the General Fund significantly.

### General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget resolution once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as state and federal grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund decreased budgeted revenues and expenditures by \$3,306,819. This was mainly due to the movement of certain revenues and expenditures to the Other Restricted Fund authorized by the North Carolina Department of Public Instruction mid-year.

Actual revenues and expenditures for the General Fund were both less than the budgeted amount. However, actual expenditures did exceed actual revenues resulting in the use of \$279,913 of appropriated fund balance.

### Capital Assets

Capital assets increased \$1,022,947 or 2.5% over the previous year. Most of the increase is related to the major renovation project to add a sprinkler system to the historic 1929 main campus building at Asheville High School, along with replacing windows, ceilings, lights and the HVAC system throughout that same facility. 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, 32 and 33 of this report.

**Table 4**  
**Summary of Capital Assets**  
**June 30, 2010 and 2009**

	2010			2009		
	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	1,757,691	-	1,757,691	1,705,454	-	1,705,454
Buildings	31,860,003	-	31,860,003	33,288,031	-	33,288,031
Construction in progress	3,433,795	-	3,433,795	1,231,445	-	1,231,445
Equipment and furniture	1,374,186	230,279	1,604,465	1,495,104	239,890	1,734,994
Vehicles	1,462,157	-	1,462,157	1,135,240	-	1,135,240
<b>Total</b>	<b>\$ 41,195,408</b>	<b>\$ 230,279</b>	<b>\$ 41,425,687</b>	<b>\$ 40,162,850</b>	<b>\$ 239,890</b>	<b>\$ 40,402,740</b>

## 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 increased by \$173,210 due to the use of installment financing to pay for school buses and increases in the liability for compensated absences to be paid from governmental and proprietary funds. 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 \$60.1 million total budget for fiscal year 2011, a decrease of 2% compared to the final fiscal year 2010 budget. The following factors were considered when developing the 2011 budget:

- State funding received through the North Carolina Department of Public Instruction and recorded in the State Public School Fund increased a net \$16,199 despite cuts to various programs and allotments like mentor teachers, textbooks and supplies and materials and a \$209,423 increase in the discretionary reversion required by the state. The net increase in the State Public School Fund budget was mainly attributed to student 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 \$82,393 (1%) due to a projected decline in personal property values and a small projected decrease in the collection rate of the tax.
- Sales tax revenues were projected to decline \$182,723 (8%).
- The Buncombe County General Appropriation increased \$25,186 (0.37%).
- The Federal Grants Fund decreased \$2,386,880, mainly due to the planned expenditure of approximately half of the funds allotted to Asheville City Schools in fiscal 2010 through the American Recovery and Reinvestment Act (ARRA). The remaining ARRA funds were carried forward to fiscal year 2011 and should be fully expended by the end of the fiscal year.
- The Capital Outlay Fund increased \$1,282,805 due to plans to continue renovations at Asheville High School to be financed through Qualified Zone Academy Bonds issued by Buncombe County.
- Asheville City Schools will utilize legislation passed by the North Carolina General Assembly which allows lottery funding otherwise designated for school construction to be used to fund classroom teachers.
- For the second 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: the matching retirement rate increased from 8.75% to 10.51% and the annual hospitalization premium increased from \$4,527 to \$4,929 per qualified employee.

## 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





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## **BASIC FINANCIAL STATEMENTS**

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**ASHEVILLE CITY SCHOOLS**  
**STATEMENT OF NET ASSETS**  
**June 30, 2010**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 6,628,040	\$ 9,710	\$ 6,637,750
Due from other governments	995,585	46,034	1,041,619
Accounts receivable (net)	52,270	9,995	62,265
Inventories	-	37,898	37,898
Prepays	29,828	-	29,828
<b>Capital assets:</b>			
Land and construction in progress	4,741,371	-	4,741,371
Other capital assets, net of depreciation	36,454,037	230,279	36,684,316
<b>Total capital assets</b>	<u>41,195,408</u>	<u>230,279</u>	<u>41,425,687</u>
<b>Total assets</b>	<u>48,901,131</u>	<u>333,916</u>	<u>49,235,047</u>
<b>Liabilities:</b>			
Accounts payable	762,117	3,060	765,177
Accrued salaries and wages payable	91,562	3,752	95,314
Unearned revenue	436,094	8,836	444,930
<b>Long-term liabilities:</b>			
Due in one year	479,390	4,000	483,390
Due in more than one year	2,034,542	21,483	2,056,025
<b>Total liabilities</b>	<u>3,803,705</u>	<u>41,131</u>	<u>3,844,836</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	40,720,471	230,279	40,950,750
<b>Restricted for:</b>			
Individual school activities	351,181	-	351,181
Unrestricted	4,025,774	62,506	4,088,280
<b>Total net assets</b>	<u>\$ 45,097,426</u>	<u>\$ 292,785</u>	<u>\$ 45,390,211</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, 2010**

<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	\$ 19,215,396	\$ 115,558	\$ 13,171,549	\$ -	\$ (5,928,289)	\$ -	\$ (5,928,289)
Special populations	6,533,030	555,434	5,347,555	-	(630,041)	-	(630,041)
Alternative programs	2,503,628	-	2,349,919	-	(153,709)	-	(153,709)
School leadership	2,737,726	-	1,339,046	-	(1,398,680)	-	(1,398,680)
Co-curricular	1,400,011	849,992	127,899	-	(422,120)	-	(422,120)
School-based support	5,454,680	-	3,510,440	-	(1,944,240)	-	(1,944,240)
System-wide support services:							
Support and development	136,882	-	700	-	(136,182)	-	(136,182)
Special populations support and development	466,131	-	287,256	-	(178,875)	-	(178,875)
Alternative programs and services support and development	150,489	-	138,044	-	(12,445)	-	(12,445)
Technology support	608,910	-	8,640	-	(600,270)	-	(600,270)
Operational support	5,183,142	-	649,394	386,673	(4,147,075)	-	(4,147,075)
Financial and human resource	924,052	-	215,438	-	(708,614)	-	(708,614)
Accountability	379,231	-	191,770	-	(187,461)	-	(187,461)
System-wide pupil support	399,642	-	47,755	-	(351,887)	-	(351,887)
Policy, leadership and public relations	1,480,388	-	551,270	-	(929,118)	-	(929,118)

(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
Ancillary services	\$ 283,275	\$ 4,465	\$ 118,031	\$ -	\$ (160,779)	\$ -	\$ (160,779)
Non-programmed charges	592,314	-	-	-	(592,314)	-	(592,314)
Unallocated depreciation expense*	1,622,375	-	-	-	(1,622,375)	-	(1,622,375)
Total governmental activities	<u>50,071,302</u>	<u>1,525,449</u>	<u>28,054,706</u>	<u>386,673</u>	<u>(20,104,474)</u>	<u>-</u>	<u>(20,104,474)</u>
Business-type activities:							
Child Nutrition	<u>1,682,677</u>	<u>469,799</u>	<u>1,099,164</u>	<u>-</u>	<u>-</u>	<u>(113,714)</u>	<u>(113,714)</u>
Total government-wide	<u>\$ 51,753,979</u>	<u>\$ 1,995,248</u>	<u>\$ 29,153,870</u>	<u>\$ 386,673</u>	<u>(20,104,474)</u>	<u>(113,714)</u>	<u>(20,218,188)</u>
General revenues:							
Buncombe County					10,077,203	-	10,077,203
Supplemental city school tax					7,816,953	-	7,816,953
Local option sales tax					2,162,868	-	2,162,868
Interest earned on investments					100,878	490	101,368
Other revenues					397,545	-	397,545
Transfers					(116,047)	116,047	-
Total general revenues and transfers					<u>20,439,400</u>	<u>116,537</u>	<u>20,555,937</u>
Change in net assets					334,926	2,823	337,749
Net assets--beginning					44,762,500	289,962	45,052,462
Net assets--ending					<u>\$ 45,097,426</u>	<u>\$ 292,785</u>	<u>\$ 45,390,211</u>

\* This amount excludes the depreciation that is included in the direct expenses of the various programs.

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

**ASHEVILLE CITY SCHOOLS**  
**BALANCE SHEET--GOVERNMENTAL FUNDS**  
**June 30, 2010**

	<u>Major Funds</u>					<u>Non-major</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>State Public School</u>	<u>Federal Grants</u>	<u>Other Restricted</u>	<u>Capital Outlay</u>	<u>Individual Schools</u>	
<b><u>Assets</u></b>							
Cash and cash equivalents	\$ 4,067,198	\$ -	\$ -	\$ 323,721	\$ 1,885,940	\$ 351,181	\$ 6,628,040
Due from other governments	257,978	1,788	53,545	103,665	578,609	-	995,585
Accounts receivable (net)	52,270	-	-	-	-	-	52,270
Prepays	29,828	-	-	-	-	-	29,828
<b>Total assets</b>	<b>\$ 4,407,274</b>	<b>\$ 1,788</b>	<b>\$ 53,545</b>	<b>\$ 427,386</b>	<b>\$ 2,464,549</b>	<b>\$ 351,181</b>	<b>\$ 7,705,723</b>
<b><u>Liabilities and Fund Balances</u></b>							
Liabilities:							
Accounts payable	\$ 173,397	\$ 664	\$ 17,846	\$ 13,792	\$ 556,418	\$ -	\$ 762,117
Accrued salaries and wages payable	77,239	52	6,100	8,171	-	-	91,562
Deferred revenue	-	1,072	29,599	405,423	-	-	436,094
<b>Total liabilities</b>	<b>250,636</b>	<b>1,788</b>	<b>53,545</b>	<b>427,386</b>	<b>556,418</b>	<b>-</b>	<b>1,289,773</b>

(continued)

	Major Funds					Non-major	Total Governmental Funds
	<u>General</u>	<u>State Public School</u>	<u>Federal Grants</u>	<u>Other Restricted</u>	<u>Capital Outlay</u>	<u>Individual Schools</u>	
Fund balances:							
Reserved for:							
Prepays	\$ 29,828	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,828
Encumbrances	3,470	-	-	-	21,526	-	24,996
State statute	310,248	-	-	-	-	-	310,248
Unreserved, reported in:							
General Fund	1,913,092	-	-	-	-	-	1,913,092
Individual Schools Fund	-	-	-	-	-	351,181	351,181
Capital Outlay Fund	-	-	-	-	599,405	-	599,405
Unreserved, designated for:							
Subsequent year's budget	1,900,000	-	-	-	1,287,200	-	3,187,200
Total fund balances	<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>
 Total liabilities and fund balances	<u>\$ 4,407,274</u>	<u>\$ 1,788</u>	<u>\$ 53,545</u>	<u>\$ 427,386</u>	<u>2,464,549</u>	<u>\$ 351,181</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.

41,195,408

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

  Installment purchase contracts

(474,937)

  Compensated absences

(2,038,995)

Net assets of governmental activities

\$ 45,097,426

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, 2010**

	Major Funds					Non-major	Total Governmental Funds
	General	State Public School	Federal Grants	Other Restricted	Capital Outlay	Individual Schools	
Revenues:							
State of North Carolina	\$ -	\$ 19,434,311	\$ -	\$ 580,618	\$ 247,136	\$ -	\$ 20,262,065
U.S. Government	-	-	6,788,310	1,213,630	60,305	-	8,062,245
Local:							
Buncombe County	6,856,336	-	-	-	3,220,867	-	10,077,203
Supplemental city school tax	7,626,953	-	-	-	190,000	-	7,816,953
Local option sales tax	2,162,868	-	-	-	-	-	2,162,868
Other local revenues	313,437	-	-	888,603	132,247	977,891	2,312,178
<b>Total revenues</b>	<b>16,959,594</b>	<b>19,434,311</b>	<b>6,788,310</b>	<b>2,682,851</b>	<b>3,850,555</b>	<b>977,891</b>	<b>50,693,512</b>
Expenditures:							
Current:							
Instructional services:							
Regular instructional	5,459,948	11,915,994	1,127,025	138,530	231,465	-	18,872,962
Special populations	592,784	2,691,913	1,158,264	2,052,811	-	-	6,495,772
Alternative programs	102,123	511,386	1,823,539	14,993	-	-	2,452,041
School leadership	1,395,329	1,193,139	145,907	-	-	-	2,734,375
Co-curricular	215,950	-	-	-	-	1,084,796	1,300,746
School-based support	1,608,530	1,645,199	1,825,701	39,541	177,849	-	5,296,820
System-wide support services:							
Support and development	126,092	-	700	-	-	-	126,792
Special populations support and development	197,117	88,394	63,651	135,213	-	-	484,375
Alternative programs and services support and development	101	-	138,044	-	-	-	138,145
Technology support	546,492	8,640	-	-	34,110	-	589,242
Operational support	3,967,751	596,399	6,350	271,447	523,931	-	5,365,878
Financial and human resource	706,056	117,086	98,352	-	-	-	921,494
Accountability	189,009	-	191,770	-	-	-	380,779
System-wide pupil support	355,611	47,755	-	-	-	-	403,366
Policy, leadership and public relations	927,754	551,270	-	-	-	-	1,479,024

(continued)

	Major Funds					Non-major	Total Governmental Funds
	General	State Public School	Federal Grants	Other Restricted	Capital Outlay	Individual Schools	
Expenditures, continued:							
Current:							
Ancillary services	\$ 89,266	\$ 1,668	\$ -	\$ 30,316	\$ -	\$ -	\$ 121,250
Non-programmed charges:							
Payments to charter schools	592,314	-	-	-	-	-	592,314
Other	-	-	188,428	-	-	-	188,428
Debt service	-	-	-	-	247,136	-	247,136
Capital outlay	-	-	-	-	3,302,053	-	3,302,053
Total expenditures	<u>17,072,227</u>	<u>19,368,843</u>	<u>6,767,731</u>	<u>2,682,851</u>	<u>4,516,544</u>	<u>1,084,796</u>	<u>51,492,992</u>
Revenues over (under) expenditures	<u>(112,633)</u>	<u>65,468</u>	<u>20,579</u>	<u>-</u>	<u>(665,989)</u>	<u>(106,905)</u>	<u>(799,480)</u>
Other financing sources (uses):							
Transfers from other funds	57,938	-	-	-	-	195,218	253,156
Transfers to other funds	(225,218)	(65,468)	(20,579)	-	-	(57,938)	(369,203)
Installment purchase obligations issued	-	-	-	-	391,105	-	391,105
Total other financing sources (uses)	<u>(167,280)</u>	<u>(65,468)</u>	<u>(20,579)</u>	<u>-</u>	<u>391,105</u>	<u>137,280</u>	<u>275,058</u>
Net change in fund balances	(279,913)	-	-	-	(274,884)	30,375	(524,422)
Fund balances--beginning	<u>4,436,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,183,015</u>	<u>320,806</u>	<u>6,940,372</u>
Fund balances--ending	<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>

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

Net changes in fund balances--total governmental funds	\$ (524,422)
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 depreciation exceeded capital outlay in the current period:	
Depreciation expense	(2,913,172)
Capital outlays	3,928,539
Donations of capital assets	17,191
The issuance of long-term debt provided current financial resources to governmental funds, and has no effect on net assets.	(391,105)
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	(29,241)
Repayment of long-term debt	247,136
<b>Total changes in net assets of governmental activities</b>	<b>\$ 334,926</b>

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, 2010**

	General Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues:				
State of North Carolina	\$ 532,060	\$ -	\$ -	\$ -
U.S. Government	1,711,267	-	-	-
Local	18,370,214	17,306,722	16,959,594	(347,128)
Total revenues	<u>20,613,541</u>	<u>17,306,722</u>	<u>16,959,594</u>	<u>(347,128)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	6,192,029	6,036,275	5,459,948	576,327
Special populations	3,017,209	714,371	592,784	121,587
Alternative programs	119,719	122,807	102,123	20,684
School leadership	1,483,377	1,483,377	1,395,329	88,048
Co-curricular	258,490	258,490	215,950	42,540
School based support	1,750,074	1,701,169	1,608,530	92,639
System-wide support services:				
Support and development	120,952	140,952	126,092	14,860
Special populations support and development	381,610	199,158	197,117	2,041
Alternative programs and services support and development	1,694	1,694	101	1,593
Technology support	595,380	595,380	546,492	48,888
Operational support	4,915,246	4,523,254	3,967,751	555,503
Financial and human resource	830,444	830,444	706,056	124,388
Accountability	228,943	193,944	189,009	4,935
System-wide pupil support	360,924	360,924	355,611	5,313
Policy, leadership and public relations	1,021,144	1,056,144	927,754	128,390

(continued)

	<u>General Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Expenditures:				
Current, continued:				
Ancillary services	\$ 403,091	\$ 118,120	\$ 89,266	\$ 28,854
Non-programmed charges:				
Payments to charter schools	558,965	595,969	592,314	3,655
Total expenditures	<u>22,239,291</u>	<u>18,932,472</u>	<u>17,072,227</u>	<u>1,860,245</u>
Revenues under expenditures	<u>(1,625,750)</u>	<u>(1,625,750)</u>	<u>(112,633)</u>	<u>1,513,117</u>
Other financing sources (uses):				
Transfers from other funds	66,000	66,000	57,938	(8,062)
Transfers to other funds	(290,250)	(290,250)	(225,218)	65,032
Appropriated fund balance	1,900,000	1,900,000	-	(1,900,000)
Contingency	(50,000)	(50,000)	-	50,000
Total other financing sources (uses)	<u>1,625,750</u>	<u>1,625,750</u>	<u>(167,280)</u>	<u>(1,793,030)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(279,913)</u>	<u>\$ (279,913)</u>
Fund balance--beginning of year			<u>4,436,551</u>	
Fund balance--end of year			<u>\$ 4,156,638</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, 2010**

	State Public School Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues:				
State of North Carolina	\$ 19,872,873	\$ 20,041,796	\$ 19,434,311	\$ (607,485)
Expenditures:				
Current:				
Instructional services:				
Regular instructional	12,324,411	12,366,037	11,915,994	450,043
Special populations	2,656,697	2,712,554	2,691,913	20,641
Alternative programs	567,921	539,426	511,386	28,040
School leadership	1,207,190	1,208,890	1,193,139	15,751
School based support	1,672,043	1,709,955	1,645,199	64,756
System-wide support services:				
Special populations support and development	89,711	89,711	88,394	1,317
Technology support	-	8,640	8,640	-
Operational support	576,885	621,082	596,399	24,683
Financial and human resource	116,737	117,205	117,086	119
System-wide pupil support	47,852	47,852	47,755	97
Policy, leadership and public relations	546,027	552,290	551,270	1,020
Ancillary services	1,931	2,686	1,668	1,018
Total expenditures	<u>19,807,405</u>	<u>19,976,328</u>	<u>19,368,843</u>	<u>607,485</u>
Revenues over expenditures	<u>65,468</u>	<u>65,468</u>	<u>65,468</u>	<u>-</u>
Other financing uses:				
Transfers to other funds	(65,468)	(65,468)	(65,468)	-
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, 2010**

	Federal Grants Fund			Positive (Negative) Variance
	Original Budget	Final Budget	Actual	
Revenues:				
U.S. Government	\$ 10,563,622	\$ 10,738,195	\$ 6,788,310	\$ (3,949,885)
Expenditures:				
Current:				
Instructional Services:				
Regular instructional	3,937,341	1,223,707	1,127,025	96,682
Special populations	1,653,877	1,723,363	1,158,264	565,099
Alternative programs	2,238,103	2,323,902	1,823,539	500,363
School leadership	157,657	157,657	145,907	11,750
School-based support	480,350	3,227,096	1,825,701	1,401,395
System-wide Support Services:				
Support and development	700	700	700	-
Special populations support and development	64,011	64,011	63,651	360
Alternative programs and services support and development	142,707	143,362	138,044	5,318
Operational support	23,209	27,409	6,350	21,059
Financial and human resource	100,825	100,825	98,352	2,473
Accountability	191,770	191,770	191,770	-
Non-programmed charges:				
Unbudgeted federal grants	1,260,828	1,266,484	-	1,266,484
Other	291,665	267,330	188,428	78,902
Total expenditures	<u>10,543,043</u>	<u>10,717,616</u>	<u>6,767,731</u>	<u>3,949,885</u>
Revenues over expenditures	<u>20,579</u>	<u>20,579</u>	<u>20,579</u>	<u>-</u>
Other financing uses:				
Transfers to other funds	<u>(20,579)</u>	<u>(20,579)</u>	<u>(20,579)</u>	<u>-</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 RESTRICTED FUND**  
**For the Year Ended June 30, 2010**

	Other Restricted Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues:				
State of North Carolina	\$ -	\$ 625,660	\$ 580,618	\$ (45,042)
U.S. Government	-	1,715,108	1,213,630	(501,478)
Local	-	968,930	888,603	(80,327)
Total revenues	<u>-</u>	<u>3,309,698</u>	<u>2,682,851</u>	<u>(626,847)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	-	186,055	138,530	47,525
Special populations	-	2,375,259	2,052,811	322,448
Alternative programs	-	121,900	14,993	106,907
School based support	-	49,905	39,541	10,364
System-wide support services:				
Special populations support and development	-	156,837	135,213	21,624
Operational support	-	369,237	271,447	97,790
Ancillary services	-	50,505	30,316	20,189
Total expenditures	<u>-</u>	<u>3,309,698</u>	<u>2,682,851</u>	<u>626,847</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:				
Transfers to other funds	-	-	-	-
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 NET ASSETS--PROPRIETARY FUND**  
**June 30, 2010**

	<b>Child Nutrition Fund</b>
<b><u>Assets</u></b>	
Current assets:	
Cash and cash equivalents	\$ 9,710
Due from other governments	46,034
Accounts receivable (net)	9,995
Inventories	37,898
Total current assets	103,637
Non-current assets:	
Capital assets:	
Furniture and equipment, net	230,279
Total assets	333,916
<b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable	3,060
Accrued salaries and wages payable	3,752
Unearned revenue	8,836
Compensated absences, current portion	4,000
Total current liabilities	19,648
Non-current liabilities:	
Compensated absences, less current portion	21,483
Total liabilities	41,131
<b><u>Net Assets</u></b>	
Invested in capital assets	230,279
Unrestricted	62,506
Total net assets	\$ 292,785

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, 2010**

	<b>Child Nutrition Fund</b>
Operating revenues:	
Food sales	\$ 469,799
Operating expenses:	
Food cost	690,243
Salaries and benefits	869,223
Materials and supplies	67,470
Depreciation	30,190
Other	25,551
Total operating expenses	1,682,677
Operating loss	(1,212,878)
Non-operating revenues:	
Federal reimbursements	896,974
Federal commodities	76,215
State reimbursements	125,975
Interest earned	490
Total non-operating revenues	1,099,654
Loss before transfers	(113,224)
Transfers from other funds	116,047
Change in net assets	2,823
Total net assets--beginning	289,962
Total net assets--ending	\$ 292,785

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, 2010**

	<b>Child Nutrition Fund</b>
Cash flows from operating activities:	
Cash received from customers	\$ 466,882
Cash paid for goods and services	(707,812)
Cash paid to employees for services	(804,194)
Net cash used for operating activities	<u>(1,045,124)</u>
Cash flows from non-capital financing activities:	
State reimbursements	126,628
Federal reimbursements	900,555
Transfers from other funds	30,000
Advances from other funds	(2,959)
Net cash provided by non-capital financing activities	<u>1,054,224</u>
Cash flows from investing activities:	
Interest on investments	<u>490</u>
Net increase in cash and cash equivalents	9,590
Cash and cash equivalents, beginning of year	<u>120</u>
Cash and cash equivalents, end of year	<u><u>\$ 9,710</u></u>

(continued)

**Child Nutrition  
Fund**

Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (1,212,878)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	30,190
Donated commodities consumed	76,215
Salaries paid by special revenue fund	65,468
Change in assets and liabilities:	
Increase in accounts receivable	(2,043)
Decrease in inventories of food and supplies	1,858
Decrease in accounts payable and accrued salaries and wages payable	(3,006)
Decrease in compensated absences	(54)
Decrease in unearned revenue	(874)
	(874)
Net cash used for operating activities	\$ (1,045,124)
Non-cash investing, capital, and financing activities:	
Donated commodities received, reflected as a non-operating revenue and operating expense	\$ 76,215
Transfer for salaries paid by the State Public School Fund, reflected as a transfer in and operating expense	\$ 65,468
Equipment purchased by the Federal Grants Fund, reflected as a transfer in and an addition to capital assets	\$ 20,579

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, 2010**

	<b>Agency Fund</b>
Assets:	
Cash and cash equivalents	<u>\$ 1,899,816</u>
Liabilities:	
Due to other sources	<u>\$ 1,899,816</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.] 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

## NOTES TO FINANCIAL STATEMENTS

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.

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 and certain other internal funds established pursuant to G.S. 115C-426(c).
- ✓ **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 Restricted Fund:** The Other Restricted Fund accounts for grants, programs, reimbursements and other special revenues that are not accounted for in the General Fund or other special revenue funds.

- ✓ **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 law [G.S. 115C-426]. Major capital projects are funded by Buncombe County, the supplemental city school tax, and the State of North Carolina.

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 organization, 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.

## NOTES TO FINANCIAL STATEMENTS

### **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 claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

**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.

## NOTES TO FINANCIAL STATEMENTS

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.

**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 Workman's

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, 2010, 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 for individual school activities; and unrestricted.

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable, are legally segregated for a specific purpose, or are restricted by the grant agreement. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 115C-425(a)] restricts the appropriation of fund balance or fund equity to an amount not to exceed the sum of cash and investments minus the sum of liabilities,

## NOTES TO FINANCIAL STATEMENTS

encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

### ✓ **RESERVED**

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

**Reserved for encumbrances**, portion of fund balance available to pay for any commitments related to purchase orders and contracts that remain unperformed at year-end;

**Reserved by State statute**, portion of fund balance, in addition to reserves for prepaids and reserves for encumbrances, that is not available for appropriation under State law. This amount is usually comprised of accounts receivable and due from other governments that are not offset by unearned revenue.

### ✓ **UNRESERVED**

**Designated for subsequent year's budget**, portion of fund balance available for appropriation that has been designated for the adopted 2010 - 2011 budget ordinance.

**Undesignated**, portion of fund balance available for appropriation that is uncommitted at year-end.

## 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, 2010, the Board had deposits with financial institutions with a carrying amount of \$963,358 and \$-0- with the State Treasurer. The bank balances with the financial institutions and the State Treasurer were \$1,429,020 and \$486,076, respectively. Of these balances, \$593,313 was covered by federal depository insurance, \$835,707 was covered by collateral under the Pooling Method, and \$486,076 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The Board's petty cash at June 30, 2010, was \$275.

**Investments:** At June 30, 2010, the Board had \$23,777 invested with the North Carolina Capital Management Trust's Term Portfolio which is unrated. The Board had \$330,883 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 \$7,219,273 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.6 years at June 30, 2010. The Board has no formal policy for managing interest rate risk or credit risk. The Board follows State law.

**NOTES TO FINANCIAL STATEMENTS**

**Due from Other Governments:** Amounts due from other governments at June 30, 2010, are summarized in Table I.

**Capital Assets:** Capital asset activity for the year ended June 30, 2010, is summarized in Table II.

	DUE FROM OTHER GOVERNMENTS						Business-type Activities
	Governmental Activities					Total	Child Nutrition
	General	State Public School	Federal Grants	Other Restricted	Capital Outlay		
State government	\$ -	\$ 1,788	\$ 29,599	\$ 36,375	\$ 33,907	\$ 101,669	\$ 46,034
Federal government	2,501	-	23,946	6,717	-	33,164	-
Local governments	255,477	-	-	60,573	544,702	860,752	-
	<u>\$ 257,978</u>	<u>\$ 1,788</u>	<u>\$ 53,545</u>	<u>\$ 103,665</u>	<u>\$ 578,609</u>	<u>\$ 995,585</u>	<u>\$ 46,034</u>

	CAPITAL ASSETS				
	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$ 1,307,576	\$ -	\$ -	\$ -	\$ 1,307,576
Construction in progress	1,231,445	2,839,840	-	(637,490)	3,433,795
Total capital assets not being depreciated	<u>2,539,021</u>	<u>2,839,840</u>	<u>-</u>	<u>(637,490)</u>	<u>4,741,371</u>
Capital assets being depreciated:					
Buildings	59,837,022	205,304	-	637,490	60,679,816
Equipment and furniture	3,795,423	193,136	(9,762)	-	3,978,797
Vehicles	2,724,765	515,814	(55,757)	-	3,184,822
Land improvements	3,503,644	191,636	-	-	3,695,280
Total capital assets being depreciated	<u>69,860,854</u>	<u>1,105,890</u>	<u>(65,519)</u>	<u>637,490</u>	<u>71,538,715</u>
Less accumulated depreciation for:					
Buildings	(26,548,991)	(2,270,822)	-	-	(28,819,813)
Equipment and furniture	(2,300,319)	(314,054)	9,762	-	(2,604,611)
Vehicles	(1,589,525)	(188,897)	55,757	-	(1,722,665)
Land improvements	(1,798,190)	(139,399)	-	-	(1,937,589)
Total accumulated depreciation	<u>(32,237,025)</u>	<u>(2,913,172)</u>	<u>65,519</u>	<u>-</u>	<u>(35,084,678)</u>
Total capital assets being depreciated, net	<u>37,623,829</u>	<u>(1,807,282)</u>	<u>-</u>	<u>637,490</u>	<u>36,454,037</u>
Governmental activity capital assets, net	<u>\$ 40,162,850</u>	<u>\$ 1,032,558</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,195,408</u>
<b>Business-type activities:</b>					
Child Nutrition Fund:					
Capital assets being depreciated:					
Equipment	\$ 625,140	\$ 20,579	\$ -	\$ -	\$ 645,719
Less accumulated depreciation for:					
Equipment	(385,250)	(30,190)	-	-	(415,440)
Business-type activities capital assets, net	<u>\$ 239,890</u>	<u>\$ (9,611)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 230,279</u>

**NOTES TO FINANCIAL STATEMENTS**

Depreciation was charged to the governmental functions as follows:

Regular instructional	\$	346,100
Special populations		101,425
School leadership		2,350
Co-curricular		99,265
School-based support		215,342
Technology support		62,553
Operational support		286,919
Policy leadership and public relations		856
Ancillary		175,987
Unallocated		1,622,375
		<hr/>
	\$	2,913,172

At June 30, 2010, the Board's commitment with contractors for school construction projects was approximately \$1,000,000.

**LIABILITIES**

**Accounts Payable:** The balance in accounts payable at June 30, 2010 is summarized in Table III.

**Deferred/Unearned Revenue:** The balance in deferred/unearned revenue at June 30, 2010, 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, 2010, is shown in Table V.

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

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 2008, the Board entered into an installment purchase contract to finance the purchase of five

Table III ACCOUNTS PAYABLE							Business-type Activities
Governmental Activities						Child Nutrition	
General	State Public School	Federal Grants	Other Restricted	Capital Outlay	Total		
Vendors	\$ 136,702	\$ 664	\$ 17,846	\$ 13,792	\$ 556,418	\$ 725,422	\$ 3,060
Charter Schools	36,695	-	-	-	-	36,695	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 173,397	\$ 664	\$ 17,846	\$ 13,792	\$ 556,418	\$ 762,117	\$ 3,060

Table IV DEFERRED/UNEARNED REVENUE						Business-type Activities
Governmental Activities					Child Nutrition	
State Public School	Federal Grants	Other Restricted	Total			
Grants and contracts	\$ 1,072	\$ 29,599	\$ 405,423	\$ 436,094	\$ -	
Prepaid lunch sales	-	-	-	-	8,836	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
	\$ 1,072	\$ 29,599	\$ 405,423	\$ 436,094	\$ 8,836	

Table V LONG-TERM OBLIGATIONS					
	Beginning Balances	Increases	Decreases	Ending Balances	Due in One Year
Governmental activities:					
Installment purchase	\$ 330,968	\$ 391,105	\$ 247,136	\$ 474,937	\$ 279,390
Compensated absences	2,009,754	1,383,288	1,354,047	2,038,995	200,000
Total	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 2,340,722	\$ 1,774,393	\$ 1,601,183	\$ 2,513,932	\$ 479,390
Business-type activities:					
Compensated absences	\$ 25,537	\$ 31,661	\$ 31,715	\$ 25,483	\$ 4,000

## NOTES TO FINANCIAL STATEMENTS

school buses in the amount of \$372,555. The financing contract requires only principal payments of \$124,185 due at the beginning of each contract year. In fiscal year 2009, the Board entered into another installment purchase contract to finance the purchase of four additional school buses in the amount of \$310,178. The financing contract requires only principal payments of \$103,393 due at the beginning of each contract year. In fiscal year 2010 the Board entered into an installment purchase contract to 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, 2010, are as follows:

Year Ending June 30,		
2011	\$	279,390
2012		97,776
2013		97,771
Total	\$	474,937

#### 4. EMPLOYEE BENEFITS

##### Pension Plan Obligations:

✓ **TEACHERS AND STATE EMPLOYEES RETIREMENT SYSTEM PLAN DESCRIPTION.** Asheville City Schools contributes to the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing, multiple-

employer defined benefit pension plan administered by the State of North Carolina. 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, 2010, the Board was required to contribute 3.57% to TSERS. The contribution requirements of plan members and Asheville City Schools are established and may be amended by the North Carolina General Assembly. The Board's contributions to TSERS for the years ended June 30, 2010, 2009, and 2008 were \$1,014,871, \$1,034,984, and \$884,974, 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



## NOTES TO FINANCIAL STATEMENTS

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 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 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 General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2010, 2009, and 2008, the School Board paid all annual required contributions to the Plan for postemployment healthcare and death benefits of \$1,324,734, \$1,312,212, and \$1,236,201, respectively. These contributions represented 4.66%, 4.26%, 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 postemployment 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-retirement 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

## NOTES TO FINANCIAL STATEMENTS

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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 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 postemployment 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 postemployment benefit. For the fiscal years ended June 30, 2010, 2009, and 2008, the Board paid all annual required contributions to the DIPNC for disability benefits of \$147,829, \$160,176, and \$150,898, respectively. These contributions represented .52%, .52%, and .52% of covered payroll, respectively.

### **5. RISK MANAGEMENT**

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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

## NOTES TO FINANCIAL STATEMENTS

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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 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, 2010, consist of \$65,468 transferred from the State Public School Fund to the Child Nutrition Fund for administrative costs; \$20,579 from the Federal Grants Fund to the Child Nutrition Fund for equipment; \$195,218 transferred from the General Fund to the Non-major Governmental Fund for the individual schools; \$57,938 transferred from the Non-major Governmental Fund to the General Fund for athletic gate receipts; and \$30,000 transferred from the General Fund to the Child Nutrition Fund for operating costs.

### **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, 2010

### **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

## NOTES TO FINANCIAL STATEMENTS

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accompanying financial statements for the refund of grant moneys.

### **CONTINGENT LIABILITIES**

Three local charter schools (the "Plaintiffs") filed a lawsuit against the Board in October 2010. The Plaintiffs allege that they are entitled to an additional per pupil share of all revenues recorded in the Board's General Fund for fiscal years 2007, 2008 and 2009, totaling approximately \$870,000.

The Plaintiffs are also seeking an additional per pupil share of all revenues recorded in the Board's General Fund for fiscal year 2010 in a yet to be determined amount. The Board plans to vigorously defend the lawsuit.



*Supplementary Information*

## **CAPITAL OUTLAY FUND**

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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, the supplemental city school tax, and the State of North Carolina. The Capital Outlay Fund is accounted for using the modified accrual basis of accounting.

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**ASHEVILLE CITY SCHOOLS  
CAPITAL OUTLAY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE--BUDGET AND ACTUAL  
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues:			
State of North Carolina	\$ 247,136	\$ 247,136	\$ -
U.S. Government	65,000	60,305	(4,695)
Local:			
Buncombe County	3,802,003	3,220,867	(581,136)
Supplemental city school tax	190,000	190,000	-
Other:			
Interest earned on investments	60,000	34,860	(25,140)
Other local sources	99,232	97,387	(1,845)
Total other	<u>159,232</u>	<u>132,247</u>	<u>(26,985)</u>
Total revenues	<u>4,463,371</u>	<u>3,850,555</u>	<u>(612,816)</u>
Expenditures:			
Current:			
Instructional Services:			
Regular instructional	326,136	231,465	94,671
School-based support	213,000	177,849	35,151
System-wide Support Services:			
Technology support	34,110	34,110	-
Operational support	552,696	523,931	28,765
Ancillary services	25,000	-	25,000
Debt service	247,136	247,136	-
Capital outlay	4,727,398	3,302,053	1,425,345
Total expenditures	<u>6,125,476</u>	<u>4,516,544</u>	<u>1,608,932</u>
Revenues under expenditures	<u>(1,662,105)</u>	<u>(665,989)</u>	<u>996,116</u>

(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Other financing sources (uses):			
Appropriated fund balance	\$ 1,281,000	\$ -	\$ (1,281,000)
Installment purchase obligations issued	391,105	391,105	-
Contingency	(10,000)	-	10,000
Total other financing sources (uses)	<u>1,662,105</u>	<u>391,105</u>	<u>(1,271,000)</u>
Net change in fund balance	<u>\$ -</u>	(274,884)	<u>\$ (274,884)</u>
Fund balance:			
Beginning of year, July 1		<u>2,183,015</u>	
End of year, June 30		<u>\$ 1,908,131</u>	





## **CHILD NUTRITION FUND**

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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.

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**ASHEVILLE CITY SCHOOLS  
CHILD NUTRITION FUND  
SCHEDULE OF REVENUES AND EXPENDITURES--BUDGET AND ACTUAL (Non-GAAP)  
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Operating revenues:			
Food sales	\$ 524,921	\$ 468,925	\$ (55,996)
Operating expenditures:			
Purchase of food	785,000	689,283	95,717
Salaries and benefits	928,970	869,277	59,693
Materials and supplies	70,000	66,572	3,428
Other	29,100	25,551	3,549
Total operating expenditures	<u>1,813,070</u>	<u>1,650,683</u>	<u>162,387</u>
Operating loss	<u>(1,288,149)</u>	<u>(1,181,758)</u>	<u>106,391</u>
Non-operating revenues:			
Federal reimbursements	900,425	896,974	(3,451)
Federal commodities	73,046	76,215	3,169
State reimbursement	128,512	125,975	(2,537)
Interest earned	119	490	371
Total non-operating revenues	<u>1,102,102</u>	<u>1,099,654</u>	<u>(2,448)</u>
Revenues under expenditures before other financing sources	(186,047)	(82,104)	103,943
Other financing sources:			
Transfers from other funds	186,047	116,047	(70,000)
Revenues and other sources over expenditures	<u>\$ -</u>	<u>33,943</u>	<u>\$ 33,943</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(30,190)	
Decrease in compensated absences		54	
Decrease in inventories of food and supplies		(1,858)	
Decrease in unearned revenue		<u>874</u>	
Change in net assets		<u>\$ 2,823</u>	



## **AGENCY FUND**

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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.

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**ASHEVILLE CITY SCHOOLS  
AGENCY FUND  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Year Ended June 30, 2010**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>ASHEVILLE CITY SCHOOLS FOUNDATION:</b>				
Assets:				
Cash and cash equivalents	\$ 895,015	\$ 137,580	\$ 100,500	\$ 932,095
Liabilities:				
Due to other sources	\$ 895,015	\$ 137,580	\$ 100,500	\$ 932,095
<b>ASHEVILLE HIGH AWARDS:</b>				
Assets:				
Cash and cash equivalents	\$ 20,017	\$ 353	\$ 348	\$ 20,022
Liabilities:				
Due to other sources	\$ 20,017	\$ 353	\$ 348	\$ 20,022
<b>ASHEVILLE CITY SCHOOLS POOL COMMITTEE:</b>				
Assets:				
Cash and cash equivalents	\$ 725,708	\$ 12,815	\$ 500	\$ 738,023
Liabilities:				
Due to other sources	\$ 725,708	\$ 12,815	\$ 500	\$ 738,023
<b>EDUCATIONAL ACCESS CHANNEL CONSORTIUM:</b>				
Assets:				
Cash and cash equivalents	\$ 227,658	\$ 33,798	\$ 51,780	\$ 209,676
Liabilities:				
Due to other sources	\$ 227,658	\$ 33,798	\$ 51,780	\$ 209,676
<b>TOTAL--AGENCY FUND:</b>				
Assets:				
Cash and cash equivalents	\$ 1,868,398	\$ 184,546	\$ 153,128	\$ 1,899,816
Liabilities:				
Due to other sources	\$ 1,868,398	\$ 184,546	\$ 153,128	\$ 1,899,816







*Statistical Section*

*Statistical Section*

## STATISTICAL SECTION

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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.

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

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:								
Invested in capital assets	\$ 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	351,181	320,806	296,085	262,136	302,351	231,236	243,775	274,267
Unrestricted	4,025,774	4,609,812	5,352,772	4,326,808	3,690,580	4,298,275	4,323,515	3,158,125
Total governmental activities net assets	<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	\$ 230,279	\$ 239,890	\$ 272,359	\$ 305,870	\$ 56,496	\$ 83,170	\$ 81,624	\$ 95,560
Unrestricted	62,506	50,072	(23,956)	(118,922)	20,275	162,616	256,026	286,422
Total business-type activities net assets	<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	\$ 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	351,181	320,806	296,085	262,136	302,351	231,236	243,775	274,267
Unrestricted	4,088,280	4,659,884	5,328,816	4,207,886	3,710,855	4,460,891	4,579,541	3,444,547
Total government-wide net assets	<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**  
**EXPENSES, PROGRAM REVENUES AND NET (EXPENSE)**  
**Last Eight Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses:</b>								
Governmental activities:								
Instructional programs	\$ 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	9,728,867	9,971,095	9,472,591	11,579,037	11,217,031	10,601,184	10,126,909	9,650,031
Unallocated depreciation expense	1,622,375	1,618,517	1,628,326	2,313,179	1,908,699	1,632,260	1,537,735	1,492,569
Other	875,589	788,107	713,959	624,887	603,596	555,921	529,272	393,149
Total governmental activities expenses	<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>1,682,677</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>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>
<b>Program revenues:</b>								
Governmental activities:								
Charges for services								
Instructional programs	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	4,465	8,178	6,424	6,628	6,401	35,570	17,879	16,955
Operating grants and contributions	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	386,673	351,765	51,599	5,588	23,345	16,779	20,718	65,908
Total governmental activities program revenues	<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	469,799	526,806	537,651	507,126	446,497	492,729	531,832	552,360
Operating grants and contributions	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>1,568,963</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>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>\$ (20,218,188)</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 Eight Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Net (expense):								
Government-wide net (expense)	\$ (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:								
State of North Carolina - construction	-	-	-	-	450,000	213,738	1,361,964	232,800
Buncombe County - appropriation	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	2,139,695	18,378	410,692	1,561,433	7,159,805	2,576,052	555,244	1,617,478
Supplemental city school tax	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	2,162,868	2,652,714	2,999,131	3,125,067	2,848,259	2,554,471	2,614,357	2,009,599
Other revenues	498,423	678,438	975,978	1,171,268	793,963	848,660	1,012,357	1,042,384
Transfers (out)	(116,047)	(231,618)	(197,717)	(354,923)	(60,682)	(79,353)	(62,666)	(54,422)
Total governmental activities general revenues and transfers	20,439,400	18,808,009	19,362,749	19,740,017	24,301,195	18,764,999	17,860,400	16,837,840
Business-type activities:								
Other revenues	490	120	1,715	1,819	16,414	6,553	3,365	4,074
Transfers in	116,047	231,618	197,717	354,923	60,682	79,353	62,666	54,422
Total business-type activities general revenues and transfers	116,537	231,738	199,432	356,742	77,096	85,906	66,031	58,496
Total government-wide general revenues and transfers	20,555,937	19,039,747	19,562,181	20,096,759	24,378,291	18,850,905	17,926,431	16,896,336
Change in net assets	\$ 337,749	\$ (1,587,071)	\$ (715,732)	\$ 104,913	\$ 6,329,913	\$ 2,002,978	\$ 2,288,956	\$ 2,260,117

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									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Fund:										
Reserved	\$ 343,546	\$ 569,009	\$ 673,343	\$ 630,740	\$ 599,109	\$ 612,234	\$ 524,201	\$ 399,131	\$ 188,591	\$ 265,821
Unreserved	3,813,092	3,867,542	4,226,390	4,162,286	4,269,660	4,563,270	4,564,282	3,342,002	2,682,279	2,462,370
Total general fund	<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>	<u>\$ 2,728,191</u>
All other governmental funds:										
Reserved	\$ 21,528	\$ 23,355	\$ 118,296	\$ 182,615	\$ 635,076	\$ 434,557	\$ 653,983	\$ 360,076	\$ 410,605	\$ 632,161
Unreserved, reported in:										
Capital Projects Fund	1,886,605	2,159,660	2,071,144	1,205,295	8,962	528,302	389,484	829,355	502,860	335,028
Individual School Fund	351,181	320,806	296,085	262,136	302,351	231,236	243,775	274,267	253,071	221,678
Total all other governmental funds	<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>	<u>\$ 1,188,867</u>

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

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Revenues:</b>										
State of North Carolina	\$ 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	\$ 20,970,020
U. S. Government	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	3,424,341
<b>Local sources:</b>										
Buncombe County - appropriation	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	6,018,020
Buncombe County - other	2,139,695	18,378	410,692	1,561,433	7,159,805	2,576,052	555,244	1,617,478	1,810,580	1,981,665
Supplemental city school tax	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	5,017,189
Local option sales tax	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	2,030,467
Other local revenues	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	2,507,937
<b>Total revenues</b>	<b>50,693,512</b>	<b>49,607,289</b>	<b>48,552,213</b>	<b>47,115,658</b>	<b>50,547,948</b>	<b>43,868,913</b>	<b>42,646,115</b>	<b>40,997,023</b>	<b>40,546,279</b>	<b>41,949,639</b>
<b>Expenditures:</b>										
Instructional programs	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	28,266,185
Support services	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	9,184,766
Capital Outlay	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	3,990,434
Other	1,149,128	1,088,251	641,082	732,796	679,620	625,273	587,643	444,635	403,416	515,436
<b>Total expenditures</b>	<b>51,492,992</b>	<b>50,503,290</b>	<b>47,412,310</b>	<b>46,132,821</b>	<b>51,041,707</b>	<b>43,795,686</b>	<b>41,412,555</b>	<b>39,224,057</b>	<b>40,373,675</b>	<b>41,956,821</b>
<b>Revenues over (under) expenditures</b>	<b>(799,480)</b>	<b>(896,001)</b>	<b>1,139,903</b>	<b>982,837</b>	<b>(493,759)</b>	<b>73,227</b>	<b>1,233,560</b>	<b>1,772,966</b>	<b>172,604</b>	<b>(7,182)</b>
<b>Other financing (uses):</b>										
Transfers from other funds	253,156	270,674	264,786	274,199	250,559	251,073	264,840	248,663	237,011	235,938
Transfers to other funds	(369,203)	(502,292)	(462,503)	(629,122)	(311,241)	(330,426)	(327,506)	(303,085)	(289,267)	(287,180)
Installment purchase obligations issued	391,105	682,733	-	-	-	-	-	-	-	-
<b>Total other financing (uses)</b>	<b>275,058</b>	<b>451,115</b>	<b>(197,717)</b>	<b>(354,923)</b>	<b>(60,682)</b>	<b>(79,353)</b>	<b>(62,666)</b>	<b>(54,422)</b>	<b>(52,256)</b>	<b>(51,242)</b>
<b>Extraordinary item</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(692,567)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (524,422)</b>	<b>\$ (444,886)</b>	<b>\$ 942,186</b>	<b>\$ 627,914</b>	<b>\$ (554,441)</b>	<b>\$ (6,126)</b>	<b>\$ 1,170,894</b>	<b>\$ 1,025,977</b>	<b>\$ 120,348</b>	<b>\$ (58,424)</b>

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	
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
2001	1,952,940	451,312	97,305	2,501,557	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**

<b>Fiscal Year</b>	<b>Direct</b>	<b>Overlapping Rates</b>		<b>Total Combined Rate</b>
	<b>Supplemental City School Tax</b>	<b>Buncombe County</b>	<b>City of Asheville</b>	
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
2001	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 Four Years Ago**

Taxpayer	Business	2010			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	2.04%	\$ 101,700	1	0.30%
Progress Energy	Electric Utility	59,162	2	1.18%			
Power Development	Real Estate Development	28,922	3	0.58%			
GPI Ventures LLC	Hotels/Convention Services	24,000	4	0.48%			
Nesbitt Asheville Venture LLC	Hotels/Convention Services	20,373	5	0.41%	12,252	4	0.40%
Market Street Development	Real Estate Development	19,944	6	0.40%			
Grove Park Inn Resort	Hotels/Convention Services	17,132	7	0.34%			
Ingles Markets Inc	Supermarkets	16,029	8	0.32%	11,451	5	0.30%
Country Club of Asheville Inc.	Real Estate/Private Golf Club	15,268	9	0.30%	8,799	8	0.30%
FIRC Haywood Part Holdings LLC	Real Estate	15,023	10	0.30%			
Carolina Power & Light	Electric Power Utility				46,960	2	1.40%
BellSouth	Communications				38,799	3	1.20%
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%
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.

**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>Prior Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percentage of Current Collections to Levy</u>
2010	\$ 7,849	\$ 7,734	\$ 83	\$ 7,817	98.5%
2009	7,767	7,693	43	7,736	99.0%
2008	7,557	7,533	63	7,596	99.7%
2007	7,391	7,347	56	7,403	99.4%
2006	6,668	6,617	60	6,677	99.2%
2005	6,411	6,384	57	6,441	99.6%
2004	6,320	6,285	66	6,351	99.4%
2003	6,248	6,178	57	6,235	98.9%
2002	5,045	4,999	50	5,049	99.1%
2001	4,996	4,960	57	5,017	99.3%

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**

<b>Fiscal Year</b>	<b>Estimated Population (in thousands)</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Estimated Median Age</b>	<b>Unemployment Rate</b>
2010	Unavailable	Unavailable	Unavailable	Unavailable	8.3
2009	235	Unavailable	Unavailable	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
2001	206	5,629,127	27,007	39	2.6

Sources: Buncombe County Finance Department.

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

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

<u>Employer</u>	2010		2006	
	Rank	Employees	Rank	Employees
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

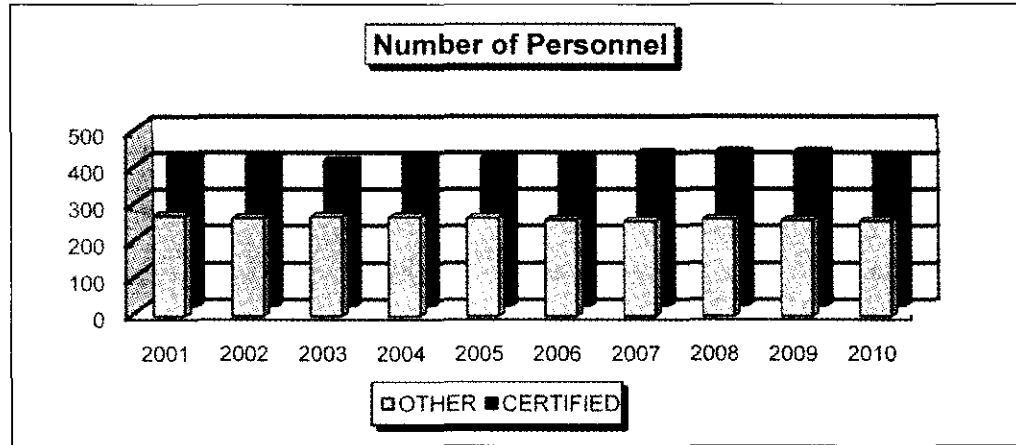
Source: Asheville Area Chamber of Commerce

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>
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
2001	406	274	680	3,937	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
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%
2001	3,937	3,729	9,550	Third	Unavailable	44.7%	50.9%	4.4%

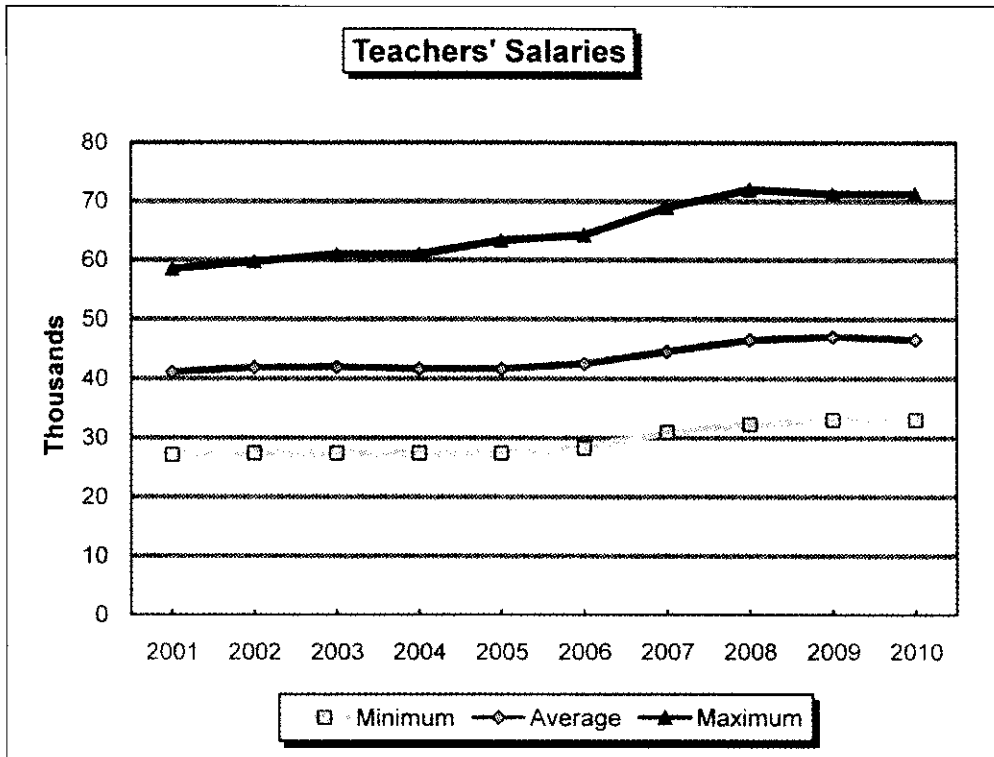
Sources: Asheville City Schools Child Nutrition Department, Students Receiving Free or Reduced-Price Meals.  
North Carolina Department of Public Instruction, all other information reported.

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>
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
2001	27,125	58,457	41,077



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**

School	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Elementary:										
Claxton:										
Square feet	81,193	81,193	81,193	81,193	78,711	78,711	64,146	64,146	64,146	64,146
Capacity	480	480	480	480	480	480	432	432	432	432
First month membership	419	418	412	386	387	395	388	382	396	397
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	419	417	412	388	413	416	361	355	351	338
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	309	306	301	292	286	290	271	281	269	265
Jones:										
Square Feet	85,162	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	376	382	356	356	379	368	370	403	307	344
Randolph:										
Square Feet	See	See	See	See	See	See	See	See	56,819	56,819
Capacity	Notes	Notes	Notes	Notes	Notes	Notes	Notes	Notes	384	384
First month membership	Below	Below	Below	Below	Below	Below	Below	Below	139	148
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	379	368	352	353	317	328	314	295	371	394

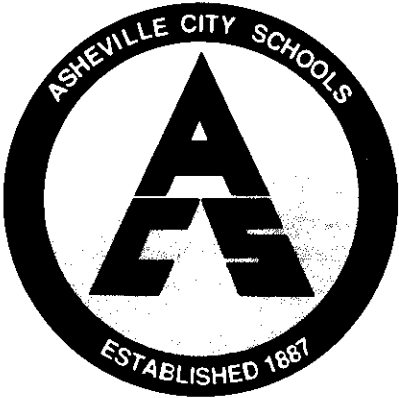
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**ASHEVILLE CITY SCHOOLS  
SCHOOL BUILDING INFORMATION  
Last Ten Fiscal Years**

School	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
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	661	672	666	648	654	677	745	813	788	783
Accelerated Learning Center:										
Square Feet	See	See	See	See	See	See	See	See	58,387	58,387
Capacity	Notes	Notes	Notes	Notes	Notes	Notes	Notes	Notes	319	319
First month membership	Below	Below	Below	Below	Below	Below	Below	Below	55	73
Randolph Learning Center:										
Square Feet	56,819	56,819	56,819	56,819	56,819	56,819	56,819	56,819	See	See
Capacity	384	384	384	384	384	384	384	384	Notes	Notes
First month membership	84	73	57	132	176	172	169	110	Below	Below
High:										
Asheville High:										
Square Feet	365,441	365,441	365,441	365,441	353,041	353,041	353,041	353,041	353,041	349,445
Capacity	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
First month membership	1,111	1,101	1,150	1,222	1,203	1,221	1,227	1,248	1,269	1,263

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.





*Jacquelyn Hallum*

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*Precious Folston*

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