



**ASHEVILLE  
CITY SCHOOLS**  
ASHEVILLE, NORTH CAROLINA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

Asheville, North Carolina  
For the Fiscal Year Ended June 30, 2009



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



# Asheville City Schools

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

## LETTER OF TRANSMITTAL

October 16, 2009

**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, 2009, is herewith submitted. Responsibility for the accuracy, completeness, and clarity of the report rests with the Superintendent and the Assistant Superintendent for Business/Support Services.

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 2009, 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 2008-09 school year was 3,686 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. The cost of public school education in North Carolina is financed by the State, which establishes minimum programs. Local funds, in varying amounts by district, supplement the basic program 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.

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 409,000.

Although the Asheville metropolitan area has suffered due to the nationwide economic downturn, the impact on the local economy has been relatively modest due to diversification among various industries. Key economic factors through the third quarter of 2009 compared to the same time period for 2008 indicate the following:

- The unemployment rate rose from 5.0 percent to 8.4 percent. While considered high for the Asheville metropolitan area, this unemployment rate still holds well below the state (10.4) and the nation (9.5 percent), and remains the third lowest in the state behind the Durham/Chapel Hill and Jacksonville metro areas.
- Although job growth for health services increased 2.7 percent, total job growth decreased 4.5%. Health services, leisure and hospitality services and manufacturing continue to be major employment sectors for the area.
- The same home appreciation rate in the Asheville metro area for the second quarter of 2009 was -1.17 percent, a modest decline compared to nationwide averages.
- The number of residential homes sold in the Asheville metro area was up 23 percent while the average price of homes sold decreased from \$271,765 to \$264,793.

## **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 2008-09 school year, the system posted the following milestones and achievements:

- Asheville City Schools met 47 of 50 No Child Left Behind district goals, a 94 percent success rate that was ten percentage points above the prior year.
- All but one school within the district met or exceeded student academic growth standards in 2008-09. Six schools were recognized for "high growth."
- The School of Inquiry and Life Sciences at Asheville (SILSA), an innovative small school project, was named one of just 117 Honor Schools of Excellence in North Carolina for its 2008-09 academic accomplishments.
- The district completed a \$1.7 million IMPACT technology grant during fiscal year 2009 and was subsequently awarded another \$3 million IMPACT technology grant to be spent in fiscal years 2010 and 2011.
- Asheville High and SILSA seniors outpaced the state and nation on the SATs for the 12<sup>th</sup> consecutive year, scoring a math/reading combination of 1,066 while posting one of the highest participation rates in both the state and the nation.
- Asheville Middle School teacher Jo Peterson-Gibbs served as the district teacher of the year for 2008-09 and was also named Western District Teacher of the Year for North Carolina.
- The North Carolina Department of Child Development issued the Asheville City Schools Preschool and Family Literacy Center its fourth consecutive 5-Star child care



facility rating, citing the facility and staff "for outstanding service to 200 children and families."

All of the above noted accomplishments support Superintendent Allen Johnson's statement "I take the responsibility of promoting student achievement very seriously and pledge that all of us in Asheville City Schools will strive to sustain our reputation as one of the best public school systems in North Carolina."

### **CASH MANAGEMENT**

The Board uses a pooled cash concept to maximize funds available for investment. Temporary idle cash from the General Fund, Capital Outlay Fund, Child Nutrition Fund, and Individual Schools Fund is invested in various instruments according to applicable state law. Funds from the State Public School and Federal Grants Funds are not available to the Board until warrants are drawn against the State Treasury, and therefore are unavailable for investment.

The objective of the investment policy is to minimize credit and market risks while maintaining a competitive yield on the investment portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. Interest earnings for the year totaled \$251,595.

### **RISK MANAGEMENT**

The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and blanket finance and forgery bonds. The Board participates in the North Carolina School Boards Trust (NCSBT) for general and professional liability insurance and automobile

insurance. NCSBT was established in 1982 by the North Carolina School Boards Association as an independent entity for the purpose of providing insurance protection needed by member school districts and school employees. For hazard and theft insurance, the Board participates in the Public School Insurance Fund, a voluntary, self-funded risk financing fund administered by the North Carolina Department of Public Instruction.

The Board also participates in the North Carolina State Health Plan for Teachers and State Employees to provide health benefits to permanent, full-time employees. The Plan is a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina.

### **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, 2009, 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, 2009, 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.

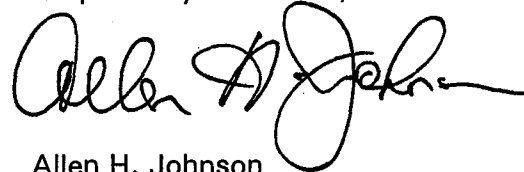
## FINANCIAL REPORTING AWARDS

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-two 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 2008-09 fiscal year.

## 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.

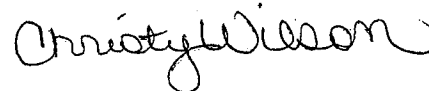
Respectfully submitted,



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, 2008**

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

A handwritten signature in cursive script that reads "Angel Peteman".

President

A handwritten signature in cursive script that reads "John D. Russo".

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, 2008**

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



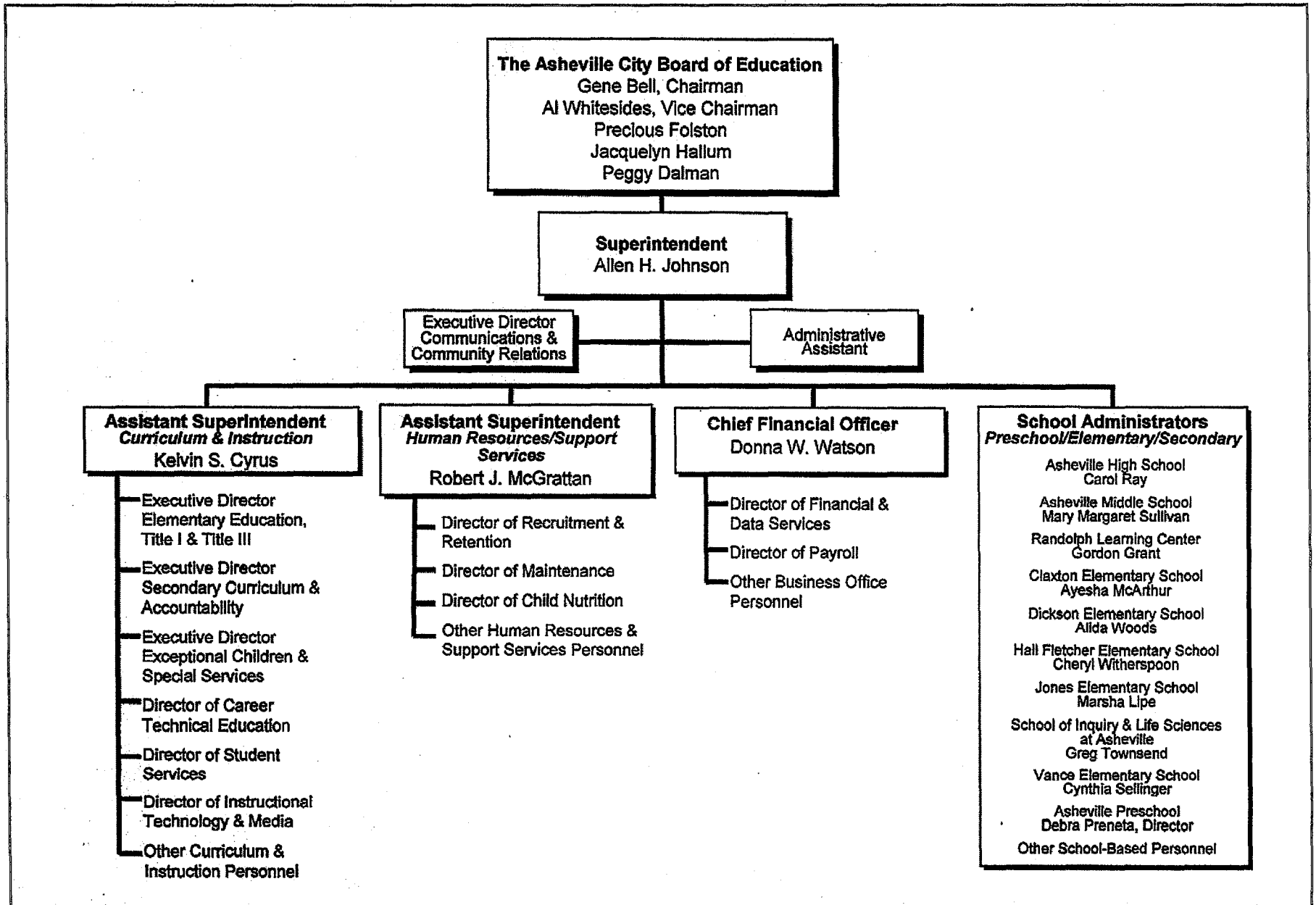
A handwritten signature in black ink, appearing to read "M. L. R. +".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer".

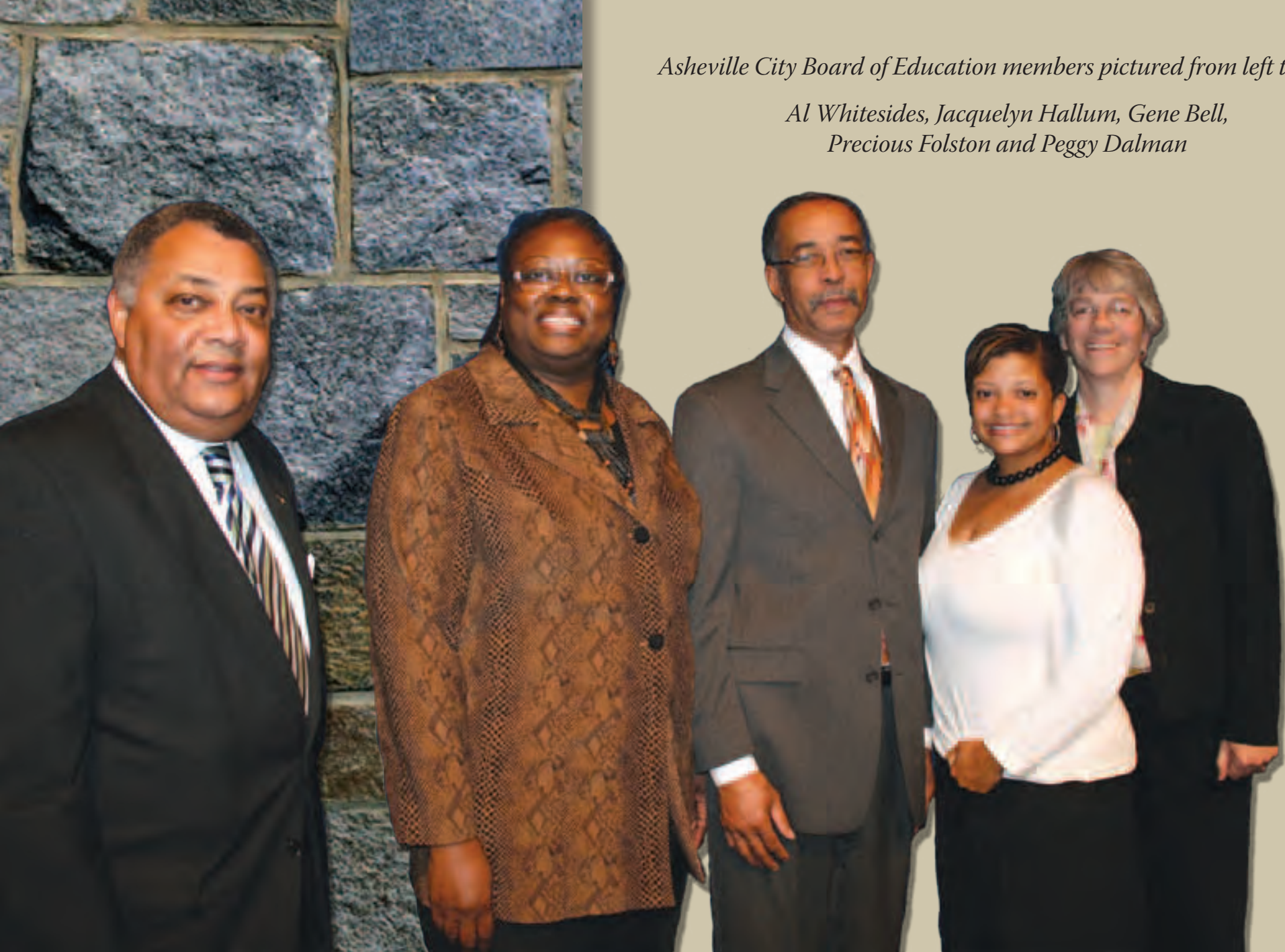
Executive Director

# Organizational Chart



*Asheville City Board of Education members pictured from left to right:*

*Al Whitesides, Jacquelyn Hallum, Gene Bell,  
Precious Folston and Peggy Dalman*



**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, 2009, 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 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, 2009, and the respective changes in financial position and its cash flows, where applicable, thereof and the respective budgetary comparison for the general fund, the State Public School fund, and the Federal Grants 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 October 16, 2009, 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 and 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 and 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.

October 16, 2009

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, 2009. 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 \$45,052,462.
- The Board's total net assets decreased by \$1,587,071.
- As of the close of the current fiscal year, the Board's governmental funds reported combined ending fund balances of \$6,940,372, a decrease of \$444,886.
- The Federal Grants Fund was reclassified from a non-major to a major fund due to the increased level of funding received during fiscal year 2009.

### 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*
- *Required supplemental section that presents combining and budgetary statements for governmental and enterprise funds*

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 and proprietary 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 is 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 Individual Schools Fund, the Capital Outlay Fund, and the Federal Grants 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 \$45,052,462 as of June 30, 2009, a decrease of \$1,587,071 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 \$40,071,772 (89.0%) at June 30, 2009, a decrease of \$942,860 compared to June 30, 2008. Since the Board was not involved in any major construction or renovation projects during fiscal year 2009, depreciation expense recorded for the year exceeded asset additions. This factor, along with new debt related to the purchase of replacement school buses, resulted in the overall decrease in net assets invested in capital assets. Assets restricted for the individual schools accounted for \$320,806 (.7%) of net assets, an increase of \$24,721. Unrestricted net assets at year end totaled \$4,659,884 (10.3%), a decrease of \$668,932 compared to the prior fiscal year. Reductions in current assets of the governmental activities paired with increases in long-term liabilities contributed to the overall decrease in unrestricted net assets.

Following is a summary of the Statement of Net Assets:

**Table 1  
Condensed Statement of Net Assets  
June 30, 2009 and 2008**

	2009			2008		
	Governmental Activities	Business-type Activities	Total Government-wide	Governmental Activities	Business-type Activities	Total Government-wide
Current assets	\$ 7,575,403	\$ 95,137	\$ 7,670,540	\$ 8,988,420	\$ 14,935	\$ 9,003,355
Capital assets	40,162,850	239,890	40,402,740	40,742,273	272,359	41,014,632
Total assets	47,738,253	335,027	48,073,280	49,730,693	287,294	50,017,987
Current liabilities	1,062,609	23,528	1,086,137	1,801,182	20,301	1,821,483
Long-term liabilities	1,913,144	21,537	1,934,681	1,538,381	18,590	1,556,971
Total liabilities	2,975,753	45,065	3,020,818	3,339,563	38,891	3,378,454
Invested in capital assets	39,831,882	239,890	40,071,772	40,742,273	272,359	41,014,632
Restricted net assets	320,806	-	320,806	296,085	-	296,085
Unrestricted net assets	4,609,812	50,072	4,659,884	5,352,772	(23,956)	5,328,816
Total net assets	\$44,762,500	\$ 289,962	\$45,052,462	\$46,391,130	\$ 248,403	\$46,639,533

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, 2009 and 2008**

	2009			2008		
	Governmental Activities	Business-type Activities	Total Government-wide	Governmental Activities	Business-type Activities	Total Government-wide
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 1,467,468	\$ 526,806	\$ 1,994,274	\$ 1,354,607	\$ 537,651	\$ 1,892,258
Operating grants and contributions	28,623,511	1,064,302	29,687,813	27,475,326	1,020,189	28,495,515
Capital grants and contributions	351,765	-	351,765	51,599	-	51,599
<b>General revenues:</b>						
Buncombe County	7,954,545	-	7,954,545	7,989,325	-	7,989,325
Supplemental city school tax	7,735,552	-	7,735,552	7,596,032	-	7,596,032
Local option sales tax	2,652,714	-	2,652,714	2,999,131	-	2,999,131
Other revenues	696,816	120	696,936	975,978	1,715	977,693
<b>Total revenues</b>	<b>49,482,371</b>	<b>1,591,228</b>	<b>51,073,599</b>	<b>48,441,998</b>	<b>1,559,555</b>	<b>50,001,553</b>
<b>Expenses:</b>						
<b>Governmental activities:</b>						
Instructional programs	38,501,664	-	38,501,664	37,206,592	-	37,206,592
Support services	9,971,095	-	9,971,095	9,472,591	-	9,472,591
Ancillary services	307,603	-	307,603	301,377	-	301,377
Non-programmed charges	480,504	-	480,504	412,582	-	412,582
Unallocated depreciation expense	1,618,517	-	1,618,517	1,628,326	-	1,628,326
<b>Business-type activities:</b>						
Child Nutrition	-	1,781,287	1,781,287	-	1,695,817	1,695,817
<b>Total expenses</b>	<b>50,879,383</b>	<b>1,781,287</b>	<b>52,660,670</b>	<b>49,021,468</b>	<b>1,695,817</b>	<b>50,717,285</b>
Revenues under expenses	(1,397,012)	(190,059)	(1,587,071)	(579,470)	(136,262)	(715,732)
Transfers in (out)	(231,618)	231,618	-	(197,717)	197,717	-
Change in net assets	(1,628,630)	41,559	(1,587,071)	(777,187)	61,455	(715,732)
Net assets—beginning	46,391,130	248,403	46,639,533	47,168,317	186,948	47,355,265
Net assets—ending	\$ 44,762,500	\$ 289,962	\$ 45,052,462	\$ 46,391,130	\$ 248,403	\$ 46,639,533

Governmental activities generated revenues of \$49.5 million for fiscal year 2009 compared to \$48.4 million for the previous year. Increases in grant funding, particularly grants received through federal sources, accounted for most of the overall increase in governmental activities revenues. Governmental activities expenses totaled \$50.9 million for fiscal year 2009 compared to \$49.0 million for the previous year. The increase in expenses for governmental activities was largely due to salary increases for certified and classified employees, increased benefits costs and expenses related to additional federal grant funding.

The Asheville City Schools supplemental city school tax comprised 15.6% of total governmental revenues for fiscal year 2009 compared to 15.7% for fiscal year 2008. County funding decreased from 16.5% in 2008 to 16.1% in 2009. 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 2009 compared to 75.9% for fiscal year 2008. Support services accounted for 19.6% of expenses in fiscal year 2009 compared to 19.3% for fiscal year 2008.

Business-type activities generated revenue of \$1.6 million for both fiscal years 2009 and 2008, and had expenses of \$1.8 million in fiscal year 2009 and \$1.7 million in fiscal year 2008. An increase in the transfer from governmental activities to business-type activities helped offset the increase in expenses so that the business-type activities ended the year with a \$41,559 increase in net assets.

### **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, 2009 and 2008 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.

**Table 3**  
**Summary of Fund Balances—Governmental Funds**  
**June 30, 2009 and 2008**

	2009				2008			
	General Fund	Capital Outlay Fund	Non-major Governmental Fund	Total	General Fund	Capital Outlay Fund	Non-major Governmental Fund	Total
Reserved	\$ 569,009	\$ 23,355	\$ -	\$ 592,364	\$ 673,343	\$ 118,296	\$ -	\$ 791,639
Unreserved	3,867,542	2,159,660	320,806	6,348,008	4,226,390	2,071,144	296,085	6,593,619
Total	<u>\$4,436,551</u>	<u>\$2,183,015</u>	<u>\$ 320,806</u>	<u>\$6,940,372</u>	<u>\$4,899,733</u>	<u>\$2,189,440</u>	<u>\$ 296,085</u>	<u>\$7,385,258</u>

At June 30, 2009, the governmental funds of Asheville City Schools reported a combined fund balance of \$6,940,372, a \$444,886 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 \$24,721 increase in fund balance reported in the Non-Major Governmental Funds.

Proprietary Fund: The Board's proprietary fund reflected an increase in net assets of \$41,559 for 2009 compared to an increase of \$61,455 for 2008. An increase in the transfer from the General Fund to assist with operating expenses accounted for most of the increase.

### 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 increased budgeted revenues and expenditures by \$67,288 and were primarily related to new funding amounts received from external sources.

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 \$463,182 of appropriated fund balance.

**Capital Assets**

Since the Board was not involved in any major construction or renovation projects during fiscal year 2009, depreciation expense recorded for the year exceeded asset additions resulting in a decrease of \$611,892 when comparing capital assets to the previous year. 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 31, 33 and 34 of this report.

**Table 4  
Summary of Capital Assets  
June 30, 2009 and 2008**

	2009			2008		
	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	1,705,454	-	1,705,454	1,673,428	-	1,673,428
Buildings	33,288,031	-	33,288,031	35,460,961	-	35,460,961
Construction in progress	1,231,445	-	1,231,445	528,790	-	528,790
Equipment and furniture	1,495,104	239,890	1,734,994	1,389,834	272,359	1,662,193
Vehicles	1,135,240	-	1,135,240	381,684	-	381,684
<b>Total</b>	<b>\$40,162,850</b>	<b>\$ 239,890</b>	<b>\$40,402,740</b>	<b>\$40,742,273</b>	<b>\$ 272,359</b>	<b>\$41,014,632</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 \$607,053 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 35 and 36 of the report.



**Economic Factors Affecting Next Year's Budget**

The Board has approved a \$60.6 million total budget for fiscal year 2010, an increase of 6.1% compared to the final fiscal year 2009 budget. The following factors were considered when developing the 2010 budget:

- State funding received through the North Carolina Department of Public Instruction and recorded in the State Public School Fund decreased \$2.2 million.
- The Asheville City Schools supplemental tax rate remained unchanged at 15 cents per \$100 of assessed valuation. Growth in the supplemental property tax base was projected to be 3.4% or \$258,233.
- The Buncombe County General Appropriation was reduced \$103,847 (1.5%), while sales tax revenues were projected to decline \$338,462 (13%).
- The Federal Grants Fund increased from \$6.1 million to \$10.6 million largely due to new funding received through the American Recovery and Reinvestment Act (ARRA). ARRA funds were used to absorb many positions and other expenditures cut to balance both the State Public School Fund and the General Fund budgets. ARRA funds are expected to be available to Asheville City Schools for both fiscal years 2010 and 2011.
- The Capital Outlay Fund increased due to the approval of \$2.6 million Quality School Construction Bonds to be issued by Buncombe County for renovations at Asheville High School.

**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, 2009

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 6,972,872	\$ 120	\$ 6,972,992
Internal balances	2,959	(2,959)	-
Due from other governments	516,883	50,268	567,151
Accounts receivable (net)	50,892	7,952	58,844
Inventories	-	39,756	39,756
Prepays	31,797	-	31,797
<b>Capital assets:</b>			
Land and construction in progress	2,539,021	-	2,539,021
Other capital assets, net of depreciation	37,623,829	239,890	37,863,719
<b>Total capital assets</b>	<u>40,162,850</u>	<u>239,890</u>	<u>40,402,740</u>
<b>Total assets</b>	<u>47,738,253</u>	<u>335,027</u>	<u>48,073,280</u>
<b>Liabilities:</b>			
Accounts payable	273,801	5,681	279,482
Accrued salaries and wages payable	95,720	4,137	99,857
Unearned revenue	265,510	9,710	275,220
<b>Long-term liabilities:</b>			
Due in one year	427,578	4,000	431,578
Due in more than one year	1,913,144	21,537	1,934,681
<b>Total liabilities</b>	<u>2,975,753</u>	<u>45,065</u>	<u>3,020,818</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	39,831,882	239,890	40,071,772
<b>Restricted for:</b>			
Individual school activities	320,806	-	320,806
Unrestricted	4,609,812	50,072	4,659,884
<b>Total net assets</b>	<u>\$ 44,762,500</u>	<u>\$ 289,962</u>	<u>\$ 45,052,462</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, 2009**

<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	\$ 22,313,957	\$ 110,327	\$ 15,660,783	\$ -	\$ (6,542,847)	\$ -	\$ (6,542,847)
Special populations	6,425,441	556,111	5,243,028	-	(626,302)	-	(626,302)
Alternative programs	2,290,269	-	2,212,644	-	(77,625)	-	(77,625)
School leadership	2,922,480	-	1,446,668	-	(1,475,812)	-	(1,475,812)
Co-curricular	1,274,779	786,550	73,130	-	(415,099)	-	(415,099)
School-based support	3,274,738	-	1,715,704	-	(1,559,034)	-	(1,559,034)
System-wide support services:							
Support and development	166,638	-	-	-	(166,638)	-	(166,638)
Special populations support and development	479,371	-	298,205	-	(181,166)	-	(181,166)
Alternative programs and services support and development	128,282	-	121,480	-	(6,802)	-	(6,802)
Technology support	712,050	-	38,692	-	(673,358)	-	(673,358)
Operational support	5,176,887	-	622,588	351,765	(4,202,534)	-	(4,202,534)
Financial and human resource Accountability	854,791 348,088	- -	142,296 161,091	- -	(712,495) (186,997)	- -	(712,495) (186,997)
System-wide pupil support	513,189	6,302	196,057	-	(310,830)	-	(310,830)
Policy, leadership and public relations	1,591,799	-	602,426	-	(989,373)	-	(989,373)

(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	\$ 307,603	\$ 8,178	\$ 88,719	\$ -	\$ (210,706)	\$ -	\$ (210,706)
Non-programmed charges	480,504	-	-	-	(480,504)	-	(480,504)
Unallocated depreciation expense	1,618,517	-	-	-	(1,618,517)	-	(1,618,517)
Total governmental activities	<u>50,879,383</u>	<u>1,467,468</u>	<u>28,623,511</u>	<u>351,765</u>	<u>(20,436,639)</u>	<u>-</u>	<u>(20,436,639)</u>
Business-type activities:							
Child Nutrition	<u>1,781,287</u>	<u>526,806</u>	<u>1,064,302</u>	<u>-</u>	<u>-</u>	<u>(190,179)</u>	<u>(190,179)</u>
Total government-wide	<u>\$ 52,660,670</u>	<u>\$ 1,994,274</u>	<u>\$ 29,687,813</u>	<u>\$ 351,765</u>	<u>(20,436,639)</u>	<u>(190,179)</u>	<u>(20,626,818)</u>
General revenues:							
Buncombe County					7,954,545	-	7,954,545
Supplemental city school tax					7,735,552	-	7,735,552
Local option sales tax					2,652,714	-	2,652,714
Interest earned on investments					251,475	120	251,595
Other revenues					445,341	-	445,341
Transfers					<u>(231,618)</u>	<u>231,618</u>	<u>-</u>
Total general revenues and transfers					<u>18,808,009</u>	<u>231,738</u>	<u>19,039,747</u>
Change in net assets					(1,628,630)	41,559	(1,587,071)
Net assets--beginning					<u>46,391,130</u>	<u>248,403</u>	<u>46,639,533</u>
Net assets--ending					<u>\$ 44,762,500</u>	<u>\$ 289,962</u>	<u>\$ 45,052,462</u>

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

**ASHEVILLE CITY SCHOOLS**  
**BALANCE SHEET--GOVERNMENTAL FUNDS**  
June 30, 2009

	<u>Major Funds</u>				<u>Non-major Governmental Fund</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>State Public School</u>	<u>Federal Grants</u>	<u>Capital Outlay</u>		
<b><u>Assets</u></b>						
Cash and cash equivalents	\$ 4,389,753	\$ -	\$ -	\$ 2,257,313	\$ 325,806	\$ 6,972,872
Due from other funds	7,959	-	-	-	-	7,959
Due from other governments	458,575	2,414	39,685	16,209	-	516,883
Accounts receivable (net)	50,892	-	-	-	-	50,892
Prepays	31,797	-	-	-	-	31,797
<b>Total assets</b>	<b>\$ 4,938,976</b>	<b>\$ 2,414</b>	<b>\$ 39,685</b>	<b>\$ 2,273,522</b>	<b>\$ 325,806</b>	<b>7,580,403</b>
<b><u>Liabilities and Fund Balances</u></b>						
<b>Liabilities:</b>						
Accounts payable	\$ 181,679	\$ -	\$ 1,615	\$ 90,507	\$ -	\$ 273,801
Accrued salaries and wages payable	88,270	1,691	5,759	-	-	95,720
Deferred revenue	232,476	723	32,311	-	-	265,510
Due to other funds	-	-	-	-	5,000	5,000
<b>Total liabilities</b>	<b>502,425</b>	<b>2,414</b>	<b>39,685</b>	<b>90,507</b>	<b>5,000</b>	<b>640,031</b>

(continued)

**Major Funds**

	<u>General</u>	<u>State Public School</u>	<u>Federal Grants</u>	<u>Capital Outlay</u>	<u>Non-major Governmental Fund</u>	<u>Total Governmental Funds</u>
Fund balances:						
Reserved for:						
Prepays	\$ 31,797	\$ -	\$ -	\$ -	\$ -	\$ 31,797
Encumbrances	19,786	-	-	7,146	-	26,932
State statute	517,426	-	-	16,209	-	533,635
Unreserved, reported in:						
General Fund	1,967,542	-	-	-	-	1,967,542
Special Revenue Funds	-	-	-	-	320,806	320,806
Capital Outlay Fund	-	-	-	878,660	-	878,660
Unreserved, designated for:						
Subsequent year's budget	1,900,000	-	-	1,281,000	-	3,181,000
Total fund balances	<u>4,436,551</u>	<u>-</u>	<u>-</u>	<u>2,183,015</u>	<u>320,806</u>	<u>6,940,372</u>
 Total liabilities and fund balances	 <u>\$ 4,938,976</u>	 <u>\$ 2,414</u>	 <u>\$ 39,685</u>	 <u>\$ 2,273,522</u>	 <u>\$ 325,806</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.

40,162,850

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

Installment purchase contracts

(330,968)

Compensated absences

(2,009,754)

Net assets of governmental activities

\$ 44,762,500

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, 2009

	<u>Major Funds</u>				Non-major Governmental Fund	Total Governmental Funds
	<u>General</u>	State Public <u>School</u>	Federal <u>Grants</u>	Capital <u>Outlay</u>		
<b>Revenues:</b>						
State of North Carolina	\$ 681,619	\$ 21,401,147	\$ -	\$ 370,765	\$ -	\$ 22,453,531
U.S. Government	1,512,821	-	4,967,472	-	-	6,480,293
Local:						
Buncombe County	6,923,179	-	-	1,031,366	-	7,954,545
Supplemental city school tax	7,325,552	-	-	410,000	-	7,735,552
Local option sales tax	2,652,714	-	-	-	-	2,652,714
Other local revenues	1,352,964	-	-	118,010	859,680	2,330,654
<b>Total revenues</b>	<b>20,448,849</b>	<b>21,401,147</b>	<b>4,967,472</b>	<b>1,930,141</b>	<b>859,680</b>	<b>49,607,289</b>
<b>Expenditures:</b>						
Current:						
Instructional services:						
Regular instructional	6,331,319	13,453,479	1,935,844	250,741	-	21,971,383
Special populations	2,918,966	2,658,495	958,470	-	-	6,535,931
Alternative programs	68,873	663,540	1,549,104	-	-	2,281,517
School leadership	1,437,707	1,446,668	-	-	-	2,884,375
Co-curricular	203,243	-	-	-	974,725	1,177,968
School-based support	1,296,867	1,653,623	23,984	194,875	-	3,169,349
System-wide support services:						
Support and development	169,329	-	-	-	-	169,329
Special populations support and development	327,153	99,462	49,314	-	-	475,929
Alternative programs and services support and development	1,761	-	121,480	-	-	123,241
Technology support	593,079	38,692	-	28,464	-	660,235
Operational support	4,316,273	560,656	6,664	935,923	-	5,819,516
Financial and human resource	707,205	105,693	36,603	-	-	849,501
Accountability	192,772	-	161,091	-	-	353,863
System-wide pupil support	471,608	46,981	-	-	-	518,589
Policy, leadership and public relations	983,019	602,426	-	-	-	1,585,445

(continued)



	Major Funds				Non-major Governmental Fund	Total Governmental Funds
	General	State Public School	Federal Grants	Capital Outlay		
Expenditures, continued:						
Current:						
Ancillary services	\$ 105,312	\$ 7,089	\$ -	\$ 18,663	\$ -	\$ 131,064
Non-programmed charges:						
Payments to charter schools	480,504	-	-	-	-	480,504
Other	-	-	124,918	-	-	124,918
Debt service	-	-	-	351,765	-	351,765
Capital outlay	-	-	-	838,868	-	838,868
Total expenditures	<u>20,604,990</u>	<u>21,336,804</u>	<u>4,967,472</u>	<u>2,619,299</u>	<u>974,725</u>	<u>50,503,290</u>
Revenues over (under) expenditures	<u>(156,141)</u>	<u>64,343</u>	<u>-</u>	<u>(689,158)</u>	<u>(115,045)</u>	<u>(896,001)</u>
Other financing sources (uses):						
Transfers from other funds	65,454	-	-	-	205,220	270,674
Transfers to other funds	(372,495)	(64,343)	-	-	(65,454)	(502,292)
Installment purchase obligations issued	-	-	-	682,733	-	682,733
Total other financing sources (uses)	<u>(307,041)</u>	<u>(64,343)</u>	<u>-</u>	<u>682,733</u>	<u>139,766</u>	<u>451,115</u>
Net change in fund balances	(463,182)	-	-	(6,425)	24,721	(444,886)
Fund balances--beginning	<u>4,899,733</u>	<u>-</u>	<u>-</u>	<u>2,189,440</u>	<u>296,085</u>	<u>7,385,258</u>
Fund balances--ending	<u>\$ 4,436,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,183,015</u>	<u>\$ 320,806</u>	<u>\$ 6,940,372</u>

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

Net changes in fund balances--total governmental funds	\$ (444,886)
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	(2,819,452)
Capital outlays	2,240,029
The issuance of long-term debt provided current financial resources to governmental funds, and has no effect on net assets.	(682,733)
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	(273,353)
Repayment of long-term debt	351,765
Total changes in net assets of governmental activities	<u>\$ (1,628,630)</u>

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

**ASHEVILLE CITY SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE--BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Year Ended June 30, 2009

General Fund				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues:</b>				
State of North Carolina	\$ 697,747	\$ 697,747	\$ 681,619	\$ (16,128)
U.S. Government	1,762,624	1,813,812	1,512,821	(300,991)
Local	18,213,381	18,229,481	18,254,409	24,928
Total revenues	<u>20,673,752</u>	<u>20,741,040</u>	<u>20,448,849</u>	<u>(292,191)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instructional services:</b>				
Regular instructional	6,591,403	6,592,801	6,331,319	261,482
Special populations	3,243,670	3,291,905	2,918,966	372,939
Alternative programs.	69,311	89,480	68,873	20,607
School leadership	1,477,776	1,487,979	1,437,707	50,272
Co-curricular	249,297	249,297	203,243	46,054
School based support	1,357,129	1,357,129	1,296,867	60,262
<b>System-wide support services:</b>				
Support and development	261,041	182,999	169,329	13,670
Special populations support and development	370,827	370,827	327,153	43,674
Alternative programs and services support and development	1,686	1,762	1,761	1
Technology support	627,305	627,305	593,079	34,226
Operational support	4,904,302	4,874,305	4,316,273	558,032
Financial and human resource	732,714	739,614	707,205	32,409
Accountability	156,834	196,489	192,772	3,717
System-wide pupil support	478,299	478,299	471,608	6,691
Policy, leadership and public relations	1,036,537	1,085,228	983,019	102,209

(continued)

	<b>General Fund</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Expenditures:				
Current, continued:				
Ancillary services	\$ 140,122	\$ 140,122	\$ 105,312	\$ 34,810
Non-programmed charges:				
Payments to charter schools	518,974	518,974	480,504	38,470
Total expenditures	<u>22,217,227</u>	<u>22,284,515</u>	<u>20,604,990</u>	<u>1,679,525</u>
Revenues under expenditures	<u>(1,543,475)</u>	<u>(1,543,475)</u>	<u>(156,141)</u>	<u>1,387,334</u>
Other financing sources (uses):				
Transfers from other funds	66,000	66,000	65,454	(546)
Transfers to other funds	(372,525)	(372,525)	(372,495)	30
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>1,543,475</u>	<u>1,543,475</u>	<u>(307,041)</u>	<u>(1,850,516)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(463,182)</u>	<u>\$ (463,182)</u>
Fund balance--beginning of year			<u>4,899,733</u>	
Fund balance--end of year			<u>\$ 4,436,551</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, 2009**

	State Public School Fund			
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u> <u>Variance</u>
Revenues:				
State of North Carolina	\$ 22,087,128	\$ 22,041,224	\$ 21,401,147	\$ (640,077)
Expenditures:				
Current:				
Instructional services:				
Regular instructional	14,006,852	13,796,259	13,453,479	342,780
Special populations	2,708,506	2,760,994	2,658,495	102,499
Alternative programs	667,010	713,907	663,540	50,367
School leadership	1,506,606	1,496,469	1,446,668	49,801
School based support	1,722,363	1,713,350	1,653,623	59,727
System-wide support services:				
Support and development	2,316	2,316	-	2,316
Special populations support and development	100,938	100,735	99,462	1,273
Technology support	20,310	40,132	38,692	1,440
Operational support	521,089	585,604	560,656	24,948
Financial and human resource	106,514	106,514	105,693	821
System-wide pupil support	47,265	47,265	46,981	284
Policy, leadership and public relations	610,654	604,395	602,426	1,969
Ancillary services	1,926	8,505	7,089	1,416
Total expenditures	<u>22,022,349</u>	<u>21,976,445</u>	<u>21,336,804</u>	<u>639,641</u>
Revenues over expenditures	<u>64,779</u>	<u>64,779</u>	<u>64,343</u>	<u>(436)</u>
Other financing uses:				
Transfers to other funds	(64,779)	(64,779)	(64,343)	436
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, 2009**

	<u>Federal Grants Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues:				
U.S. Government	\$ 5,895,686	\$ 6,059,810	\$ 4,967,472	\$ (1,092,338)
Expenditures:				
Current:				
Instructional Services:				
Regular instructional	2,053,988	2,035,445	1,935,844	99,601
Special populations	1,202,989	1,301,449	958,470	342,979
Alternative programs	1,661,489	1,706,489	1,549,104	157,385
School-based support	24,884	37,264	23,984	13,280
System-wide Support Services:				
Special populations support and development	50,419	50,419	49,314	1,105
Alternative programs and services support and development	126,274	126,274	121,480	4,794
Operational support	16,177	16,177	6,664	9,513
Financial and human resource	46,720	46,720	36,603	10,117
Accountability	161,091	179,000	161,091	17,909
Non-programmed charges:				
Unbudgeted federal grants	408,511	415,526	-	415,526
Other	143,144	145,047	124,918	20,129
Total expenditures	<u>5,895,686</u>	<u>6,059,810</u>	<u>4,967,472</u>	<u>1,092,338</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 NET ASSETS--PROPRIETARY FUND**  
**June 30, 2009**

**Child Nutrition  
Fund**

<u><b>Assets</b></u>	
Current assets:	
Cash and cash equivalents	\$ 120
Due from other governments	50,268
Accounts receivable (net)	7,952
Inventories	39,756
Total current assets	<u>98,096</u>
Non-current assets:	
Capital assets:	
Furniture and equipment, net	<u>239,890</u>
Total assets	<u>337,986</u>
<u><b>Liabilities</b></u>	
Current liabilities:	
Accounts payable	5,681
Due to other funds	2,959
Accrued salaries and wages payable	4,137
Unearned revenue	9,710
Compensated absences, current portion	4,000
Total current liabilities	<u>26,487</u>
Non-current liabilities:	
Compensated absences, less current portion	<u>21,537</u>
Total liabilities	<u>48,024</u>
<u><b>Net Assets</b></u>	
Invested in capital assets	239,890
Unrestricted	<u>50,072</u>
Total net assets	<u>\$ 289,962</u>

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, 2009

	<b>Child Nutrition Fund</b>
Operating revenues:	
Food sales	\$ 526,806
Operating expenses:	
Food cost	759,890
Salaries and benefits	891,758
Materials and supplies	69,475
Depreciation	32,469
Other	27,695
Total operating expenses	<u>1,781,287</u>
Operating loss	<u>(1,254,481)</u>
Non-operating revenues:	
Federal reimbursements	867,301
Federal commodities	69,176
State reimbursements	127,825
Interest earned	120
Total non-operating revenues	<u>1,064,422</u>
Loss before transfers	(190,059)
Transfers from other funds	<u>231,618</u>
Change in net assets	41,559
Total net assets--beginning	<u>248,403</u>
Total net assets--ending	<u>\$ 289,962</u>

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

**ASHEVILLE CITY SCHOOLS**  
**STATEMENT OF CASH FLOWS--PROPRIETARY FUND**  
For the Year Ended June 30, 2009

	<b>Child Nutrition Fund</b>
Cash flows from operating activities:	
Cash received from customers	\$ 522,934
Cash paid for goods and services	(791,024)
Cash paid to employees for services	(825,100)
Net cash used for operating activities	<u>(1,093,190)</u>
Cash flows from non-capital financing activities:	
State reimbursements	125,988
Federal reimbursements	833,342
Transfers from other funds	167,275
Advances from other funds	(33,515)
Net cash provided by non-capital financing activities	<u>1,093,090</u>
Cash flows from investing activities:	
Interest on investments	<u>120</u>
Net cash provided by investing activities	<u>120</u>
Net decrease in cash and cash equivalents	20
Cash and cash equivalents, beginning of year	<u>100</u>
Cash and cash equivalents, end of year	<u><u>\$ 120</u></u>

(continued)



**Child Nutrition  
Fund**

Reconciliation of operating loss to net cash used for operating activities:

Operating loss	\$ (1,254,481)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	32,469
Donated commodities consumed	69,176
Salaries paid by special revenue fund	64,343
Change in assets and liabilities:	
Increase in accounts receivable (net)	(3,909)
Increase in inventories of food and supplies, net	(6,962)
Increase in accounts payable and accrued salaries and wages payable	3,405
Increase in compensated absences	2,732
Increase in unearned revenue	37
Net cash used for operating activities	<u><u>\$ (1,093,190)</u></u>

Non-cash investing, capital, and financing activities:

Donated commodities received	<u><u>\$ 69,176</u></u>
Transfer for salaries paid by special revenue fund	<u><u>\$ 64,343</u></u>

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, 2009**

	<b>Agency Fund</b>
<b>Assets:</b>	
Cash and cash equivalents	<u>\$ 1,868,398</u>
<b>Liabilities:</b>	
Due to other sources	<u>\$ 1,868,398</u>

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

## NOTES TO FINANCIAL STATEMENTS

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### 1. REPORTING ENTITY

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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

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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

## NOTES TO FINANCIAL STATEMENTS

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

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

The Board reports the following major governmental funds:

- ✓ **General Fund:** The General Fund is the general operating fund of the

Board. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. This fund is the "Local Current Expense Fund," which is mandated by State law [G.S. 115C-426].

- ✓ **State Public School Fund:** The State Public School Fund includes appropriations from the 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.
- ✓ **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 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

## NOTES TO FINANCIAL STATEMENTS

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the related cash flows take place. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

### **Governmental Fund Financial Statements:**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for 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 special revenue fund, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropri-

ations, except where construction project budgets have been approved in the Capital Outlay Fund, 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

## NOTES TO FINANCIAL STATEMENTS

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 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

## NOTES TO FINANCIAL STATEMENTS

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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 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, 2009, 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; net assets available for use by the individual schools; 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, 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 encum-

brances, 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 2009 - 2010 budget ordinance.

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

### **3. ASSETS AND LIABILITIES**

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#### **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

## NOTES TO FINANCIAL STATEMENTS

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, 2009, the Board had deposits with financial institutions with a carrying amount of \$651,428 and \$-0- with the State Treasurer. The bank balances with the financial institutions and the State Treasurer were \$951,244 and \$181,261, respectively. Of these balances, \$566,048 was covered by federal depository insurance, \$385,196 was covered by collateral under the Pooling Method, and \$181,261 was covered by collateral held by authorized escrow agents in the name of the State

Treasurer. The Board's petty cash at June 30, 2009, was \$370.

**Investments:** At June 30, 2009, the Board had \$23,650 invested with the North Carolina Capital Management Trust's Term Portfolio which is unrated. The Board had \$330,264 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 \$7,835,678 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.8 years at June 30, 2009. The Board has no formal policy for managing interest rate risk or credit risk. The Board follows State law.

**Due from Other Governments:** Amounts due from other governments at June 30, 2009, are summarized in Table I.

**Capital Assets:** Capital asset activity for the year ended June 30, 2009, is summarized in Table II.

Depreciation was charged to the governmental functions as follows:

Regular instructional	\$ 341,856
Special populations	82,930
School leadership	2,350
Co-curricular	96,811
School-based support	199,941
Technology support	74,308
Operational support	226,909
Policy leadership and public relations	856
Ancillary	174,974
Unallocated	<u>1,618,517</u>
	<u>\$ 2,819,452</u>

At June 30, 2009, the Board's commitment with a contractor for a school construction project was approximately \$164,000.

Table I DUE FROM OTHER GOVERNMENTS						
	Governmental Activities				Business-type Activities	
	General	State Public School	Federal Grants	Capital Outlay	Total	Child Nutrition
State government	\$ 71,976	\$ 2,414	\$ 32,311	\$ 16,209	\$ 122,910	\$ 50,268
Federal government	36,221	-	7,374	-	43,595	-
Local governments	<u>350,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,378</u>	<u>-</u>
	<u>\$458,575</u>	<u>\$ 2,414</u>	<u>\$ 39,685</u>	<u>\$ 16,209</u>	<u>\$ 516,883</u>	<u>\$ 50,268</u>



**NOTES TO FINANCIAL STATEMENTS**

<b>Table II</b>					
<b>CAPITAL ASSETS</b>					
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 1,307,576	\$ -	\$ -	\$ -	\$ 1,307,576
Construction in progress	528,790	749,823	-	(47,168)	1,231,445
Total capital assets not being depreciated	<u>1,836,366</u>	<u>749,823</u>	<u>-</u>	<u>(47,168)</u>	<u>2,539,021</u>
<b>Capital assets being depreciated:</b>					
Buildings	59,746,807	90,215	-	-	59,837,022
Equipment and furniture	3,542,856	399,751	(147,184)	-	3,795,423
Vehicles	1,870,993	881,652	(27,880)	-	2,724,765
Land improvements	3,337,888	118,588	-	47,168	3,503,644
Total capital assets being depreciated	<u>68,498,544</u>	<u>1,490,206</u>	<u>(175,064)</u>	<u>47,168</u>	<u>69,860,854</u>
<b>Less accumulated depreciation for:</b>					
Buildings	(24,285,846)	(2,263,145)	-	-	(26,548,991)
Equipment and furniture	(2,153,022)	(294,481)	147,184	-	(2,300,319)
Vehicles	(1,489,309)	(128,096)	27,880	-	(1,589,525)
Land improvements	(1,664,460)	(133,730)	-	-	(1,798,190)
Total accumulated depreciation	<u>(29,592,637)</u>	<u>(2,819,452)</u>	<u>175,064</u>	<u>-</u>	<u>(32,237,025)</u>
Total capital assets being depreciated, net	<u>38,905,907</u>	<u>(1,329,246)</u>	<u>-</u>	<u>47,168</u>	<u>37,623,829</u>
Governmental activity capital assets, net	<u>\$40,742,273</u>	<u>\$ (579,423)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,162,850</u>
<b>Business-type activities:</b>					
<b>Child Nutrition Fund:</b>					
<b>Capital assets being depreciated:</b>					
Equipment	\$ 630,746	\$ -	\$ (5,606)	\$ -	\$ 625,140
<b>Less accumulated depreciation for:</b>					
Equipment	(358,387)	(32,469)	5,606	-	(385,250)
Business-type activities capital assets, net	<u>\$ 272,359</u>	<u>\$ (32,469)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239,890</u>

**NOTES TO FINANCIAL STATEMENTS**

**LIABILITIES**

**Accounts Payable:** The balance in accounts payable at June 30, 2009, is summarized in Table III.

**Deferred/Unearned Revenue:** The balance in deferred/unearned revenue at June 30, 2009, 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, 2009, 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 school buses in the amount of \$372,555. The financing contract requires only

Table III ACCOUNTS PAYABLE						
	Governmental Activities					Business-type Activities
	General	State Public School	Federal Grants	Capital Outlay	Total	Child Nutrition
Vendors	\$ 179,161	\$ -	\$ 1,615	\$ 90,507	\$ 271,283	\$ 5,681
Charter Schools	2,017	-	-	-	2,017	-
NCDPI	501	-	-	-	501	-
	<u>\$ 181,679</u>	<u>\$ -</u>	<u>\$ 1,615</u>	<u>\$ 90,507</u>	<u>\$ 273,801</u>	<u>\$ 5,681</u>

Table IV DEFERRED/UNEARNED REVENUE						
	Governmental Activities					Business-type Activities
	General	State Public School	Federal Grants	Capital Outlay	Total	Child Nutrition
Grants and contracts	\$ 232,476	\$ 723	\$ 32,311	\$ -	\$ 265,510	\$ -
Prepaid lunch sales	-	-	-	-	-	9,710
	<u>\$ 232,476</u>	<u>\$ 723</u>	<u>\$ 32,311</u>	<u>\$ -</u>	<u>\$ 265,510</u>	<u>\$ 9,710</u>

Table V LONG-TERM OBLIGATIONS					
	Beginning Balances	Increases	Decreases	Ending Balances	Due in One Year
Governmental activities:					
Installment purchase	\$ -	\$ 682,733	\$ 351,765	\$ 330,968	\$ 227,578
Compensated absences	1,736,401	1,393,335	1,119,982	2,009,754	200,000
Total	<u>\$1,736,401</u>	<u>\$2,076,068</u>	<u>\$1,471,787</u>	<u>\$2,340,722</u>	<u>\$ 427,578</u>
Business-type activities:					
Compensated absences	\$ 22,805	\$ 30,471	\$ 27,739	\$ 25,537	\$ 4,000

## NOTES TO FINANCIAL STATEMENTS

principal payments of \$124,185 due at the beginning of each contract year. Since delivery of the buses was delayed until fiscal year 2009, both the first and second installment payments for these five buses were made in fiscal year 2009. 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.

The future minimum payments of the installment purchases as of June 30, 2009, are as follows:

Year Ending June 30,		
2010	\$	227,578
2011		103,390
Total	\$	330,968

### 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, 2009, the Board was required to contribute 3.36% 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, 2009, 2008, and 2007 were \$1,034,984, \$884,974, and

\$679,257, 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.

## NOTES TO FINANCIAL STATEMENTS

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

✓ **FUNDING POLICY.** The State Health Plan is administered by the Executive Administrator and Board of Trustees of the Plan, which establishes premium rates except as may be established by the 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, 2009, 2008, and 2007, the School Board paid all annual required contributions to the Plan for postemployment healthcare and death benefits of \$1,312,212, \$1,236,201, and \$1,011,207, respectively. These contributions represented 4.26%, 4.26%, and 3.96% 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

## NOTES TO FINANCIAL STATEMENTS

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clicking on "Financial Reports," or by calling the State Controller's Financial Reporting Section at (919) 981-5454. (<http://www.ncosc.net/>)

✓ **FUNDING POLICY.** An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in the Teachers' and State Employees' Retirement System of North Carolina, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from the Retirement System; and (6) the employee must

terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement System after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

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

## NOTES TO FINANCIAL STATEMENTS

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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, 2009, 2008, and 2007, the Board paid all annual required contributions to the DIPNC for disability benefits of \$160,176, \$150,898, and \$132,785, 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 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 up to a \$5 million 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.

## NOTES TO FINANCIAL STATEMENTS

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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 BALANCES AND ACTIVITY**

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#### **TRANSFERS TO/FROM OTHER FUNDS**

Transfers to/from other funds at June 30, 2009, consist of \$64,363 transferred from the State Public School Fund to the Child Nutrition Fund for administrative costs; \$205,220 transferred from the General Fund to the Non-major Governmental Fund for the individual schools; \$65,454 transferred from the Non-major Governmental Fund to the General Fund for athletic gate receipts; and \$167,275 transferred from the General Fund to the Child Nutrition Fund for operating costs.

#### **DUE TO/FROM OTHER FUNDS**

The balance at June 30, 2009, consists of amounts owed to the General Fund from the Child Nutrition Fund for operating purposes as well as amounts owed to the General Fund from the Non-major Governmental Fund for inventory items related to the Alumni Center built at the high school. The balance is expected to be repaid in the near-term.

### **7. SUPPLEMENTAL CITY SCHOOL TAX**

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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, 2009.

### **8. SUMMARY DISCLOSURE OF CONTINGENCIES**

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#### **FEDERAL AND STATE ASSISTED PROGRAMS**

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

#### **CONTINGENT LIABILITIES**

At June 30, 2009, the Board was a defendant to various lawsuits. In the opinion of the Board's management and the Board's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Board's financial position.



**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, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues:			
State of North Carolina	\$ 391,555	\$ 370,765	\$ (20,790)
Local:			
Buncombe County	1,125,126	1,031,366	(93,760)
Supplemental city school tax	410,000	410,000	-
Other:			
Interest earned on investments	60,000	80,261	20,261
Other local sources	48,378	37,749	(10,629)
Total other	<u>108,378</u>	<u>118,010</u>	<u>9,632</u>
Total revenues	<u>2,035,059</u>	<u>1,930,141</u>	<u>(104,918)</u>
Expenditures:			
Current:			
Instructional Services:			
Regular instructional	381,235	250,741	130,494
School-based support	210,000	194,875	15,125
System-wide Support Services:			
Technology support	30,000	28,464	1,536
Operational support	942,733	935,923	6,810
Ancillary services	25,000	18,663	6,337
Debt service	372,555	351,765	20,790
Capital outlay	<u>2,215,495</u>	<u>838,868</u>	<u>1,376,627</u>
Total expenditures	<u>4,177,018</u>	<u>2,619,299</u>	<u>1,557,719</u>
Revenues under expenditures	<u>(2,141,959)</u>	<u>(689,158)</u>	<u>1,452,801</u>

(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Other financing sources (uses):			
Appropriated fund balance	\$ 1,469,226	\$ -	\$ (1,469,226)
Installment purchase obligations issued	682,733	682,733	-
Contingency	(10,000)	-	10,000
Total other financing sources (uses)	<u>2,141,959</u>	<u>682,733</u>	<u>(1,459,226)</u>
Net change in fund balance	<u>\$ -</u>	(6,425)	<u>\$ (6,425)</u>
Fund balance:			
Beginning of year, July 1		<u>2,189,440</u>	
End of year, June 30		<u>\$ 2,183,015</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, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Operating revenues:			
Food sales	\$ 545,500	\$ 526,843	\$ (18,657)
Operating expenditures:			
Purchase of food	763,000	765,203	(2,203)
Salaries and benefits	962,363	889,026	73,337
Materials and supplies	65,000	71,124	(6,124)
Other	27,000	27,695	(695)
Total operating expenditures	<u>1,817,363</u>	<u>1,753,048</u>	<u>64,315</u>
Operating loss	<u>(1,271,863)</u>	<u>(1,226,205)</u>	<u>45,658</u>
Non-operating revenues:			
Federal reimbursements	859,465	867,301	7,836
Federal commodities	72,244	69,176	(3,068)
State reimbursement	108,100	127,825	19,725
Interest earned	-	120	120
Total non-operating revenues	<u>1,039,809</u>	<u>1,064,422</u>	<u>24,613</u>
Revenues under expenditures before other financing sources	(232,054)	(161,783)	70,271
Other financing sources:			
Transfers from other funds	232,054	231,618	(436)
Revenues and other sources over expenditures	<u>\$ -</u>	<u>69,835</u>	<u>\$ 69,835</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(32,469)	
Increase in compensated absences		(2,732)	
Increase in inventories of food and supplies, net		6,962	
Increase in unearned revenue		(37)	
Change in net assets		<u>\$ 41,559</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, 2009**

	<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	\$ 805,760	\$ 89,755	\$ 500	\$ 895,015
Liabilities:				
Due to other sources	\$ 805,760	\$ 89,755	\$ 500	\$ 895,015
<b>ASHEVILLE HIGH AWARDS:</b>				
Assets:				
Cash and cash equivalents	\$ 20,013	\$ 724	\$ 720	\$ 20,017
Liabilities:				
Due to other sources	\$ 20,013	\$ 724	\$ 720	\$ 20,017
<b>ASHEVILLE CITY SCHOOLS POOL COMMITTEE:</b>				
Assets:				
Cash and cash equivalents	\$ 701,123	\$ 25,385	\$ 800	\$ 725,708
Liabilities:				
Due to other sources	\$ 701,123	\$ 25,385	\$ 800	\$ 725,708
<b>EDUCATIONAL ACCESS CHANNEL CONSORTIUM:</b>				
Assets:				
Cash and cash equivalents	\$ 245,079	\$ 36,163	\$ 53,584	\$ 227,658
Liabilities:				
Due to other sources	\$ 245,079	\$ 36,163	\$ 53,584	\$ 227,658
<b>TOTAL--AGENCY FUND:</b>				
Assets:				
Cash and cash equivalents	\$ 1,771,975	\$ 152,027	\$ 55,604	\$ 1,868,398
Liabilities:				
Due to other sources	\$ 1,771,975	\$ 152,027	\$ 55,604	\$ 1,868,398



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.*

### 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 Seven Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
<b>Governmental activities</b>							
Invested in capital assets	\$ 39,831,882	\$ 40,742,273	\$ 42,579,373	\$ 43,180,650	\$ 36,145,142	\$ 34,012,521	\$ 32,814,131
Restricted	320,806	296,085	262,136	302,351	231,236	243,775	274,267
Unrestricted	4,609,812	5,352,772	4,326,808	3,690,580	4,298,275	4,323,515	3,158,125
<b>Total governmental activities net assets</b>	<b>\$ 44,762,500</b>	<b>\$ 46,391,130</b>	<b>\$ 47,168,317</b>	<b>\$ 47,173,581</b>	<b>\$ 40,674,653</b>	<b>\$ 38,579,811</b>	<b>\$ 36,246,523</b>
<b>Business-type activities</b>							
Invested in capital assets	\$ 239,890	\$ 272,359	\$ 305,870	\$ 56,496	\$ 83,170	\$ 81,624	\$ 95,560
Unrestricted	50,072	(23,956)	(118,922)	20,275	162,616	256,026	286,422
<b>Total business-type activities net assets</b>	<b>\$ 289,962</b>	<b>\$ 248,403</b>	<b>\$ 186,948</b>	<b>\$ 76,771</b>	<b>\$ 245,786</b>	<b>\$ 337,650</b>	<b>\$ 381,982</b>
<b>Government-wide</b>							
Invested in capital assets	\$ 40,071,772	\$ 41,014,632	\$ 42,885,243	\$ 43,237,146	\$ 36,228,312	\$ 34,094,145	\$ 32,909,691
Restricted	320,806	296,085	262,136	302,351	231,236	243,775	274,267
Unrestricted	4,659,884	5,328,816	4,207,886	3,710,855	4,460,891	4,579,541	3,444,547
<b>Total government-wide net assets</b>	<b>\$ 45,052,462</b>	<b>\$ 46,639,533</b>	<b>\$ 47,355,265</b>	<b>\$ 47,250,352</b>	<b>\$ 40,920,439</b>	<b>\$ 38,917,461</b>	<b>\$ 36,628,505</b>

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 Seven Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>							
<b>Governmental activities:</b>							
Instructional programs	\$ 38,501,664	\$ 37,206,592	\$ 32,144,863	\$ 30,113,067	\$ 28,747,566	\$ 27,924,801	\$ 27,060,043
Support services	9,971,095	9,472,591	11,579,037	11,217,031	10,601,184	10,126,909	9,650,031
Unallocated depreciation expense	1,618,517	1,628,326	2,313,179	1,908,699	1,632,260	1,537,735	1,492,569
Other	788,107	713,959	624,887	603,596	555,921	529,272	393,149
Total governmental activities expenses	<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>
<b>Business-type activities:</b>							
Child nutrition	<u>1,781,287</u>	<u>1,695,817</u>	<u>1,719,078</u>	<u>1,621,843</u>	<u>1,589,636</u>	<u>1,558,638</u>	<u>1,559,570</u>
Total government-wide expenses	<u>52,660,670</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>							
<b>Governmental activities:</b>							
Charges for services							
Instructional programs	1,452,988	1,343,434	1,436,419	1,357,411	1,347,313	1,401,613	1,292,519
Support services	6,302	4,749	-	31,246	17,610	29,530	51,289
Ancillary services	8,178	6,424	6,628	6,401	35,570	17,879	16,955
Operating grants and contributions	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	351,765	51,599	5,588	23,345	16,779	20,718	65,908
Total governmental activities program revenues	<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>
<b>Business-type activities:</b>							
Charges for services - child nutrition	526,806	537,651	507,126	446,497	492,729	531,832	552,360
Operating grants and contributions	1,064,302	1,020,189	965,387	929,235	919,137	916,443	917,825
Total business-type activities program revenues	<u>1,591,108</u>	<u>1,557,840</u>	<u>1,472,513</u>	<u>1,375,732</u>	<u>1,411,866</u>	<u>1,448,275</u>	<u>1,470,185</u>
Total government-wide program revenues	<u>32,033,852</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>
<b>Net (Expense)</b>	<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 Seven Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
<b>Net (Expense)</b>							
Total government-wide net (expense)	<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>
<b>General revenues and transfers:</b>							
Governmental activities:							
State of North Carolina - construction proceeds	-	-	-	450,000	213,738	1,361,964	232,800
Buncombe County - appropriation	7,954,545	7,578,633	6,834,500	6,432,698	6,210,175	6,027,697	5,754,619
Buncombe County - other	18,378	410,692	1,561,433	7,159,805	2,576,052	555,244	1,617,478
Supplemental city school tax	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	2,652,714	2,999,131	3,125,067	2,848,259	2,554,471	2,614,357	2,009,599
Other revenues	678,438	975,978	1,171,268	793,963	848,660	1,012,357	1,042,384
Transfers (out)	<u>(231,618)</u>	<u>(197,717)</u>	<u>(354,923)</u>	<u>(60,682)</u>	<u>(79,353)</u>	<u>(62,666)</u>	<u>(54,422)</u>
Total governmental activities general revenues and transfers	<u>18,808,009</u>	<u>19,362,749</u>	<u>19,740,017</u>	<u>24,301,195</u>	<u>18,764,999</u>	<u>17,860,400</u>	<u>16,837,840</u>
Business-type activities:							
Other revenues	120	1,715	1,819	16,414	6,553	3,365	4,074
Transfers in	<u>231,618</u>	<u>197,717</u>	<u>354,923</u>	<u>60,682</u>	<u>79,353</u>	<u>62,666</u>	<u>54,422</u>
Total business-type activities general revenues and transfers	<u>231,738</u>	<u>199,432</u>	<u>356,742</u>	<u>77,096</u>	<u>85,906</u>	<u>66,031</u>	<u>58,496</u>
Total government-wide general revenues and transfers	<u>19,039,747</u>	<u>19,562,181</u>	<u>20,096,759</u>	<u>24,378,291</u>	<u>18,850,905</u>	<u>17,926,431</u>	<u>16,896,336</u>
<b>Change in Net Assets</b>	<u>\$ (1,587,071)</u>	<u>\$ (715,732)</u>	<u>\$ 104,913</u>	<u>\$ 6,329,913</u>	<u>\$ 2,002,978</u>	<u>\$ 2,288,956</u>	<u>\$ 2,260,117</u>

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

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

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Fund										
Reserved	\$ 569,009	\$ 673,343	\$ 630,740	\$ 599,109	\$ 612,234	\$ 524,201	\$ 399,131	\$ 188,591	\$ 265,821	\$ 223,812
Unreserved	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	2,581,664
Total general fund	<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>	<u>\$ 2,805,476</u>
All Other Governmental Funds										
Reserved	\$ 23,355	\$ 118,296	\$ 182,615	\$ 635,076	\$ 434,557	\$ 653,983	\$ 360,076	\$ 410,605	\$ 632,161	\$ 597,242
Unreserved, reported in:										
Capital projects fund	2,159,660	2,071,144	1,205,295	8,962	528,302	389,484	829,355	502,860	335,028	328,416
Special revenue funds	320,806	296,085	262,136	302,351	231,236	243,775	274,267	253,071	221,678	244,348
Total all other governmental funds	<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>	<u>\$ 1,170,006</u>

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

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Revenues:</b>										
State of North Carolina	\$ 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	\$ 20,506,522
U. S. Government	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	2,576,266
<b>Local sources:</b>										
Buncombe County - appropriation	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	5,693,263
Buncombe County - other	18,378	410,692	1,561,433	7,159,805	2,576,052	555,244	1,617,478	1,810,580	1,981,665	1,577,607
Supplemental city school tax	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	4,947,268
Local option sales tax	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	1,905,834
Other local revenues	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	2,508,631
<b>Total revenues</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>39,715,391</b>
<b>Expenditures:</b>										
Instructional programs	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	26,780,651
Support services	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	8,871,207
Capital Outlay	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	3,828,347
Other	1,088,251	641,082	732,796	679,620	625,273	587,643	444,635	403,416	515,436	470,920
<b>Total expenditures</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>39,951,125</b>
<b>Revenues over (under) expenditures</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>(235,734)</b>
<b>Other financing (uses)</b>										
Transfers from other funds	270,674	264,786	274,199	250,559	251,073	264,840	248,663	237,011	235,938	232,494
Transfers to other funds	(502,292)	(462,503)	(629,122)	(311,241)	(330,426)	(327,506)	(303,085)	(289,267)	(287,180)	(281,946)
Installment purchase obligations issued	682,733	-	-	-	-	-	-	-	-	-
<b>Total other financing (uses)</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>(49,452)</b>
<b>Extraordinary item</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(692,567)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</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>	<b>\$ (285,186)</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	
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
2000	1,926,788	441,623	101,506	2,469,917	0.20

Source: Buncombe County Tax Department

Notes: Property is assessed at market value. Properties are reassessed every four years.  
The tax rate is per \$100 of assessed value.

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

Fiscal Year	Direct	Overlapping Rates		Total Combined Rate
	Supplemental City School Tax	Buncombe County	City of Asheville	
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
2000	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  
Year Ended June 30, 2009**

<u>Taxpayer</u>	<u>Business</u>	<u>Taxable Value (in thousands)</u>	<u>Percentage of Total Taxable Value</u>
Jack Tar/Grove Park Inc	Hotels/Convention Services	\$ 102,511	2.08%
Progress Energy	Electric Utility	60,662	1.23%
Bellsouth Telephone Co	Communications Service	51,480	1.04%
Power Development	Real Estate Development	26,857	0.54%
Nesbitt Asheville Venture LLC	Hotels/Convention Services	20,373	0.41%
Grove Park Inn Resort	Hotels/Convention Services	18,189	0.37%
Thoms Estate LLC	Real Estate Development	16,659	0.34%
Ingles Markets Inc	Supermarkets	15,854	0.32%
County Club of Asheville Inc	Real Estate/Private Golf Club	15,134	0.31%
Campus Crest at Asheville LLC	Hotels/Convention Services	14,781	0.30%

Source: Buncombe County Tax Department.

Note: Comparable information for the fiscal period ended nine years prior to June 30, 2009 is not available.

**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>
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%
2000	4,932	4,882	65	4,947	99.0%

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**

<u>Fiscal Year</u>	<u>Estimated Population (in thousands)</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Estimated Median Age</u>	<u>Unemployment Rate</u>
2009	Unavailable	Unavailable	Unavailable	Unavailable	9.0
2008	229	Unavailable	Unavailable	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
2000	196	5,524,659	26,688	40	2.5

Sources: Buncombe County Finance Department.

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

**ASHEVILLE CITY SCHOOLS  
PRINCIPAL EMPLOYERS  
Year Ended June 30, 2009**

<u>Employer</u>	<u>Rank</u>	<u>Employees</u>
Mission Health System & Hospitals	1	7,000
Buncombe County Government	2	1,700
The Biltmore Company	3	1,600
The Grove Park Inn Resort & Spa	4	1,100
City of Asheville	5	1,000
Asheville City Schools	6	700
University of North Carolina at Asheville	7	700
Asheville-Buncombe Technical Community College	8	400
Hayes & Lunsford, Inc.	9	300
Asheville-Citizen Times Publishing Company	10	300

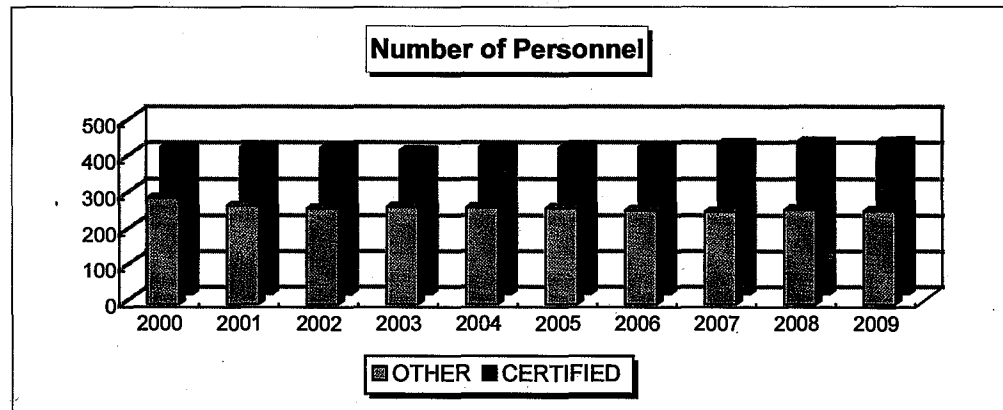
Source: Asheville Area Chamber of Commerce

Notes: Figures have been rounded to the nearest hundred.

Comparable information for the fiscal period ended nine years prior to June 30, 2009 is not available.

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>
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
2000	406	296	702	4,027	9.9

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.

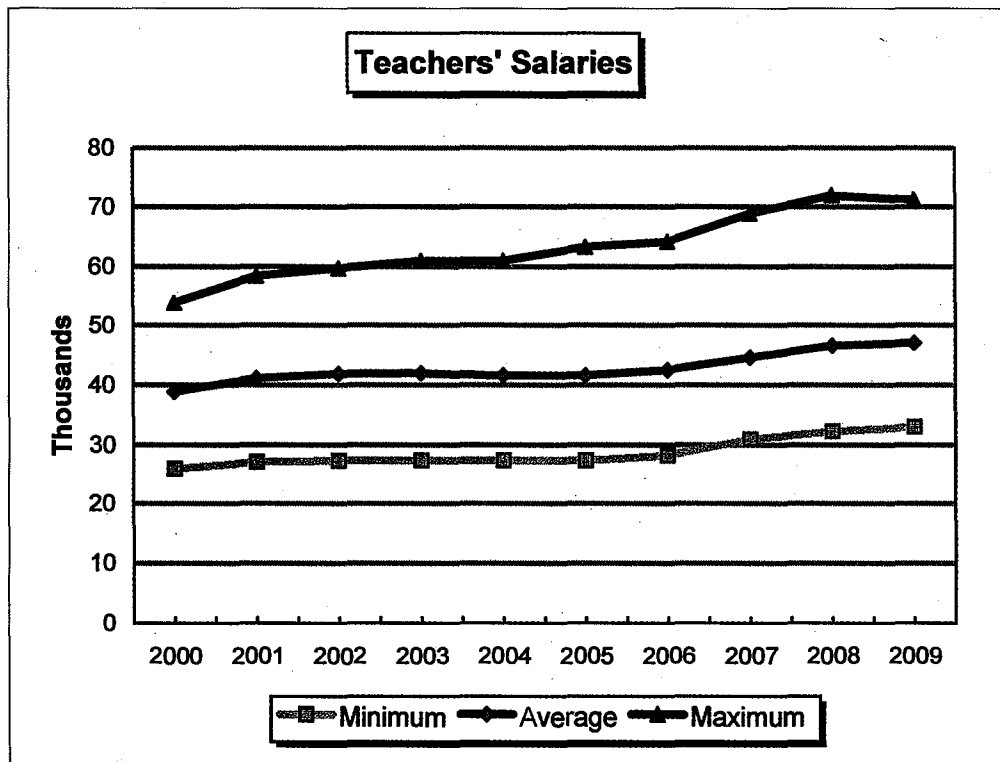
**ASHEVILLE CITY SCHOOLS  
OPERATING STATISTICS  
Last Ten Fiscal Years**

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
2009	3,686	3,480	\$ 12,719	Fourth	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%
2000	4,027	3,808	8,859	Third	Unavailable	45.3%	51.3%	3.4%

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 reported for Asheville City Schools.

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



<u>Year Ended June 30:</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
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
2000	25,974	53,859	38,871

Source: Asheville City Schools Business and Financial Services.

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

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

<u>School</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>Elementary</b>										
<b>Claxton</b>										
Square feet	81,193	81,193	81,193	78,711	78,711	64,146	64,146	64,146	64,146	64,146
Capacity	480	480	480	480	480	432	432	432	432	432
First month membership	418	412	386	387	395	388	382	396	397	417
<b>Dickson</b>										
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	417	412	388	413	416	361	355	351	338	321
<b>Hall Fletcher</b>										
Square Feet	88,205	88,205	88,205	88,205	88,205	88,205	88,205	88,205	88,205	88,205
Capacity	455	455	455	455	455	455	455	455	455	455
First month membership	306	301	292	286	290	271	281	269	265	299
<b>Jones</b>										
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	382	356	356	379	368	370	403	307	344	347
<b>Randolph</b>										
Square Feet	See	See	See	See	See	See	See	56,819	56,819	56,819
Capacity	Notes	Notes	Notes	Notes	Notes	Notes	Notes	384	384	384
First month membership	Below	Below	Below	Below	Below	Below	Below	139	148	171
<b>Vance</b>										
Square Feet	69,965	69,965	69,965	69,965	69,965	69,965	69,965	69,965	69,965	69,283
Capacity	422	422	422	422	422	422	422	422	422	422
First month membership	368	352	353	317	328	314	295	371	394	401



<u>School</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>Middle</b>										
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	672	666	648	654	677	745	813	788	783	766
<b>Alternative - Middle/High</b>										
Accelerated Learning Center										
Square Feet	See	See	See	See	See	See	See	58,387	58,387	58,387
Capacity	Notes	Notes	Notes	Notes	Notes	Notes	Notes	319	319	319
First month membership	Below	Below	Below	Below	Below	Below	Below	55	73	76
Randolph Learning Center										
Square Feet	56,819	56,819	56,819	56,819	56,819	56,819	56,819	See	See	See
Capacity	384	384	384	384	384	384	384	Notes	Notes	Notes
First month membership	73	57	132	176	172	169	110	Below	Below	Below
<b>High</b>										
Asheville High/SILSA										
Square Feet	365,441	365,441	365,441	353,041	353,041	353,041	353,041	353,041	349,445	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	1,101	1,150	1,222	1,203	1,221	1,227	1,248	1,269	1,263	1,255

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.



**Asheville High School**

419 McDowell St.  
828-350-2500  
Principal: Carol Ray

**School of Inquiry & Life  
Sciences at Asheville  
(SILSA)**

419 McDowell St.  
828-350-2700  
Principal: Greg Townsend



**Asheville Middle School**

197 S. French Broad Ave.  
828-350-6200  
Principal: Mary Margaret Sullivan



**Claxton Elementary**

*Arts & Humanities*  
241 Merrimon Ave.  
828-350-6500  
Principal: Dr. Ayesha McArthur



**Hall Fletcher Elementary**

*Science, Math & Technologies*  
60 Ridgelawn Ave.  
828-350-6400  
Principal: Dr. Cheryl Witherspoon



**Ira B. Jones Elementary**

*Global Scholars*  
544 Kimberly Ave.  
828-350-6700  
Principal: Marsha Lipe



**Isaac Dickson Elementary**

*Experiential Learning*  
125 Hill St.  
828-350-6800  
Principal: Alida Woods



**Vance Elementary**

*Human Diversity & Ecology*  
98 Sulphur Springs Rd.  
828-350-6600  
Principal: Cynthia Sellinger



**Randolph Learning Center**

*Alternative School*  
90 Montford Ave.  
828-350-6900  
Principal: Dr. Gordon Grant



**Asheville City Preschool**

441 Haywood Rd.  
828-350-2990  
Director: Debra Preneta



**Administrative Offices**

85 Mountain St.  
828-350-7000  
Superintendent: Allen Johnson