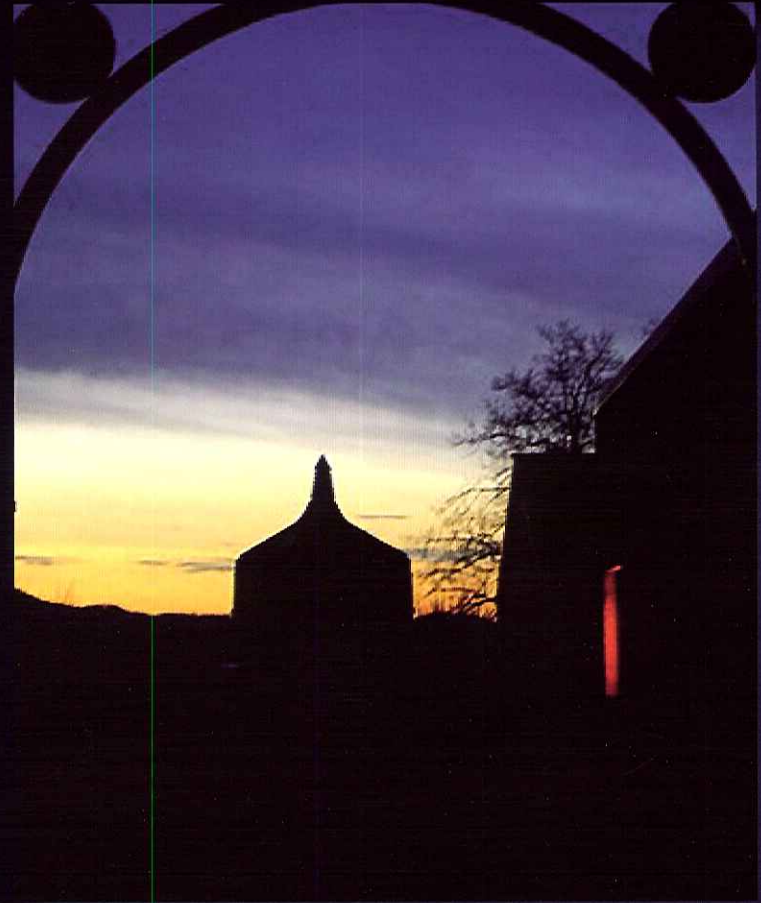


ASHEVILLE CITY SCHOOLS



ASHEVILLE, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006



A NEW CAFETERIA FOR ASHEVILLE HIGH SCHOOL 2006

SCHOOL BOARD MEMBERS

Allison Jordan, Chairperson
Dr. Dolly Jenkins-Mullen, Vice Chairperson
Gene Bell
Ann Von Brock
Al Whitesides

Robert L. Logan, Superintendent

ARCHITECTURAL DESIGN STUDIO, P.A.
ARCHITECTS

BUNCOMBE CONSTRUCTION
GENERAL CONTRACTOR

Pictures of the new Asheville High School cafeteria under construction throughout fiscal year 2006 are featured on the tab pages of the *Comprehensive Annual Financial Report*. These pictures, along with the cover photograph of the main building tower on the Asheville High School campus, were all taken by Asheville High School teacher Thomas Williams. The new cafeteria was completed for the start of the 2007 school year.

Comprehensive Annual Financial Report
of the
Asheville City Schools

Asheville, North Carolina
For the Fiscal Year Ended June 30, 2006



Prepared by Finance Department
Timothy F. Amos, CPA, Assistant Superintendent
Donna W. Watson, CPA, Director of Financial Services

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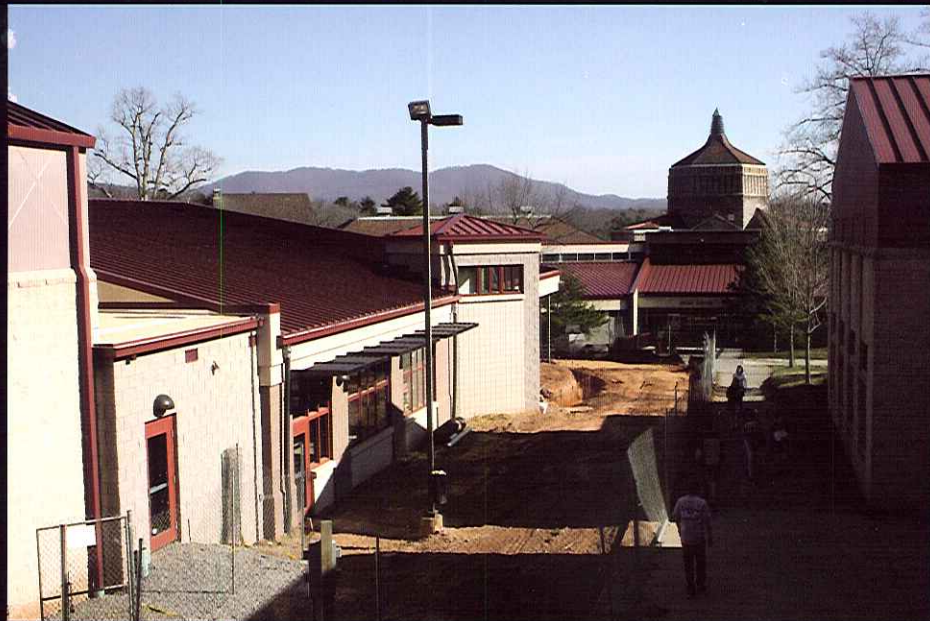
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INTRODUCTORY SECTION



Asheville City Schools

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

LETTER OF TRANSMITTAL

October 17, 2006

**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, 2006, 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 consists of three sections: Introductory, Financial, and Statistical. The Introductory Section, of which this transmittal letter is a part, includes an organizational chart listing principal officials, the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association and the Certificate of Excellence in Financial Reporting awarded by the Association of School Business Officials International for the 2005 Comprehensive Annual Financial Report. The Financial Section includes the management's discussion and analysis (MD&A) and basic financial statements, as well as, the unqualified opinion of independent certified public accountants on the financial statements. The MD&A provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and

should be read in conjunction with it. Asheville City Schools' MD&A can be found immediately following the report of the independent auditors. The Statistical Section includes several schedules of unaudited data providing detailed information regarding financial trends, revenue capacity, demographic and economic information and operating information.

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.

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. During the year, 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, including 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 2005-06 school year was 3,753 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; Core Knowledge; 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. Buncombe County and the City of Asheville serve as the economic and service center for a twenty-two county region. According to the Asheville Area Chamber of Commerce, the Asheville metro area is experiencing strong and stable economic growth. A balance of forces, centered around the area's quality of life amenities, will continue to support this durable pattern. Through the first quarter of 2006, the Asheville metro participated in 27 straight months of record-setting job levels. Over the year, 5,200 net new jobs were added. With current total employment of 170,600 and a growth rate of 1.9 percent through the first quarter, Asheville has settled into a pace close to its historic average. At 3.2 percent, Asheville's unemployment rate holds well below the state, the nation, and all but two of North Carolina's 13 other metro areas. Balanced economic growth in the Asheville metro is being led by:

- Specialized healthcare industry
- Record-setting tourism activity
- Emerging professional services sector
- Resilient housing market
- Baby-boom fueled population growth
- Transforming manufacturing sector

The sound local economy should help Asheville City Schools remain a strong and viable source for the education of its students as the national and state economy also begin to recover from the recession.

FIVE-YEAR STRATEGIC PLAN

Asheville City Schools continues to operate around the five goals of the comprehensive five-year strategic plan first adopted in 2002. Those goals are:

- Increase student achievement
- Promote good health in safe, orderly, caring and clean schools
- Recruit, develop and retain quality teachers, administrators and staff
- Maximize family, community and business support
- Operate efficiently and effectively

The plan is updated annually and provides specific direction each year when the Asheville City Board of Education chooses 15-16 desired outcomes as the "top priorities" for that school year. The system made significant progress during the 2005-06 school year as noted below:

- 89.6% of the system's third through eighth grades tested at or above grade level in reading and math, the highest result ever.
- The achievement gap between white and minority students has narrowed by 13.5 percentage points over the past three years.
- Asheville High School seniors averaged 1,134 on the 2006 SAT's, the fourth best score among high schools in the state.
- Scores were up 25% in our 17 Career Technical Education offerings.
- Cafeteria sanitation ratings averaged 98.8% during 2005-06.
- Hall Fletcher Elementary School was one of three schools in the USA to receive a \$250,000 FutureReady Prize from Dell, Microsoft and Intel to enhance the integration of curriculum and technology.
- More than 90% of Asheville City Schools teachers and 99% of teacher assistants have met the new No Child Left Behind "highly qualified" standards.
- Asheville City Schools employees contributed \$33,000 to the local United Way Campaign.
- Two construction projects were completed in fiscal year 2006: a complete makeover of the fifth grade space at Dickson Elementary and a new synthetic turf playing surface at Asheville High School Memorial Stadium.
- The system continued two other major construction projects throughout fiscal year 2006. These projects will be complete for the start of 2007 school year: a new cafeteria at Asheville High School and renovations to the existing facility and construction of a new cafeteria at Claxton Elementary School.

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 \$268,583.

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 Teachers and State Employees Comprehensive Major Medical Plan 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, 2006, 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, 2006, 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 nineteen 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 2005-2006 fiscal year.

ACKNOWLEDGMENTS

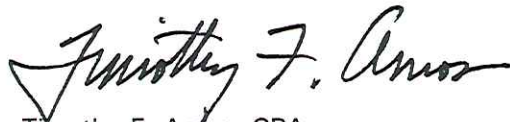
The preparation of this report could not have been accomplished without the efficient and dedicated services of the personnel in the Finance

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,



Robert L. Logan
Superintendent



Timothy F. Amos, CPA
Assistant Superintendent for Business/Support Services



Donna W. Watson, CPA
Director of Financial 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, 2005**

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

President

Interim 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, 2005

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.



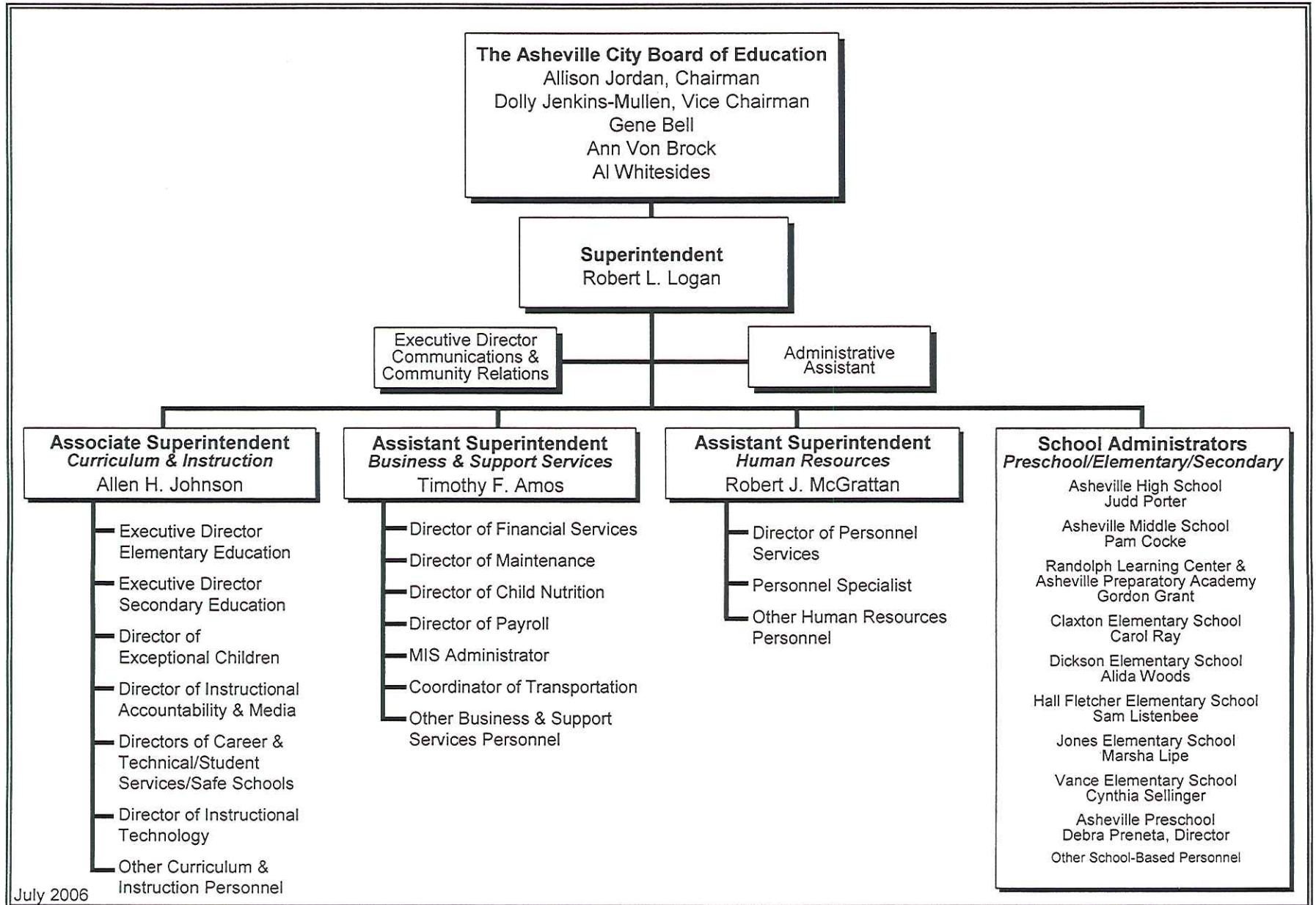
Carla E. Perry

President

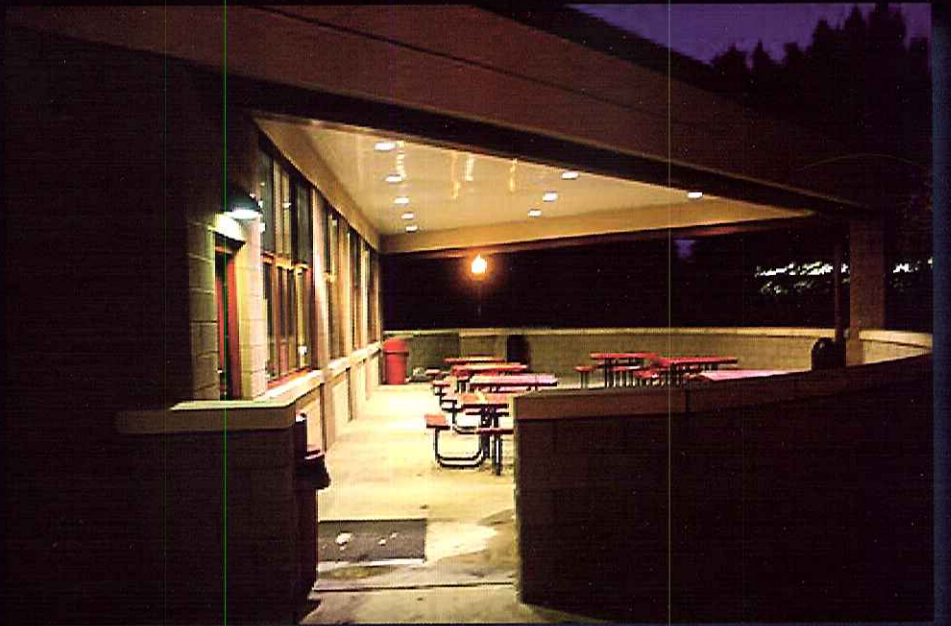
Jeffrey R. Emmer

Executive Director

Organizational Chart



July 2006



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, 2006, 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, 2006, and the respective changes in financial position and its cash flows, where applicable, thereof and the respective budgetary comparison for the general and the State Public School funds 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 17, 2006, 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 17, 2006

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, 2006. 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 \$47,250,352.
- The Board's total net assets increased by \$6,329,913 or 15.5%. The increase in the total invested in capital assets accounted for \$7,008,834 of the change in total net assets.
- Phase II of the renovation plan to the historic 1922 Claxton Elementary School facility continued throughout fiscal year 2006. Phase II, which includes renovations to the existing facility and construction of a new cafeteria, will be complete for the start of the 2006-07 school year.
- During fiscal year 2005, construction began on both a new cafeteria building at Asheville High School and the installation of a new multi-purpose synthetic playing surface at Asheville High School Memorial Stadium. Construction of the cafeteria building continued throughout fiscal year 2006 and will be complete for the start of the 2006-07 school year. The new field was finished and was available for use at the beginning of the fall 2005 athletic season.
- Renovations to the fifth grade classrooms at Dickson Elementary School, which began during fiscal year 2005, were completed during the second half of fiscal year 2006.

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 unit'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 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 are an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$47,250,352 as of June 30, 2006, compared to \$40,920,439 as of June 30, 2005. Capital assets represented the largest component of net assets. Capital assets totaled \$43,237,146, at June 30, 2006, an increase of \$7,008,834 compared to June 30, 2005. A new cafeteria building at Asheville High School, a major addition and renovation project at Claxton Elementary School, a classroom renovation project at Dickson Elementary School and other improvement projects accounted for most of the increase in capital assets.

Following is a summary of the Statement of Net Assets:

Table 1
Condensed Statement of Net Assets
June 30, 2006 and 2005

	2006			2005		
	Governmental Activities	Business-type Activities	Total Government-wide	Governmental Activities	Business-type Activities	Total Government-wide
Current assets	\$ 7,968,562	\$ 61,370	\$ 8,029,932	\$ 8,121,013	\$ 192,056	\$ 8,313,069
Capital assets	43,180,650	56,496	43,237,146	36,145,142	83,170	36,228,312
Total assets	<u>51,149,212</u>	<u>117,866</u>	<u>51,267,078</u>	<u>44,266,155</u>	<u>275,226</u>	<u>44,541,381</u>
Current liabilities	2,360,385	16,681	2,377,066	1,944,414	15,858	1,960,272
Long-term liabilities	1,615,246	24,414	1,639,660	1,647,088	13,582	1,660,670
Total liabilities	<u>3,975,631</u>	<u>41,095</u>	<u>4,016,726</u>	<u>3,591,502</u>	<u>29,440</u>	<u>3,620,942</u>
Invested in capital assets	43,180,650	56,496	43,237,146	36,145,142	83,170	36,228,312
Restricted net assets	302,351	-	302,351	231,236	-	231,236
Unrestricted net assets	<u>3,690,580</u>	<u>20,275</u>	<u>3,710,855</u>	<u>4,298,275</u>	<u>162,616</u>	<u>4,460,891</u>
Total net assets	<u>\$47,173,581</u>	<u>\$ 76,771</u>	<u>\$47,250,352</u>	<u>\$40,674,653</u>	<u>\$ 245,786</u>	<u>\$40,920,439</u>

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

Table 2
Condensed Statement of Activities
For the Years Ended June 30, 2006 and 2005

	2006			2005		
	Governmental Activities	Business-type Activities	Total Government-wide	Governmental Activities	Business-type Activities	Total Government-wide
Revenues:						
Program revenues:						
Charges for services	\$ 1,395,058	\$ 446,497	\$ 1,841,555	\$ 1,400,493	\$ 492,729	\$ 1,893,222
Operating grants and contributions	24,621,723	929,235	25,550,958	23,449,502	919,137	24,368,639
Capital grants and contributions	23,345	-	23,345	16,779	-	16,779
General revenues:						
State of North Carolina	452,372	-	452,372	216,426	-	216,426
Buncombe County	13,592,503	-	13,592,503	8,786,227	-	8,786,227
Supplemental city school tax	6,677,152	-	6,677,152	6,441,256	-	6,441,256
Local option sales tax	2,848,259	-	2,848,259	2,554,471	-	2,554,471
Other revenues	791,591	16,414	808,005	845,972	6,553	852,525
Total revenues	<u>50,402,003</u>	<u>1,392,146</u>	<u>51,794,149</u>	<u>43,711,126</u>	<u>1,418,419</u>	<u>45,129,545</u>
Expenses:						
Governmental activities:						
Instructional programs	30,113,067	-	30,113,067	28,747,566	-	28,747,566
Support services	11,217,031	-	11,217,031	10,601,184	-	10,601,184
Community services	200,399	-	200,399	187,302	-	187,302
Non-programmed charges	403,197	-	403,197	368,619	-	368,619
Unallocated depreciation expense	1,908,699	-	1,908,699	1,632,260	-	1,632,260
Business-type activities:						
Child Nutrition	-	1,621,843	1,621,843	-	1,589,636	1,589,636
Total expenses	<u>43,842,393</u>	<u>1,621,843</u>	<u>45,464,236</u>	<u>41,536,931</u>	<u>1,589,636</u>	<u>43,126,567</u>
Revenues over (under) expenses	6,559,610	(229,697)	6,329,913	2,174,195	(171,217)	2,002,978
Transfers in (out)	(60,682)	60,682	-	(79,353)	79,353	-
Change in net assets	6,498,928	(169,015)	6,329,913	2,094,842	(91,864)	2,002,978
Net assets--beginning	40,674,653	245,786	40,920,439	38,579,811	337,650	38,917,461
Net assets--ending	<u>\$ 47,173,581</u>	<u>\$ 76,771</u>	<u>\$ 47,250,352</u>	<u>\$ 40,674,653</u>	<u>\$ 245,786</u>	<u>\$ 40,920,439</u>

Total governmental activities generated revenues of \$50.4 million for fiscal year 2006 compared to \$43.7 million for the previous year. Increases in County appropriations restricted to construction projects accounted for \$4.6 million of the increase in governmental activities revenues. Increases in grant funding, the County general appropriation, the Asheville City Schools supplemental city school tax and local option sales tax accounted for the remainder of the 15.3% increase in governmental activities revenues. Expenses in this same category totaled \$43.8 million for fiscal year 2006 compared to \$41.5 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, additional grant funding and increased depreciation expense related to major building improvement projects.

The Asheville City Schools supplemental city school tax comprised 13% and 15%, respectively, of total governmental revenues for fiscal years 2006 and 2005. County funding increased to 27% from 20% in 2005. Restricted County funding for construction projects like the new cafeteria at Asheville High School and the addition and renovation project underway at Claxton Elementary School accounted for most of the large increase in County funding. Much of the remaining governmental revenues consist of restricted State and federal money. Instructional expenses comprised 69% of total governmental expenses for both fiscal years 2006 and 2005. Likewise, support services made up 26% of those expenses for both years.

Business-type activities generated revenue of \$1.39 million in fiscal year 2006 and \$1.42 million in fiscal year 2005, and had expenses of \$1.62 million in 2006 and \$1.59 million in 2005. The decrease in revenue in 2006 was largely due to the emphasis placed on providing healthy food choices in the Child Nutrition program. Supplemental sales, in particular, experienced a decline in fiscal year 2006 when fried foods and sugary drinks were removed from the school menu. At the same time that revenues were experiencing a decline, expenses related to employee salaries and benefits were increasing. The end result was a \$169,015 decrease in the net assets of the business-type activities from fiscal year 2005 to fiscal year 2006.

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. The following table compares fund balance at June 30, 2006 and 2005 for the General Fund, the Capital Outlay Fund and the Non-Major Governmental Funds. The State Public School Fund does not maintain a fund balance since revenues must equal expenditures. Thus it has been excluded from Table 3.

**Table 3
Summary of Fund Balances—Governmental Funds
June 30, 2006 and 2005**

	2006				2005			
	General Fund	Capital Outlay Fund	Other Governmental Funds	Total	General Fund	Capital Outlay Fund	Other Governmental Funds	Total
Reserved	\$ 599,109	\$ 635,076	\$ -	\$1,234,185	\$ 612,234	\$ 434,557	\$ -	\$1,046,791
Unreserved	4,269,660	8,962	302,351	4,580,973	4,563,270	528,302	231,236	5,322,808
Total	<u>\$4,868,769</u>	<u>\$ 644,038</u>	<u>\$ 302,351</u>	<u>\$5,815,158</u>	<u>\$5,175,504</u>	<u>\$ 962,859</u>	<u>\$ 231,236</u>	<u>\$6,369,599</u>

At June 30, 2006, the governmental funds of Asheville City Schools reported a combined fund balance of \$5,815,158, a \$554,441 decrease over last year. In the General Fund, fund balance was used as a means of expanding the budget to include new items recommended by the Advisory Budget Committee. In the Capital Outlay Fund, fund balance was used as a resource for non-recurring expenditures like the new playing surface completed at Asheville High School Memorial Stadium and a new telephone system installed at Asheville High School

Proprietary Fund: The Board’s business-type fund reflected a net loss of \$169,015 for 2006 compared to a net loss of \$91,864 for 2005. As explained on page 8, declining revenues due largely to a healthier food menu and rising employee costs contributed to the loss.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and to increase or decrease appropriations in light of revised revenue estimates. As of June 30, 2006, net increases in estimated revenues and appropriations totaled \$134,693 in the General Fund. Grants awarded by external sources after the original budget ordinance was adopted accounted for most of the budget increases approved for the General Fund.

Capital Assets

Capital assets increased \$7,008,834 or 19% over the previous year. This was largely due to major renovation projects. 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 financial statements on Pages 29 and 32 of this report.

**Table 4
Summary of Capital Assets
June 30, 2006 and 2005**

	2006			2005		
	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	1,198,704	-	1,198,704	1,272,656	-	1,272,656
Buildings	26,889,548	-	26,889,548	26,036,596	-	26,036,596
Construction in progress	12,212,538	-	12,212,538	6,131,831	-	6,131,831
Equipment and furniture	1,216,755	56,496	1,273,251	1,097,148	83,170	1,180,318
Vehicles	355,529	-	355,529	299,335	-	299,335
Total	\$43,180,650	\$ 56,496	\$43,237,146	\$36,145,142	\$ 83,170	\$36,228,312

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. The County holds all debt issued for school capital construction. The Board has not entered into any other financing arrangements as of June 30, 2006. The long-term obligations shown on the Statement of Net Assets represent the long-term liability for compensated absences to be paid from governmental and proprietary funds. Additional information regarding the Board's debt can be found in the notes to financial statements on Pages 29 and 36 of the report.

Economic Factors

The Board anticipates stable enrollment over the next several years and will need continued increases in funding to accomplish the goals outlined in the Board's five-year strategic plan. County funding and the Asheville City Schools supplemental city school tax are major sources of income for the Board; therefore the County's economic outlook directly affects that of the schools. The following factors should positively affect the economic outlook of Buncombe County.

- The County is experiencing positive employment growth rates with over 5,200 net new jobs added over the past year.
- The County's unemployment rate is lower than both the state and the national rate.
- The housing market has remained strong and resilient.
- Stable population growth patterns are projected.

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, Director of Financial Services
Asheville City Schools
Post Office Box 7347
Asheville, NC 28802

BASIC FINANCIAL STATEMENTS

ASHEVILLE CITY SCHOOLS
STATEMENT OF NET ASSETS
June 30, 2006

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 6,142,202	\$ 14,507	\$ 6,156,709
Due from other governments	1,721,297	6,643	1,727,940
Accounts receivable (net)	23,626	1,313	24,939
Inventories	-	38,907	38,907
Prepaid expense	81,437	-	81,437
Capital assets:			
Land and construction in progress	13,520,114	-	13,520,114
Other capital assets, net of depreciation	29,660,536	56,496	29,717,032
Total capital assets	<u>43,180,650</u>	<u>56,496</u>	<u>43,237,146</u>
Total assets	<u>51,149,212</u>	<u>117,866</u>	<u>51,267,078</u>
Liabilities:			
Accounts payable	245,472	1,424	246,896
Contracts payable	766,164	-	766,164
Accrued salaries and wages payable	1,023,604	4,276	1,027,880
Unearned revenue	118,164	7,945	126,109
Long-term liabilities:			
Due in one year	206,981	3,036	210,017
Due in more than one year	1,615,246	24,414	1,639,660
Total liabilities	<u>3,975,631</u>	<u>41,095</u>	<u>4,016,726</u>
Net assets:			
Invested in capital assets	43,180,650	56,496	43,237,146
Restricted for:			
Individual schools	302,351	-	302,351
Unrestricted	3,690,580	20,275	3,710,855
Total net assets	<u>\$ 47,173,581</u>	<u>\$ 76,771</u>	<u>\$ 47,250,352</u>

The accompanying notes are an integral part of these financial statements.

ASHEVILLE CITY SCHOOLS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006

<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 programs:							
Regular	\$ 18,623,372	\$ 97,418	\$ 13,228,056	\$ -	\$ (5,297,898)	\$ -	\$ (5,297,898)
Special	7,112,676	444,445	5,292,715	-	(1,375,516)	-	(1,375,516)
Co-curricular	962,804	815,548	92,442	-	(54,814)	-	(54,814)
Student service	2,914,439	-	2,238,754	-	(675,685)	-	(675,685)
Other	499,776	-	362,207	-	(137,569)	-	(137,569)
Support services:							
Pupil	24,664	-	27,363	-	2,699	-	2,699
Instructional staff	556,490	-	218,924	-	(337,566)	-	(337,566)
Administrative	1,452,236	31,246	697,719	-	(723,271)	-	(723,271)
School administration	2,880,430	-	1,532,963	-	(1,347,467)	-	(1,347,467)
Business	5,401,227	-	662,835	23,345	(4,715,047)	-	(4,715,047)
Central	891,980	-	500	-	(891,480)	-	(891,480)
Other	10,004	-	-	-	(10,004)	-	(10,004)
Community services	200,399	6,401	-	-	(193,998)	-	(193,998)
Non-programmed charges	403,197	-	267,245	-	(135,952)	-	(135,952)
Unallocated depreciation expense**	1,908,699	-	-	-	(1,908,699)	-	(1,908,699)
Total governmental activities	<u>43,842,393</u>	<u>1,395,058</u>	<u>24,621,723</u>	<u>23,345</u>	<u>(17,802,267)</u>	<u>-</u>	<u>(17,802,267)</u>

(continued)

<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>
Business-type activities:							
Child Nutrition	\$ 1,621,843	\$ 446,497	\$ 929,235	\$ -	\$ -	\$ (246,111)	\$ (246,111)
Total government-wide	<u>\$ 45,464,236</u>	<u>\$ 1,841,555</u>	<u>\$ 25,550,958</u>	<u>\$ 23,345</u>	(17,802,267)	(246,111)	(18,048,378)
General revenues:							
State of North Carolina					452,372	-	452,372
U.S. Government					236,182	-	236,182
Buncombe County - unrestricted					6,432,698	-	6,432,698
Buncombe County - restricted					7,159,805	-	7,159,805
Supplemental city school tax					6,677,152	-	6,677,152
Local option sales tax					2,848,259	-	2,848,259
Interest earned on investments					252,169	16,414	268,583
Other revenues					303,240	-	303,240
Transfers					(60,682)	60,682	-
Total general revenues and transfers					<u>24,301,195</u>	<u>77,096</u>	<u>24,378,291</u>
Change in net assets					6,498,928	(169,015)	6,329,913
Net assets--beginning					<u>40,674,653</u>	<u>245,786</u>	<u>40,920,439</u>
Net assets--ending					<u>\$ 47,173,581</u>	<u>\$ 76,771</u>	<u>\$ 47,250,352</u>

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

The accompanying notes are an integral part of these financial statements.

ASHEVILLE CITY SCHOOLS
BALANCE SHEET--GOVERNMENTAL FUNDS
June 30, 2006

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>State Public School</u>	<u>Capital Outlay</u>		
<u>Assets</u>					
Cash and cash equivalents	\$ 4,834,383	\$ -	\$ 1,005,468	\$ 302,351	\$ 6,142,202
Due from other governments	461,461	713,712	472,865	73,259	1,721,297
Accounts receivable (net)	23,626	-	-	-	23,626
Prepays	81,437	-	-	-	81,437
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 5,400,907</u>	<u>\$ 713,712</u>	<u>\$ 1,478,333</u>	<u>\$ 375,610</u>	<u>\$ 7,968,562</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 173,817	\$ 958	\$ 68,131	\$ 2,566	\$ 245,472
Contracts payable	-	-	766,164	-	766,164
Accrued salaries and wages payable	240,157	712,754	-	70,693	1,023,604
Unearned revenue	118,164	-	-	-	118,164
Total liabilities	<hr/> <u>532,138</u>	<hr/> <u>713,712</u>	<hr/> <u>834,295</u>	<hr/> <u>73,259</u>	<hr/> <u>2,153,404</u>

(continued)

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>State Public School</u>	<u>Capital Outlay</u>		
Fund balances:					
Reserved for:					
Prepays	\$ 81,437	\$ -	\$ -	\$ -	\$ 81,437
Encumbrances	32,585	-	162,211	-	194,796
State statute	485,087	-	472,865	-	957,952
Unreserved, General Fund	2,020,660	-	-	-	2,020,660
Unreserved, reported in:					
Special Revenue Funds	-	-	-	302,351	302,351
Capital Outlay Fund	-	-	962	-	962
Unreserved, designated for:					
Subsequent year's budget	2,249,000	-	8,000	-	2,257,000
Total fund balances	<u>4,868,769</u>	<u>-</u>	<u>644,038</u>	<u>302,351</u>	<u>5,815,158</u>
 Total liabilities and fund balances	 <u>\$ 5,400,907</u>	 <u>\$ 713,712</u>	 <u>\$ 1,478,333</u>	 <u>\$ 375,610</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.

43,180,650

Compensated absences are not due and payable with current financial resources and therefore are not reported in the funds.

(1,822,227)

Net assets of governmental activities

\$ 47,173,581

The accompanying notes are an integral part of these financial statements.

ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>State Public School</u>	<u>Capital Outlay</u>		
Revenues:					
State of North Carolina	\$ 600,913	\$ 19,603,330	\$ 450,000	\$ -	\$ 20,654,243
U.S. Government	1,487,502	-	-	2,808,845	4,296,347
Local:					
Buncombe County - unrestricted	5,855,657	-	844,286	-	6,699,943
Buncombe County - restricted	-	-	7,159,805	-	7,159,805
Supplemental city school tax	6,287,152	-	390,000	-	6,677,152
Local option sales tax	2,848,259	-	-	-	2,848,259
Other local revenues	1,240,595	-	63,614	907,990	2,212,199
Total revenues	<u>18,320,078</u>	<u>19,603,330</u>	<u>8,907,705</u>	<u>3,716,835</u>	<u>50,547,948</u>
Expenditures:					
Current:					
Instructional programs:					
Regular	3,306,618	9,916,563	-	323,381	13,546,562
Special	1,747,503	1,727,770	-	1,395,671	4,870,944
Co-curricular	-	-	-	962,804	962,804
Student services	524,441	1,676,217	-	65,266	2,265,924
Other	4,268,309	3,489,493	-	789,521	8,547,323
Support services:					
Pupil	61	-	-	18,073	18,134
Instructional staff	273,818	179,693	-	-	453,511
Administrative	756,420	351,451	-	82,247	1,190,118
School administration	1,046,737	1,259,659	-	-	2,306,396
Business	4,075,072	426,356	-	2,376	4,503,804
Central	705,004	500	-	-	705,504
Other	1,205,467	514,946	-	44,124	1,764,537
Community services	197,865	-	-	-	197,865
Non-programmed charges:					
Payments to charter schools	380,629	-	-	-	380,629
Other	12,940	-	-	88,186	101,126

(continued)

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>State Public School</u>	<u>Capital Outlay</u>		
Expenditures, continued:					
Capital outlay:					
Real property and buildings	\$ -	\$ -	\$ 8,572,056	\$ -	\$ 8,572,056
Furniture and equipment	-	-	511,759	-	511,759
Buses and motor vehicles	-	-	142,711	-	142,711
Total expenditures	<u>18,500,884</u>	<u>19,542,648</u>	<u>9,226,526</u>	<u>3,771,649</u>	<u>51,041,707</u>
Revenues over (under) expenditures	<u>(180,806)</u>	<u>60,682</u>	<u>(318,821)</u>	<u>(54,814)</u>	<u>(493,759)</u>
Other financing sources (uses):					
Transfers from other funds	62,315	-	-	188,244	250,559
Transfers to other funds	<u>(188,244)</u>	<u>(60,682)</u>	<u>-</u>	<u>(62,315)</u>	<u>(311,241)</u>
Total other financing sources (uses)	<u>(125,929)</u>	<u>(60,682)</u>	<u>-</u>	<u>125,929</u>	<u>(60,682)</u>
Net change in fund balances	(306,735)	-	(318,821)	71,115	(554,441)
Fund balances--beginning	<u>5,175,504</u>	<u>-</u>	<u>962,859</u>	<u>231,236</u>	<u>6,369,599</u>
Fund balances--ending	<u>\$ 4,868,769</u>	<u>\$ -</u>	<u>\$ 644,038</u>	<u>\$ 302,351</u>	<u>\$ 5,815,158</u>

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

Net changes in fund balances--total governmental funds	\$ (554,441)
--	--------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:

Depreciation expense	(1,942,757)
Capital outlays	<u>8,999,570</u>
	<u>7,056,813</u>

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	17,861
Loss on disposal of assets	<u>(21,305)</u>

Total changes in net assets of governmental activities	<u>\$ 6,498,928</u>
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The accompanying notes are an integral part of these financial statements.

ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
For the Year Ended June 30, 2006

	General Fund				State Public School Fund			
	Original Budget	Final Budget	Actual	Positive (Negative) Variance	Original Budget	Final Budget	Actual	Positive (Negative) Variance
Revenues:								
State of North Carolina	\$ 867,157	\$ 898,976	\$ 600,913	\$ (298,063)	\$19,734,596	\$20,097,425	\$19,603,330	\$ (494,095)
U.S. Government	1,616,277	1,721,651	1,487,502	(234,149)	-	-	-	-
Local	15,394,521	15,392,021	16,231,663	839,642	-	-	-	-
Total revenues	<u>17,877,955</u>	<u>18,012,648</u>	<u>18,320,078</u>	<u>307,430</u>	<u>19,734,596</u>	<u>20,097,425</u>	<u>19,603,330</u>	<u>(494,095)</u>
Expenditures:								
Current:								
Instructional programs:								
Regular	3,635,544	3,713,973	3,306,618	407,355	9,729,496	9,997,303	9,916,563	80,740
Special	2,000,250	2,084,479	1,747,503	336,976	1,780,431	1,792,662	1,727,770	64,892
Student services	566,534	558,990	524,441	34,549	1,680,416	1,691,848	1,676,217	15,631
Other	4,318,496	4,339,880	4,268,309	71,571	3,650,070	3,686,385	3,489,493	196,892
Support services:								
Pupil	61	61	61	-	-	-	-	-
Instructional staff	288,567	298,567	273,818	24,749	175,038	179,788	179,693	95
Administrative	944,423	927,991	756,420	171,571	358,074	351,453	351,451	2
School administration	1,075,383	1,081,354	1,046,737	34,617	1,262,431	1,268,765	1,259,659	9,106
Business	4,229,971	4,236,917	4,075,072	161,845	390,729	433,553	426,356	7,197
Central	994,370	949,370	705,004	244,366	500	500	500	-
Other	1,270,811	1,266,521	1,205,467	61,054	646,729	634,486	514,946	119,540
Community services	204,671	204,671	197,865	6,806	-	-	-	-
Non-programmed charges:								
Payments to charter schools	449,663	449,663	380,629	69,034	-	-	-	-
Other	62,461	63,461	12,940	50,521	-	-	-	-
Total expenditures	<u>20,041,205</u>	<u>20,175,898</u>	<u>18,500,884</u>	<u>1,675,014</u>	<u>19,673,914</u>	<u>20,036,743</u>	<u>19,542,648</u>	<u>494,095</u>
Revenues over (under) expenditures	<u>(2,163,250)</u>	<u>(2,163,250)</u>	<u>(180,806)</u>	<u>1,982,444</u>	<u>60,682</u>	<u>60,682</u>	<u>60,682</u>	<u>-</u>

(continued)

	General Fund				State Public School Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Other financing sources (uses):								
Transfers from other funds	\$ 60,000	\$ 60,000	\$ 62,315	\$ 2,315	\$ -	\$ -	\$ -	\$ -
Transfers to other funds	(188,250)	(188,250)	(188,244)	6	(60,682)	(60,682)	(60,682)	-
Appropriated fund balance	<u>2,291,500</u>	<u>2,291,500</u>	<u>-</u>	<u>(2,291,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>2,163,250</u>	<u>2,163,250</u>	<u>(125,929)</u>	<u>(2,289,179)</u>	<u>(60,682)</u>	<u>(60,682)</u>	<u>(60,682)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(306,735)</u>	<u>\$ (306,735)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances--beginning of year			<u>5,175,504</u>				<u>-</u>	
Fund balances--end of year			<u>\$ 4,868,769</u>				<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

ASHEVILLE CITY SCHOOLS
STATEMENT OF NET ASSETS--PROPRIETARY FUND
June 30, 2006

	Child Nutrition Fund
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 14,507
Due from other governments	6,643
Accounts receivable (net)	1,313
Inventories	38,907
Total current assets	61,370
Non-current assets:	
Capital assets:	
Furniture and equipment, net	56,496
Total assets	117,866
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	1,424
Accrued salaries and wages payable	4,276
Unearned revenue	7,945
Compensated absences, current portion	3,036
Total current liabilities	16,681
Non-current liabilities:	
Compensated absences, less current portion	24,414
Total liabilities	41,095
<u>Net Assets</u>	
Invested in capital assets	56,496
Unrestricted	20,275
Total net assets	\$ 76,771

The accompanying notes are an integral part of these financial statements.

ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS--PROPRIETARY FUND
For the Year Ended June 30, 2006

	Child Nutrition Fund
Operating revenues:	
Food sales	\$ 446,497
Operating expenses:	
Food cost:	
Purchase of food	564,522
Donated commodities	69,156
Salaries and benefits	840,195
Indirect costs	50,000
Materials and supplies	52,827
Depreciation	16,268
Loss on disposal of assets	10,406
Other	18,469
Total operating expenses	1,621,843
Operating loss	(1,175,346)
Non-operating revenues:	
Federal reimbursements	775,316
Federal commodities	68,650
State reimbursements	85,269
Interest earned	16,414
Total non-operating revenues	945,649
Loss before transfers	(229,697)
Transfers from other funds	60,682
Change in net assets	(169,015)
Total net assets--beginning	245,786
Total net assets--ending	\$ 76,771

The accompanying notes are an integral part of these financial statements.

ASHEVILLE CITY SCHOOLS
STATEMENT OF CASH FLOWS--PROPRIETARY FUND
For the Year Ended June 30, 2006

	Child Nutrition Fund
Cash flows from operating activities:	
Cash received from customers	\$ 451,115
Cash paid for goods and services	(692,729)
Cash paid to employees for services	(769,766)
Net cash used for operating activities	<u>(1,011,380)</u>
 Cash flows from non-capital financing activities:	
State reimbursements	85,269
Federal reimbursements	775,316
Net cash provided by non-capital financing activities	<u>860,585</u>
 Cash flows from investing activities:	
Interest on investments	<u>16,414</u>
 Net decrease in cash and cash equivalents	(134,381)
 Cash and cash equivalents, beginning of year	<u>148,888</u>
 Cash and cash equivalents, end of year	<u><u>\$ 14,507</u></u>

(continued)

	Child Nutrition Fund
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (1,175,346)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	16,268
Loss on disposal of assets	10,406
Donated commodities consumed	69,156
Salaries paid by special revenue fund	60,682
Change in assets and liabilities:	
Decrease in due from other governments and accounts receivable (net)	1,477
Increase in inventories of food and supplies, net	(5,678)
Decrease in accounts payable and accrued salaries and wages payable	(1,354)
Increase in compensated absences	9,868
Increase in unearned revenue	3,141
	<u>3,141</u>
Net cash used for operating activities	<u>\$ (1,011,380)</u>
Non-cash investing, capital, and financing activities:	
Donated commodities received	<u>\$ 68,650</u>
Transfer for salaries paid by special revenue fund	<u>\$ 60,682</u>

The accompanying notes are an integral part of these financial statements.

ASHEVILLE CITY SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES--FIDUCIARY FUND
June 30, 2006

	Agency Fund
Assets:	
Cash and cash equivalents	\$ 1,609,359
	<u> </u>
Liabilities:	
Due to other sources	\$ 1,609,359
	<u> </u>

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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.

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.

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. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Board and

for each function of the Board's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund.

NOTES TO FINANCIAL STATEMENTS

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.

Capital Outlay Fund. The Capital Outlay Fund accounts for financial resources to be used for the acquisition and

construction of major capital facilities (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 and State resources.

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, the Educational Access Channel Consortium, and the Medical Reimbursement Plan.

Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-

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

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

NOTES TO FINANCIAL STATEMENTS

capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Fiduciary Fund Financial Statement - 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 enterprise fund follows 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 appropriations, 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 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

NOTES TO FINANCIAL STATEMENTS

(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.

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. Certain items acquired before July 1, 1985 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

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.

Buncombe County holds title to certain properties, which are reflected as capital assets in the financial statements of the Board. The properties have been deeded to the County to permit installment

financing of construction costs. Agreements between the County and the Board gives the schools full use of the facilities, full responsibility for maintenance of the facilities, and provides that the County will convey title of the property back to the Board once all restrictions of the financing agreements have been met.

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

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

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

Compensated Absences - The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. In addition, certain employees may accumulate up to 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,

NOTES TO FINANCIAL STATEMENTS

2006, 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 encumbrances and reserves for inventories, 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 2006-2007 budget ordinance.

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

2. DETAIL NOTES ON ALL FUNDS

Assets

Deposits - All of the Board's deposits are either insured or collateralized by using the Pooling Method. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling

NOTES TO FINANCIAL STATEMENTS

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, 2006, the Board had deposits with financial institutions with a carrying amount of \$3,176,538 and \$-0- with the State Treasurer. The bank balances with the financial institutions and the State Treasurer were \$3,617,658 and \$402,173, respectively. Of these balances, \$514,309 was covered by federal depository insurance and \$3,505,522 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The Board's petty cash at June 30, 2006, was \$350.

Table I DUE FROM OTHER GOVERNMENTS						
	Governmental Activities				Business-type Activities	
	General	State Public School	Capital Outlay	Other Governmental Funds	Total	Child Nutrition
State grants	\$ 35,080	\$713,712	\$ -	\$ -	\$ 748,792	\$ 5,251
Federal grants	64,090	-	-	73,259	137,349	1,392
Buncombe County-- restricted	-	-	472,865	-	472,865	-
Local options sales tax	248,522	-	-	-	248,522	-
Supplemental city school tax	71,567	-	-	-	71,567	-
Other	42,202	-	-	-	42,202	-
	<u>\$461,461</u>	<u>\$713,712</u>	<u>\$472,865</u>	<u>\$ 73,259</u>	<u>\$ 1,721,297</u>	<u>\$ 6,643</u>

Investments - At June 30, 2006, the Board had \$20,572 invested with the North Carolina Capital Management Trust's Term Portfolio which is unrated. The Board had \$1,968,250 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 \$2,600,358 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.18 years at June 30, 2006. The Board has no formal policy for managing interest rate risk or credit risk. It follows State law.

Due from Other Governments - Amounts due from other governments at June 30, 2006, are summarized in Table I.

Capital Assets - Capital asset activity for the year ended June 30, 2006, is summarized in Table II.

Depreciation was charged to the governmental functions as follows:

Unallocated depreciation	\$ 1,908,699
Business support services	34,058
	<u>\$ 1,942,757</u>

Construction Commitments - The Board has active construction projects as of June 30, 2006. Major projects include Asheville High School Cafeteria and

NOTES TO FINANCIAL STATEMENTS

Claxton Elementary School renovations. The outstanding balance of the commitments was \$751,407 as of June 30, 2006.

Liabilities

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.

CAPITAL ASSETS					
	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,307,576	\$ -	\$ -	\$ -	\$ 1,307,576
Construction in progress	6,131,831	7,937,662	-	(1,856,955)	12,212,538
Total capital assets not being depreciated	<u>7,439,407</u>	<u>7,937,662</u>	<u>-</u>	<u>(1,856,955)</u>	<u>13,520,114</u>
Capital assets being depreciated:					
Buildings	44,556,891	586,551	-	1,856,955	47,000,397
Equipment and furniture	2,670,083	312,802	(49,642)	-	2,933,243
Vehicles	1,731,155	142,119	(24,508)	-	1,848,766
Improvements	2,587,151	20,436	-	-	2,607,587
Total capital assets being depreciated	<u>51,545,280</u>	<u>1,061,908</u>	<u>(74,150)</u>	<u>1,856,955</u>	<u>54,389,993</u>
Less accumulated depreciation for:					
Buildings	18,520,295	1,590,554	-	-	20,110,849
Equipment and furniture	1,572,935	183,634	(40,081)	-	1,716,488
Vehicles	1,431,820	74,181	(12,764)	-	1,493,237
Improvements	1,314,495	94,388	-	-	1,408,883
Total accumulated depreciation	<u>22,839,545</u>	<u>1,942,757</u>	<u>(52,845)</u>	<u>-</u>	<u>24,729,457</u>
Total capital assets being depreciated, net	<u>28,705,735</u>				<u>29,660,536</u>
Governmental activity capital assets, net	<u>\$ 36,145,142</u>				<u>\$ 43,180,650</u>
Business-type activities:					
Child Nutrition Fund:					
Capital assets being depreciated:					
Equipment	\$ 409,714	-	(21,047)	-	\$ 388,667
Less accumulated depreciation for:					
Equipment	326,544	16,268	(10,641)	-	332,171
Business-type activities capital assets, net	<u>\$ 83,170</u>				<u>\$ 56,496</u>

NOTES TO FINANCIAL STATEMENTS

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, 2006, the Board was required to contribute 2.34% 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, 2006, 2005, and 2004 were \$618,504, \$555,183, and \$54,967, respectively, equal to the required contributions for each year.

Post-Employment Benefits - In addition to providing pension benefits, the Board provides disability benefits and post-

employment health care benefits and death benefits, in accordance with State statutes, to certain employees. These benefits are provided through multiple-employer cost-sharing plans administered by the State. The Board makes monthly contributions to the State for these benefits. Health care benefits are provided to retirees (at no charge to the retirees) of the Teachers' and State Employees' Retirement System (System) who have at least five years of contributing membership in the System. These benefits are provided through the State's Comprehensive Major Medical Plan. Once retirees become eligible for Medicare coverage, they must elect to participate in Part A and Part B coverage to maintain the level of coverage provided prior to 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.

Other Employment Benefits - Death benefits are provided through the Benefit Plan for members of the Teachers' and State Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. Employees who die in active service after one year of contributing membership service in the System, or who die within

180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's highest 12 months salary in a row during the 24 months prior to his/her death with a minimum benefit of \$25,000 and a maximum of \$50,000.

Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (Disability Income Plan), a multiple-employer State-administered cost-sharing plan, which also is funded on a one-year term cost basis. Long-term disability benefits are payable from the Disability Income Plan 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. An employee is eligible to receive long-term disability benefits if the following requirements are met: 1) the employee has five years of contributing membership service in the System earned within 96 months prior to the end of the short-term disability period; 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

NOTES TO FINANCIAL STATEMENTS

payments cease, whichever is later; and 3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her occupation; 4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; and 5) the employee must not be eligible to receive an unreduced retirement benefit from the System. In addition, recipients of the long-term disability benefits are eligible to receive State-paid health insurance coverage. The monthly long-term disability benefit is equal to 65 percent of one-twelfth of an employee's annual base rate of compensation reduced by any social security or workers' compensation to which the recipient may be entitled up to a maximum of \$3,900 per month, plus additional minor adjustments. When an employee qualifies for an unreduced service retirement allowance from the System, the benefits payable from the Disability Income Plan will cease, and the employee will commence retirement under the Teachers' and State Employees' Retirement System. Effective August 1, 2005, employees that have not yet vested in the long-term disability plan (i.e. employees that do not have five years of membership service as of August 1, 2005) will have to comply with revised standards to determine long-term disability.

All short-term disability benefit payments are made by various State-administered plans. The Board has no liability beyond payment of monthly contributions except for short-term disability benefits, which are paid by the Board during the first six months of the short-term period. Contributions are determined as a percentage of covered monthly payroll. Annually, the State sets monthly contribution rates for post-employment health care benefits, death benefits, and disability benefits, which are the same for all boards of education across the State. For the fiscal year ended June 30, 2006, the Board made contributions to the State for post-employment health care benefits of \$1,005,031, death benefits of \$42,317, and disability benefits of \$137,531; these contributions represented 3.8%, 0.16%, and 0.52% of covered payroll, respectively. The contributions for post-employment health care benefits and disability benefits cannot be separated between the post employment benefit amounts and the other employee benefit amounts. Because the benefit payments are made by the various State-administered plans and not by the Board, the Board does not determine the number of eligible participants.

Supplemental Retirement Plan - Full time employees of the school system are also

eligible for the supplemental retirement plan under Internal Revenue Code Section 401(k). Under this plan, an employee may contribute a percentage of their annual gross salary as limited by federal tax laws. Asheville City Schools does not make any contributions to the supplemental retirement plan. The employees' contribution to the 401(k) plan for 2006 was \$299,162.

Accounts Payable

The balance in accounts payable at June 30, 2006, is summarized in Table III.

Unearned Revenue

The balance in unearned revenue at June 30, 2006, is summarized in Table IV.

Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$2 million per claim, \$4 million per coverage period aggregate. In addition, the Board main-

NOTES TO FINANCIAL STATEMENTS

Table III						
ACCOUNTS PAYABLE						
	Governmental Activities					Business-type Activities
	General	State Public School	Capital Outlay	Other Governmental Funds	Total	Child Nutrition
	Vendors	\$ 171,738	\$ 958	\$ 68,131	\$ 2,566	\$ 243,393
Charter schools	2,079	-	-	-	2,079	-
	<u>\$ 173,817</u>	<u>\$ 958</u>	<u>\$ 68,131</u>	<u>\$ 2,566</u>	<u>\$ 245,472</u>	<u>\$ 1,424</u>

Table IV						
UNEARNED REVENUE						
	Governmental Activities					Business-type Activities
	General	State Public School	Capital Outlay	Other Governmental Funds	Total	Child Nutrition
	Grants and contracts	\$ 118,164	\$ -	\$ -	\$ -	\$ 118,164
Prepaid lunch sales	-	-	-	-	-	7,945
	<u>\$ 118,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,164</u>	<u>\$ 7,945</u>

tains automobile liability and uninsured/underinsured motorist's 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 claims is \$150,000. The Trust maintains reinsurance through a commercial company to cover losses in excess of the retention amounts. 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 and provides replacement coverage subject to the adjusted total coverage of all buildings and contents listed as scheduled property. The Fund purchases excess reinsurance to cover catastrophic events in excess of \$10 million. Excess reinsurance is purchased through commercial insurers. A total limit of \$100 million per occurrence is purchased. Flood

and earthquake damages are subject to limits of \$5 million per occurrence and \$15 million aggregate. The Board's flood coverage is subject to a \$25,000 deductible.

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 Teachers' and State Employees' Comprehensive Major Medical 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 Comprehensive Major Medical Plan.

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

NOTES TO FINANCIAL STATEMENTS

Table V					
LONG-TERM OBLIGATIONS					
	Beginning Balances	Increases	Decreases	Ending Balances	Due in One Year
Governmental activities:					
Compensated absences	\$1,840,088	\$1,631,676	\$1,649,537	\$1,822,227	\$ 206,981
Business-type activities:					
Compensated absences	\$ 17,582	\$ 36,132	\$ 26,264	\$ 27,450	\$ 3,036

for \$150,000, with a \$10,000 theft, disappearance and destruction limit.

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

Long-Term Obligations

The summary of changes in the Board's long-term obligations for the year ended June 30, 2006, is shown in Table V.

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

Interfund Balances and Activity

Transfers to/from other funds - Transfers to/from other funds at June 30, 2006, consist of \$60,682 transferred from the State Public School Fund to the Child Nutrition Fund for administrative costs, \$188,244 transferred from the General Fund to other governmental funds for the

individual schools and \$62,315 transferred from other governmental funds to the general fund for athletic gate receipts.

3. SUPPLEMENTAL CITY SCHOOL TAX

The supplemental city school tax, approved in 1935 by the citizens of Asheville, is currently 20¢ 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 will be

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 \$4.8 billion (unaudited) at June 30, 2006.

4. SUMMARY DISCLOSURE OF CONTINGENCIES

Federal and State Assisted Programs

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

Contingent Liabilities

At June 30, 2006, 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

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

**ASHEVILLE CITY SCHOOLS
CAPITAL OUTLAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE--BUDGET AND ACTUAL
For the Year Ended June 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues:			
State of North Carolina:			
Public School Building Capital Fund	\$ 450,000	\$ 450,000	\$ -
Local:			
Buncombe County - unrestricted	844,286	844,286	-
Buncombe County - restricted	8,598,685	7,159,805	(1,438,880)
Supplemental city school tax	390,000	390,000	-
Other:			
Interest earned on investments	30,000	40,270	10,270
Other local sources	21,625	23,344	1,719
	10,334,596	8,907,705	(1,426,891)
Total revenues			
Expenditures:			
Capital outlay:			
Real property and buildings--Category I projects:			
Central office/system wide	145,500	6,325	139,175
Randolph Learning Center	6,500	6,446	54
Asheville High	3,995,492	3,829,521	165,971
Isaac Dickson	488,648	488,025	623
Claxton	5,027,878	4,074,585	953,293
Jones	6,500	6,176	324

(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Expenditures, continued:			
Capital outlay, continued:			
Real property and buildings--Category I projects, continued:			
Asheville Middle	\$ 174,336	\$ 108,796	\$ 65,540
Vance	43,730	43,467	263
Preschool	44,978	8,715	36,263
Subtotal real property and buildings--Category I projects	<u>9,933,562</u>	<u>8,572,056</u>	<u>1,361,506</u>
Furniture and equipment--Category II projects	573,319	511,759	61,560
Buses and motor vehicles--Category III projects	<u>142,715</u>	<u>142,711</u>	<u>4</u>
Total expenditures	<u>10,649,596</u>	<u>9,226,526</u>	<u>1,423,070</u>
Revenues under expenditures	<u>(315,000)</u>	<u>(318,821)</u>	<u>(3,821)</u>
Other financing sources (uses):			
Appropriated fund balance	325,000	-	(325,000)
Contingency	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
Total other financing sources (uses)	<u>315,000</u>	<u>-</u>	<u>(315,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(318,821)</u>	<u>\$ (318,821)</u>
Fund balance:			
Beginning of year, July 1		<u>962,859</u>	
End of year, June 30		<u>\$ 644,038</u>	

OTHER GOVERNMENTAL FUNDS

Other Governmental Funds consist of non-major special revenue funds. Asheville City Schools has two non-major special revenue funds: the Individual Schools Fund and the Federal Grants Fund. Special Revenue Funds are used to account for revenues that are legally restricted for specific purposes. Special Revenue Funds are accounted for using the modified accrual basis of accounting. Asheville City Schools is only legally required to adopt an annual budget for the 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. The Individual Schools Fund accounts for contributions from the local parent and booster organizations, fund-raising activities, funds held on behalf of various clubs and organizations and school athletic teams and events.

ASHEVILLE CITY SCHOOLS
COMBINING BALANCE SHEET--OTHER GOVERNMENTAL FUNDS
 June 30, 2006

	<u>Federal Grants</u>	<u>Individual Schools</u>	<u>Total</u>
<u>Assets</u>			
Cash and cash equivalents	\$ -	\$ 302,351	\$ 302,351
Due from other governments	73,259	-	73,259
	73,259	-	73,259
Total assets	\$ 73,259	\$ 302,351	\$ 375,610
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 2,566	\$ -	\$ 2,566
Accrued salaries and wages payable	70,693	-	70,693
Total liabilities	73,259	-	73,259
Fund balances:			
Unreserved, reported in:			
Special Revenue Funds	-	302,351	302,351
Total liabilities and fund balances	\$ 73,259	\$ 302,351	\$ 375,610

ASHEVILLE CITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	<u>Federal Grants</u>	<u>Individual Schools</u>	<u>Total</u>
Revenues:			
U.S. Government	\$ 2,808,845	\$ -	\$ 2,808,845
Local	-	907,990	907,990
Total revenues	<u>2,808,845</u>	<u>907,990</u>	<u>3,716,835</u>
Expenditures:			
Current:			
Instructional programs:			
Regular	323,381	-	323,381
Special	1,395,671	-	1,395,671
Co-curricular	-	962,804	962,804
Student services	65,266	-	65,266
Other	789,521	-	789,521
Support services:			
Pupil	18,073	-	18,073
Administrative	82,247	-	82,247
Business	2,376	-	2,376
Other	44,124	-	44,124
Non-programmed charges:			
Other	88,186	-	88,186
Total expenditures	<u>2,808,845</u>	<u>962,804</u>	<u>3,771,649</u>

(continued)

	<u>Federal Grants</u>	<u>Individual Schools</u>	<u>Total</u>
Revenues under expenditures	\$ -	\$ (54,814)	\$ (54,814)
Other financing sources (uses):			
Transfers from other funds	-	188,244	188,244
Transfers to other funds	-	(62,315)	(62,315)
Total other financing sources	-	125,929	125,929
Net change in fund balances	-	71,115	71,115
Fund balances--beginning	-	231,236	231,236
Fund balances--ending	\$ -	\$ 302,351	\$ 302,351

**ASHEVILLE CITY SCHOOLS
FEDERAL GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE--BUDGET AND ACTUAL
For the Year Ended June 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues:			
U.S. Government	\$ 3,961,244	\$ 2,808,845	\$ (1,152,399)
Expenditures:			
Current:			
Instructional programs:			
Regular	339,570	323,381	16,189
Special	1,767,279	1,395,671	371,608
Student services	84,348	65,266	19,082
Other	954,328	789,521	164,807
Supporting services:			
Pupil	18,946	18,073	873
Administrative	86,541	82,247	4,294
Business	8,000	2,376	5,624
Other	47,441	44,124	3,317
Non-programmed charges:			
Unbudgeted federal grants	531,661	-	531,661
Other	123,130	88,186	34,944
Total expenditures	<u>3,961,244</u>	<u>2,808,845</u>	<u>1,152,399</u>
Revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance:			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u>\$ -</u>	

CHILD NUTRITION FUND

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

ASHEVILLE CITY SCHOOLS
CHILD NUTRITION FUND
SCHEDULE OF REVENUES AND EXPENDITURES--BUDGET AND ACTUAL
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Operating revenues:			
Food sales	\$ 559,200	\$ 449,638	\$ (109,562)
Operating expenditures:			
Purchase of food	606,100	569,268	36,832
Donated commodities	68,650	68,650	-
Salaries and benefits	820,232	830,327	(10,095)
Indirect costs	50,000	50,000	-
Materials and supplies	58,400	53,759	4,641
Other	17,650	18,469	(819)
Total operating expenditures	<u>1,621,032</u>	<u>1,590,473</u>	<u>30,559</u>
Operating loss	<u>(1,061,832)</u>	<u>(1,140,835)</u>	<u>(79,003)</u>
Non-operating revenues:			
Federal reimbursements	824,000	775,316	(48,684)
Federal commodities	68,650	68,650	-
State reimbursement	93,500	85,269	(8,231)
Interest earned	15,000	16,414	1,414
Total non-operating revenues	<u>1,001,150</u>	<u>945,649</u>	<u>(55,501)</u>
Revenues under expenditures before other financing sources	(60,682)	(195,186)	(134,504)
Other financing sources:			
Transfers from other funds	60,682	60,682	-
Revenues and other sources under expenditures	<u>\$ -</u>	<u>(134,504)</u>	<u>\$ (134,504)</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(16,268)	
Loss on disposal of assets		(10,406)	
Increase in compensated absences		(9,868)	
Increase in inventories of food and supplies, net		5,678	
Decrease in inventories of Federal commodities		(506)	
Increase in unearned revenue		(3,141)	
Change in net assets		<u>\$ (169,015)</u>	

AGENCY FUND

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

**ASHEVILLE CITY SCHOOLS
AGENCY FUND
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2006**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
ASHEVILLE CITY SCHOOLS FOUNDATION:				
Assets:				
Cash and cash equivalents	\$ 648,926	\$ 80,506	\$ 14,500	\$ 714,932
Liabilities:				
Due to other sources	\$ 648,926	\$ 80,506	\$ 14,500	\$ 714,932
ASHEVILLE HIGH AWARDS:				
Assets:				
Cash and cash equivalents	\$ 21,448	\$ 747	\$ 2,266	\$ 19,929
Liabilities:				
Due to other sources	\$ 21,448	\$ 747	\$ 2,266	\$ 19,929
ASHEVILLE CITY SCHOOLS POOL COMMITTEE:				
Assets:				
Cash and cash equivalents	\$ 617,587	\$ 21,589	\$ 500	\$ 638,676
Liabilities:				
Due to other sources	\$ 617,587	\$ 21,589	\$ 500	\$ 638,676
EDUCATIONAL ACCESS CHANNEL CONSORTIUM:				
Assets:				
Cash and cash equivalents	\$ 200,162	\$ 40,000	\$ 9,830	\$ 230,332
Liabilities:				
Due to other sources	\$ 200,162	\$ 40,000	\$ 9,830	\$ 230,332
MEDICAL REIMBURSEMENT PLAN:				
Assets:				
Cash and cash equivalents	\$ 14,706	\$ 174,291	\$ 183,507	\$ 5,490
Liabilities:				
Due to other sources	\$ 14,706	\$ 174,291	\$ 183,507	\$ 5,490
TOTAL--AGENCY FUND:				
Assets:				
Cash and cash equivalents	\$ 1,502,829	\$ 317,133	\$ 210,603	\$ 1,609,359
Liabilities:				
Due to other sources	\$ 1,502,829	\$ 317,133	\$ 210,603	\$ 1,609,359

CAPITAL ASSETS

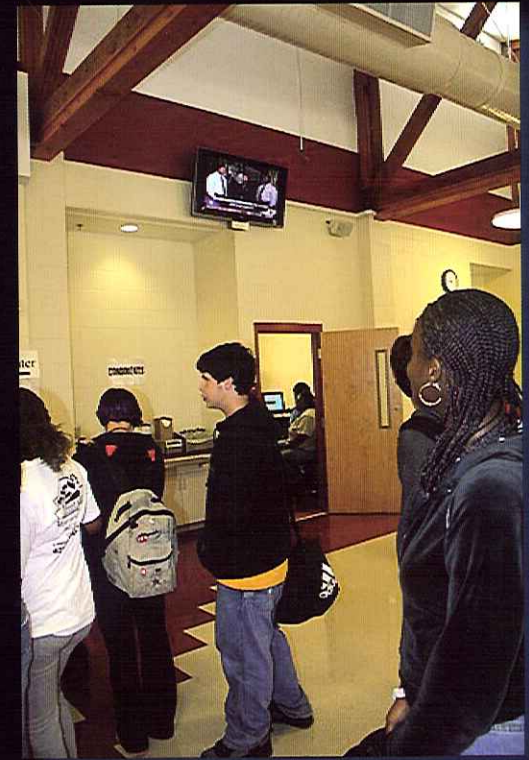
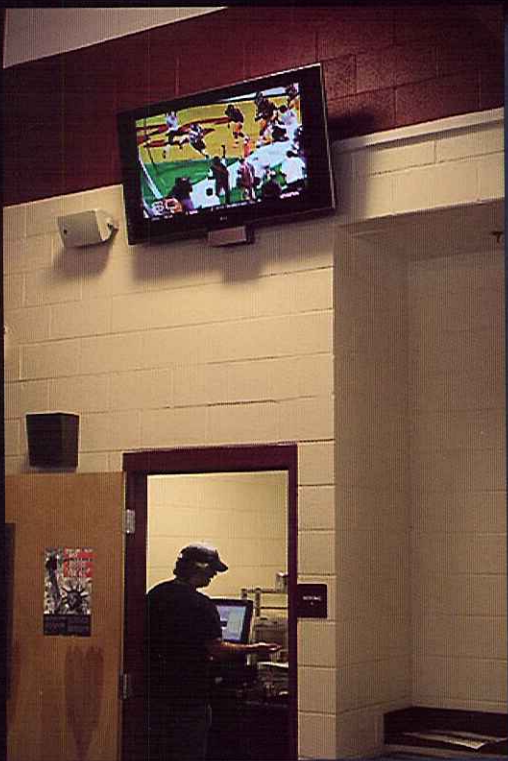
Asheville City Schools capitalizes all items costing \$5,000 or more that have a useful life in excess of one year. Assets acquired prior to July 1, 1985, are recorded at estimated historical cost as determined by an independent appraisal firm; all other assets are recorded at cost or, if donated, at fair market value when donated.

ASHEVILLE CITY SCHOOLS
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND SOURCE
June 30, 2006

BY FUNCTION	<u>Land</u>	<u>Improvements</u>	<u>Buildings</u>	<u>Construction in Progress</u>	<u>Furniture, Equipment and Vehicles</u>	<u>Total</u>
Instructional:						
Elementary	\$ 781,326	\$ 1,057,299	\$ 17,512,864	\$ 8,503,531	\$ 787,117	\$ 28,642,137
Middle	226,550	171,337	10,488,134	-	410,162	11,296,183
High	229,500	1,263,983	15,599,489	3,709,007	809,338	21,611,317
Special	40,200	107,084	1,746,051	-	130,191	2,023,526
Administrative:						
General	30,000	7,884	1,653,859	-	796,435	2,488,178
Transportation	-	-	-	-	1,848,766	1,848,766
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets by function	<u>\$ 1,307,576</u>	<u>\$ 2,607,587</u>	<u>\$ 47,000,397</u>	<u>\$ 12,212,538</u>	<u>\$ 4,782,009</u>	<u>\$ 67,910,107</u>
BY SOURCE						
Prior to 1985-86 (undeterminable)	\$ -	\$ -	\$ -	\$ -	\$ 86,204	\$ 86,204
Capital Projects Fund	1,307,576	2,504,861	46,988,390	12,212,538	4,156,444	67,169,809
General Fund	-	87,304	12,007	-	225,387	324,698
Special Revenue Fund	-	15,422	-	-	206,085	221,507
Donations	-	-	-	-	107,889	107,889
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets by source	<u>\$ 1,307,576</u>	<u>\$ 2,607,587</u>	<u>\$ 47,000,397</u>	<u>\$ 12,212,538</u>	<u>\$ 4,782,009</u>	<u>\$ 67,910,107</u>

ASHEVILLE CITY SCHOOLS
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND SOURCE
For the Year Ended June 30, 2006

BY FUNCTION	Instructional				Administrative		Total
	Elementary	Middle	High	Special	General	Transportation	
Capital assets--July 1, 2005	\$ 24,030,227	\$ 11,144,127	\$ 17,727,294	\$ 2,016,810	\$ 2,335,074	\$ 1,731,155	\$ 58,984,687
Additions:							
Capital Projects Fund	4,629,092	157,195	3,884,023	6,716	156,160	142,119	8,975,305
General Fund	-	-	-	-	11,975	-	11,975
Special Revenue Fund	-	-	-	-	12,290	-	12,290
Total additions	<u>4,629,092</u>	<u>157,195</u>	<u>3,884,023</u>	<u>6,716</u>	<u>180,425</u>	<u>142,119</u>	<u>8,999,570</u>
Deletions and transfers	<u>(17,182)</u>	<u>(5,139)</u>	<u>-</u>	<u>-</u>	<u>(27,321)</u>	<u>(24,508)</u>	<u>(74,150)</u>
Capital assets--June 30, 2006	<u>\$ 28,642,137</u>	<u>\$ 11,296,183</u>	<u>\$ 21,611,317</u>	<u>\$ 2,023,526</u>	<u>\$ 2,488,178</u>	<u>\$ 1,848,766</u>	<u>\$ 67,910,107</u>
BY SOURCE	Land	Improvements	Buildings	Construction In Progress	Furniture, Equipment and Vehicles	Total	
Capital assets--July 1, 2005	\$ 1,307,576	\$ 2,587,151	\$ 44,556,891	\$ 6,131,831	\$ 4,401,238	\$ 58,984,687	
Additions:							
Capital Projects Fund	-	20,436	586,551	7,937,662	430,656	8,975,305	
General Fund	-	-	-	-	11,975	11,975	
Special Revenue Fund	-	-	-	-	12,290	12,290	
Total additions	<u>-</u>	<u>20,436</u>	<u>586,551</u>	<u>7,937,662</u>	<u>454,921</u>	<u>8,999,570</u>	
Deletions and transfers	<u>-</u>	<u>-</u>	<u>1,856,955</u>	<u>(1,856,955)</u>	<u>(74,150)</u>	<u>(74,150)</u>	
Capital assets--June 30, 2006	<u>\$ 1,307,576</u>	<u>\$ 2,607,587</u>	<u>\$ 47,000,397</u>	<u>\$ 12,212,538</u>	<u>\$ 4,782,009</u>	<u>\$ 67,910,107</u>	



STATISTICAL SECTION

STATISTICAL SECTION

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information say 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.

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

	Fiscal Year			
	2006	2005	2004	2003
Governmental activities				
Invested in capital assets	\$ 43,180,650	\$ 36,145,142	\$ 34,012,521	\$ 32,814,131
Restricted	302,351	231,236	243,775	274,267
Unrestricted	3,690,580	4,298,275	4,323,515	3,158,125
Total governmental activities net assets	<u>\$ 47,173,581</u>	<u>\$ 40,674,653</u>	<u>\$ 38,579,811</u>	<u>\$ 36,246,523</u>
Business-type activities				
Invested in capital assets	\$ 56,496	\$ 83,170	\$ 81,624	\$ 95,560
Unrestricted	20,275	162,616	256,026	286,422
Total business-type activities net assets	<u>\$ 76,771</u>	<u>\$ 245,786</u>	<u>\$ 337,650</u>	<u>\$ 381,982</u>
Government-wide				
Invested in capital assets	\$ 43,237,146	\$ 36,228,312	\$ 34,094,145	\$ 32,909,691
Restricted	302,351	231,236	243,775	274,267
Unrestricted	3,710,855	4,460,891	4,579,541	3,444,547
Total government-wide net assets	<u>\$ 47,250,352</u>	<u>\$ 40,920,439</u>	<u>\$ 38,917,461</u>	<u>\$ 36,628,505</u>

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

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

	Fiscal Year			
	2006	2005	2004	2003
Expenses				
Governmental activities:				
Instructional programs	\$ 30,113,067	\$ 28,747,566	\$ 27,924,801	\$ 27,060,043
Support services	11,217,031	10,601,184	10,126,909	9,650,031
Unallocated depreciation expense	1,908,699	1,632,260	1,537,735	1,492,569
Other	603,596	555,921	529,272	393,149
Total governmental activities expenses	<u>43,842,393</u>	<u>41,536,931</u>	<u>40,118,717</u>	<u>38,595,792</u>
Business-type activities:				
Child nutrition	<u>1,621,843</u>	<u>1,589,636</u>	<u>1,558,638</u>	<u>1,559,570</u>
Total government-wide expenses	<u>45,464,236</u>	<u>43,126,567</u>	<u>41,677,355</u>	<u>40,155,362</u>
Program Revenues				
Governmental activities:				
Charges for services	1,395,058	1,400,493	1,449,022	1,360,763
Operating grants and contributions	24,621,723	23,449,502	23,121,865	22,622,287
Capital grants and contributions	23,345	16,779	20,718	65,908
Total governmental activities program revenues	<u>26,040,126</u>	<u>24,866,774</u>	<u>24,591,605</u>	<u>24,048,958</u>
Business-type activities:				
Charges for services	446,497	492,729	531,832	552,360
Operating grants and contributions	929,235	919,137	916,443	917,825
Total business-type activities program revenues	<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>27,415,858</u>	<u>26,278,640</u>	<u>26,039,880</u>	<u>25,519,143</u>
Net (Expense)	<u><u>\$ (18,048,378)</u></u>	<u><u>\$ (16,847,927)</u></u>	<u><u>\$ (15,637,475)</u></u>	<u><u>\$ (14,636,219)</u></u>

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

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

	Fiscal Year			
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net (Expense)				
Total government-wide net (expense)	<u>\$(18,048,378)</u>	<u>\$(16,847,927)</u>	<u>\$(15,637,475)</u>	<u>\$(14,636,219)</u>
General revenues and transfers:				
Governmental activities:				
State of North Carolina	452,372	216,426	1,420,997	289,341
Buncombe County - unrestricted	6,432,698	6,210,175	6,027,697	5,754,619
Buncombe County - restricted construction proceeds	7,159,805	2,576,052	555,244	1,617,478
Supplemental city school tax	6,677,152	6,441,256	6,351,447	6,235,382
Local option sales tax	2,848,259	2,554,471	2,614,357	2,009,599
Other revenues	791,591	845,972	953,324	985,843
Transfers (out)	(60,682)	(79,353)	(62,666)	(54,422)
Total governmental activities general revenues and transfers	<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	16,414	6,553	3,365	4,074
Transfers in	60,682	79,353	62,666	54,422
Total business-type activities general revenues and transfers	<u>77,096</u>	<u>85,906</u>	<u>66,031</u>	<u>58,496</u>
Total government-wide general revenues and transfers	<u>24,378,291</u>	<u>18,850,905</u>	<u>17,926,431</u>	<u>16,896,336</u>
Change in Net Assets	<u>\$ 6,329,913</u>	<u>\$ 2,002,978</u>	<u>\$ 2,288,956</u>	<u>\$ 2,260,117</u>

Notes: Asheville City Schools began to report accrual information when it implemented GASB Statement 34 in 2003.
State of North Carolina revenues for fiscal year 2004 include state funding for a construction project.

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

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Fund										
Reserved	\$ 599,109	\$ 612,234	\$ 524,201	\$ 399,131	\$ 188,591	\$ 265,821	\$ 223,812	\$ 276,510	\$ 270,073	\$ 172,613
Unreserved	4,269,660	4,563,270	4,564,282	3,342,002	2,682,279	2,462,370	2,581,664	2,662,549	2,459,667	2,336,817
Total general fund	<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>	<u>\$ 2,939,059</u>	<u>\$ 2,729,740</u>	<u>\$ 2,509,430</u>
All Other Governmental Funds										
Reserved	\$ 635,076	\$ 434,557	\$ 653,983	\$ 360,076	\$ 410,605	\$ 632,161	\$ 597,242	\$ 416,308	\$ 123,512	\$ 289,249
Unreserved, reported in:										
Capital projects fund	8,962	528,302	389,484	829,355	502,860	335,028	328,416	692,199	871,707	304,853
Special revenue funds	302,351	231,236	243,775	274,267	253,071	221,678	244,348	213,102	191,943	151,729
Total all other governmental funds	<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>	<u>\$ 1,321,609</u>	<u>\$ 1,187,162</u>	<u>\$ 745,831</u>

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

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Revenues:										
State of North Carolina	\$ 20,654,243	\$ 19,360,866	\$ 20,302,734	\$ 19,043,498	\$ 20,104,313	\$ 20,970,020	\$ 20,506,522	\$ 18,997,967	\$ 18,041,616	\$ 17,416,204
U. S. Government	4,296,347	4,130,198	4,108,617	3,759,971	3,297,014	3,424,341	2,576,266	2,744,576	2,616,721	2,673,033
Local sources:										
Buncombe County - unrestricted	6,699,943	6,456,646	6,276,519	5,981,751	5,976,985	6,018,020	5,693,263	5,447,319	5,385,297	5,578,632
Buncombe County - restricted	7,159,805	2,576,052	555,244	1,617,478	1,810,580	1,981,665	1,577,607	97,101	558,301	2,895,023
Supplemental city school tax	6,677,152	6,441,256	6,351,447	6,235,382	5,049,320	5,017,189	4,947,268	4,829,515	4,027,933	3,880,517
Local option sales tax	2,848,259	2,554,471	2,614,357	2,009,599	1,946,115	2,030,467	1,905,834	1,691,757	1,592,231	1,601,029
Other local revenues	2,212,199	2,349,424	2,437,197	2,349,344	2,361,952	2,507,937	2,508,631	2,467,352	1,914,407	1,847,836
Total revenues	50,547,948	43,868,913	42,646,115	40,997,023	40,546,279	41,949,639	39,715,391	36,275,587	34,136,506	35,892,274
Expenditures:										
Instructional programs	30,193,557	28,740,482	27,905,800	26,903,434	26,946,062	28,266,185	26,780,651	25,094,502	22,975,044	20,241,938
Support services	10,942,004	10,353,467	9,627,553	9,120,717	9,091,328	9,184,766	8,871,207	8,348,179	8,385,379	10,625,512
Capital Outlay	9,226,526	4,076,464	3,291,559	2,755,271	3,932,869	3,990,434	3,828,347	2,058,224	1,838,733	4,139,541
Other	679,620	625,273	587,643	444,635	403,416	515,436	470,920	382,401	229,251	155,104
Total expenditures	51,041,707	43,795,686	41,412,555	39,224,057	40,373,675	41,956,821	39,951,125	35,883,306	33,428,407	35,162,095
Revenues over (under) expenditures	(493,759)	73,227	1,233,560	1,772,966	172,604	(7,182)	(235,734)	392,281	708,099	730,179
Other financing (uses)										
Transfers from other funds	250,559	251,073	264,840	248,663	237,011	235,938	232,494	247,000	200,771	173,372
Transfers to other funds	(311,241)	(330,426)	(327,506)	(303,085)	(289,267)	(287,180)	(281,946)	(295,515)	(247,229)	(222,462)
Total other financing (uses)	(60,682)	(79,353)	(62,666)	(54,422)	(52,256)	(51,242)	(49,452)	(48,515)	(46,458)	(49,090)
Extraordinary item	-	-	-	(692,567)	-	-	-	-	-	-
Net change in fund balances	\$ (554,441)	\$ (6,126)	\$ 1,170,894	\$ 1,025,977	\$ 120,348	\$ (58,424)	\$ (285,186)	\$ 343,766	\$ 661,641	\$ 681,089

Note: The extraordinary item recorded in fiscal year 2003 was the payment of a summary judgement ruled against Asheville City Schools.

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	
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
1999	1,900,253	408,255	100,416	2,408,924	0.20
1998	1,424,036	346,087	95,401	1,865,524	0.21
1997	1,399,205	341,336	102,995	1,843,536	0.21

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	
2006	\$ 0.20	\$ 0.59	\$ 0.53	\$ 1.32
2005	0.20	0.59	0.53	1.32
2004	0.20	0.59	0.53	1.32
2003	0.20	0.59	0.53	1.32
2002	0.20	0.63	0.56	1.39
2001	0.20	0.63	0.56	1.39
2000	0.20	0.63	0.56	1.39
1999	0.20	0.63	0.52	1.35
1998	0.21	0.73	0.57	1.51
1997	0.21	0.73	0.57	1.51

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, 2006**

<u>Taxpayer</u>	<u>Business</u>	<u>Taxable Value (in thousands)</u>	<u>Percentage of Total Taxable Value</u>
Jack Tar/Grove Park Inn	Hotels/Convention Services	\$ 101,700	3.0%
Carolina Power & Light	Electric Utility	46,960	1.4%
BellSouth Telephone Co.	Communications	38,799	1.2%
Nesbitt Asheville Venture LLC	Hotels/Convention Services	12,252	0.4%
Ingles Markets, Inc.	Supermarkets	11,451	0.3%
Park Terrace Properties LLC	Real Estate/Commercial Office	9,703	0.3%
Tower Associates Inc.	Real Estate/Commercial Office	8,986	0.3%
Country Club of Asheville Inc.	Real Estate/Private Golf Club	8,799	0.3%
Pack Square Investors LLC	Real Estate/Commercial Office	8,644	0.3%
HGA Development LLC	Real Estate/Commercial Office	8,635	0.3%

Source: Buncombe County Tax Department.

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

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Prior Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percentage of Current Collections to Levy</u>
2006	\$ 6,668	\$ 6,635	\$ 42	\$ 6,677	99.5%
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%
1999	4,830	4,776	54	4,830	98.9%
1998	3,943	3,934	94	4,028	99.8%
1997	3,867	3,783	98	3,881	97.8%

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>
2006	Unavailable	Unavailable	Unavailable	Unavailable	3.2
2005	218	Unavailable	Unavailable	40	4.6
2004	216	\$ 6,047,658	\$ 28,037	40	3.4
2003	215	5,681,883	26,672	39	4.0
2002	212	5,671,946	26,952	38	4.6
2001	206	5,629,127	27,020	39	2.6
2000	196	5,524,659	26,693	40	2.5
1999	195	5,235,973	25,624	39	2.1
1998	193	5,046,378	25,022	39	2.6
1997	191	4,695,386	23,617	37	3.0

Sources: Buncombe County Finance Department and Asheville Area Chamber of Commerce

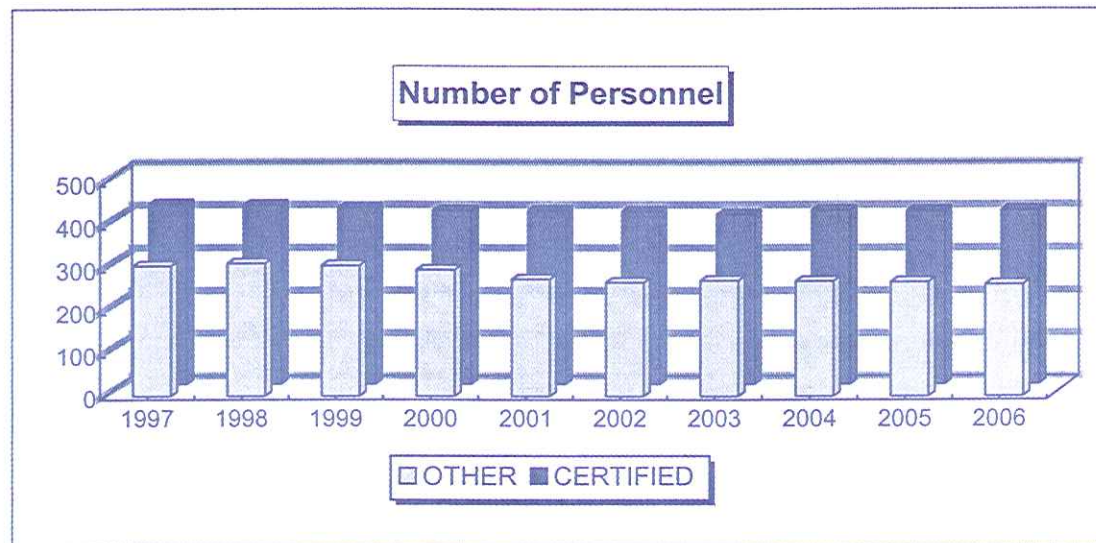
Note: Information presented is not separately identifiable for Asheville City Schools.

**ASHEVILLE CITY SCHOOLS
PRINCIPAL EMPLOYERS
Year Ended June 30, 2006**

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

Source: Asheville Area Chamber of Commerce

**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>
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
1999	412	306	718	4,212	10.2
1998	419	311	730	4,217	10.1
1997	421	305	726	4,409	10.5

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.

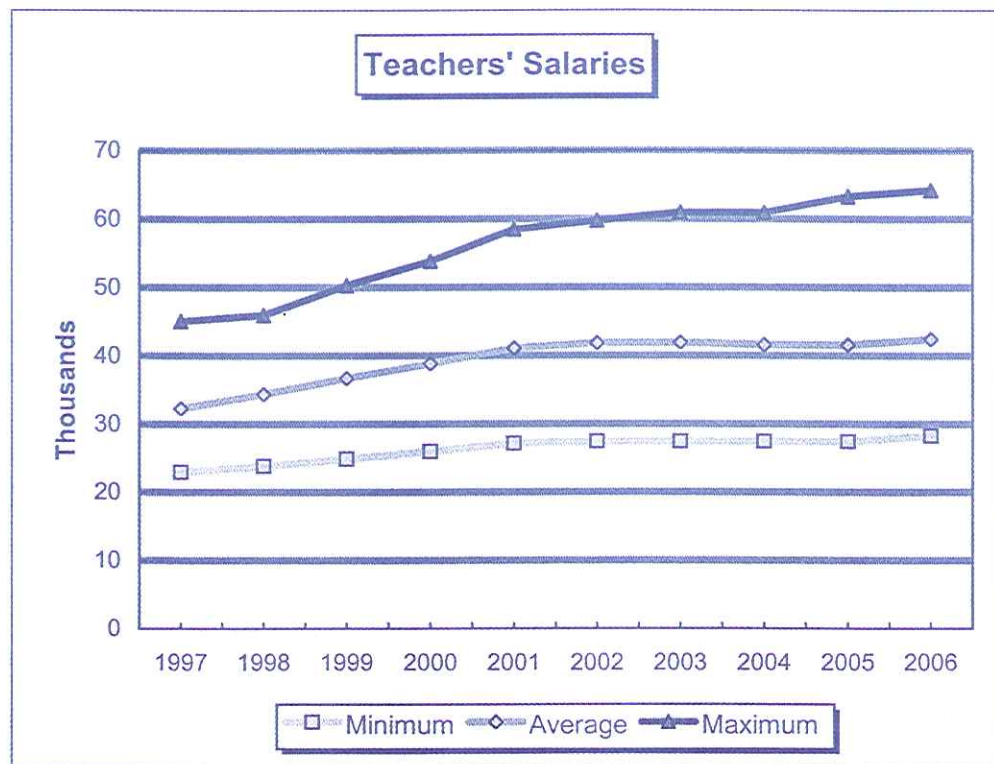
**ASHEVILLE CITY SCHOOLS
OPERATING STATISTICS
Last Ten Fiscal Years**

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
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%
1999	4,212	3,980	7,940	Third	Unavailable	44.8%	51.7%	3.5%
1998	4,217	3,978	7,529	Fourth	Unavailable	43.5%	53.4%	3.1%
1997	4,409	4,129	7,053	Fourth	Unavailable	43.1%	54.1%	2.8%

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 expense 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>
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
1999	24,833	50,292	36,718
1998	23,811	45,954	34,356
1997	22,930	45,059	32,245

Source: Asheville City Schools Business and Financial Services.

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

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

<u>School</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Elementary										
Claxton										
Square feet	78,711	78,711	64,146	64,146	64,146	64,146	64,146	64,146	64,146	64,146
Capacity	480	480	432	432	432	432	432	432	432	432
First month membership	387	395	388	382	396	397	417	457	437	439
Dickson										
Square Feet	75,926	75,926	75,926	75,926	75,926	75,926	75,926	75,926	75,926	75,926
Capacity	449	449	449	449	449	449	449	449	449	449
First month membership	413	416	361	355	351	338	321	332	311	409
Hall Fletcher										
Square Feet	88,205	88,205	88,205	88,205	88,205	88,205	88,205	88,205	88,205	88,205
Capacity	455	455	455	455	455	455	455	455	455	455
First month membership	286	290	271	281	269	265	299	298	308	335
Jones										
Square Feet	85,162	85,162	85,162	85,162	85,162	85,162	85,162	85,162	85,162	85,162
Capacity	450	450	450	450	450	450	450	450	450	450
First month membership	379	368	370	403	307	344	347	407	442	468
Randolph										
Square Feet	See	See	See	See	56,819	56,819	56,819	56,819	56,819	56,819
Capacity	Notes	Notes	Notes	Notes	384	384	384	384	384	384
First month membership	Below	Below	Below	Below	139	148	171	195	207	204
Vance										
Square Feet	69,965	69,965	69,965	69,965	69,965	69,965	69,283	69,283	69,283	69,283
Capacity	422	422	422	422	422	422	422	422	422	422
First month membership	317	328	314	295	371	394	401	403	433	452

(continued)

Operating
Schedule 15
(continued)

<u>School</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Middle										
Asheville Middle										
Square Feet	170,418	170,418	170,418	170,418	170,418	170,418	170,418	170,418	170,418	170,418
Capacity	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064
First month membership	654	677	745	813	788	783	766	862	845	886
Accelerated Learning Center										
Square Feet	See	See	See	See	58,387	58,387	58,387	58,387	58,387	58,387
Capacity	Notes	Notes	Notes	Notes	319	319	319	319	319	319
First month membership	Below	Below	Below	Below	55	73	76	86	88	113
Randolph Learning Center										
Square Feet	56,819	56,819	56,819	56,819	See	See	See	See	See	See
Capacity	384	384	384	384	Notes	Notes	Notes	Notes	Notes	Notes
First month membership	176	172	169	110	Below	Below	Below	Below	Below	Below
High										
Asheville High										
Square Feet	353,041	353,041	353,041	353,041	353,041	349,445	349,445	349,445	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	1,203	1,221	1,227	1,248	1,269	1,263	1,255	1,216	1,198	1,188

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.

The Asheville City School System does not discriminate on the basis of race, color, religion, sex, age, national origin, or disability in admission, access, treatment, or employment in its programs and activities.