

Basic Financial Statements

The basic financial statements for the City of Asheville consist of both entity-wide and fund financial statements.

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CITY OF ASHEVILLE
STATEMENT OF NET ASSETS
JUNE 30, 2007

Exhibit A

	Primary Government			Component Unit City of Asheville ABC Board
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 40,709,499	\$ 21,751,149	\$ 62,460,648	\$ 2,139,550
Receivables (net of allowance for uncollectibles)	11,528,694	8,957,960	20,486,654	3,492
Due from Component Unit	266,904	-	266,904	-
Internal balances	2,508,198	(2,508,198)	-	-
Inventories	931,409	83,040	1,014,449	1,660,273
Prepays	-	14,967	14,967	79,604
Restricted assets:				
Cash and investments	8,138,623	18,202,323	26,340,946	-
Capital assets:				
Land	27,335,953	10,271,758	37,607,711	1,996,517
Buildings and improvements	45,379,341	80,604,532	125,983,873	2,453,372
Machinery and equipment	31,075,038	16,576,270	47,651,308	903,040
Infrastructure	204,948,506	112,545,959	317,494,465	-
Construction in progress	14,906,457	7,787,702	22,694,159	-
Accumulated depreciation	(133,257,906)	(80,500,954)	(213,758,860)	(1,527,679)
Unamortized debt issuance cost	-	876,181	876,181	-
Total assets	<u>254,470,716</u>	<u>194,662,689</u>	<u>449,133,405</u>	<u>7,708,169</u>
LIABILITIES				
Accounts payable and other current liabilities	3,123,282	4,135,327	7,258,609	1,863,597
Customer deposits	-	514,824	514,824	-
Accrued interest payable	222,774	823,209	1,045,983	-
Due to primary government	-	-	-	266,904
Unearned revenue	238,131	244,767	482,898	-
Noncurrent liabilities:				
Due within one year	7,012,608	4,113,124	11,125,732	-
Due in more than one year	25,252,747	45,952,384	71,205,131	-
Total liabilities	<u>35,849,542</u>	<u>55,783,635</u>	<u>91,633,177</u>	<u>2,130,501</u>
NET ASSETS				
Invested in capital assets, net of related debt	166,595,239	99,338,962	265,934,201	3,818,040
Restricted for:				
Employee paid health benefits	3,470,601	-	3,470,601	-
Risk management	3,508,659	-	3,508,659	-
Working capital	-	-	-	598,362
Perpetual care:				
Nonexpendable	292,830	-	292,830	-
Capital projects	-	-	-	1,033,242
Unrestricted	44,753,845	39,540,092	84,293,937	128,024
Total net assets	<u>\$ 218,621,174</u>	<u>\$ 138,879,054</u>	<u>\$ 357,500,228</u>	<u>\$ 5,577,668</u>

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

**CITY OF ASHEVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Exhibit B

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 18,248,574	\$ 8,766,258	\$ 1,083,666	\$ 132,593
Public safety	34,453,963	3,747,167	215,144	638,527
Highways and streets	21,238,852	1,826,860	2,282,069	-
Environmental protection	-	-	-	-
Economic development	5,920,353	-	2,978,454	444,295
Culture and recreation	9,767,235	1,313,096	18,406	1,158,617
Interest on long term debt	1,243,027	-	-	-
Total governmental activities	<u>90,872,004</u>	<u>15,653,381</u>	<u>6,577,739</u>	<u>2,374,032</u>
Business-type activities:				
Water resources	20,616,840	30,465,188	-	2,145,480
Civic Center	2,220,029	1,555,468	-	-
Festivals	1,314,846	868,327	-	-
Parking Services	1,330,059	2,870,278	-	-
Mass Transit	4,633,166	968,274	2,373,935	1,425,059
Stormwater	2,500,297	3,035,331	-	-
Golf Course	996,314	894,037	-	-
Total business-type activities	<u>33,611,551</u>	<u>40,656,903</u>	<u>2,373,935</u>	<u>3,570,539</u>
Total primary government	<u>\$ 124,483,555</u>	<u>\$ 56,310,284</u>	<u>\$ 8,951,674</u>	<u>\$ 5,944,571</u>
Component unit:				
ABC Board	19,680,838	19,892,975	-	-
Total component unit	<u>\$ 19,680,838</u>	<u>\$ 19,892,975</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Property taxes
Sales taxes
Other taxes
Alcoholic beverage tax
Grants and contributions not restricted to specific programs
Unrestricted investment earnings & miscellaneous
Gain (loss) on sale of capital assets
Special Item
Transfers
Total general revenues, transfers and special item
Changes in net assets
Net assets - beginning
Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	City of Asheville ABC Board
\$ (8,266,057)	\$ -	\$ (8,266,057)	\$ -
(29,853,125)	-	(29,853,125)	-
(17,129,923)	-	(17,129,923)	-
-	-	-	-
(2,497,604)	-	(2,497,604)	-
(7,277,116)	-	(7,277,116)	-
(1,243,027)	-	(1,243,027)	-
(66,266,852)	-	(66,266,852)	-
-	11,993,828	11,993,828	-
-	(664,561)	(664,561)	-
-	(446,519)	(446,519)	-
-	1,540,219	1,540,219	-
-	134,102	134,102	-
-	535,034	535,034	-
-	(102,277)	(102,277)	-
-	12,989,826	12,989,826	-
(66,266,852)	12,989,826	(53,277,026)	-
-	-	-	212,137
-	-	-	212,137
41,254,144	-	41,254,144	-
17,399,165	-	17,399,165	-
6,163,480	-	6,163,480	-
-	-	-	-
1,512,902	-	1,512,902	-
3,127,186	1,170,876	4,298,062	101,237
(89,351)	51,175	(38,176)	985,862
5,044,004	-	5,044,004	-
(2,316,936)	2,316,936	-	-
72,094,594	3,538,987	75,633,581	1,087,099
5,827,742	16,528,813	22,356,555	1,299,236
212,793,432	122,350,241	335,143,673	4,278,432
\$ 218,621,174	\$ 138,879,054	\$ 357,500,228	\$ 5,577,668

**CITY OF ASHEVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

Exhibit C

ASSETS	General	Nonmajor Governmental Funds	Total Governmental Funds
Cash and investments	\$ 29,056,647	\$ 6,287,563	\$ 35,344,210
Receivables (net of allowance for uncollectibles)	5,064,912	6,463,782	11,528,694
Due from other funds	2,579,531	-	2,579,531
Due from component unit	266,904	-	266,904
Inventories	931,409	-	931,409
Cash -- restricted	6,979,259	1,159,364	8,138,623
Total assets	<u>\$ 44,878,662</u>	<u>\$ 13,910,709</u>	<u>\$ 58,789,371</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and other accrued liabilities	\$ 2,809,461	\$ 313,821	\$ 3,123,282
Due to other funds	-	71,333	71,333
Deferred revenue	216,510	3,886,787	4,103,297
Unearned revenue	238,131	-	238,131
Total liabilities	<u>3,264,102</u>	<u>4,271,941</u>	<u>7,536,043</u>
Fund balances:			
Reserved:			
For inventories	931,409	-	931,409
For encumbrances	4,157,243	1,188,436	5,345,679
For housing partnership	-	1,462,620	1,462,620
For employee paid health benefits	3,470,601	-	3,470,601
For risk management	3,508,659	-	3,508,659
By state statute	7,694,837	2,517,686	10,212,523
For perpetual care	-	292,830	292,830
Unreserved, reported in:			
General fund			
Designated for subsequent year's budget	4,421,019	-	4,421,019
Designated for law enforcement special separation allowance	3,500,082	-	3,500,082
Undesignated:			
General fund	13,930,710	-	13,930,710
Special revenue funds	-	833,693	833,693
Capital project funds	-	3,343,503	3,343,503
Total fund balances	<u>41,614,560</u>	<u>9,638,768</u>	<u>51,253,328</u>
Total liabilities and fund balances	<u>\$ 44,878,662</u>	<u>\$ 13,910,709</u>	

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	190,387,389
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	4,103,297
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.	(32,265,355)
The internal service fund is used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.	5,365,289
Other accrual adjustments that do not require current financial resources and therefore, are not reported in fund statements.	(222,774)

Net assets of governmental activities \$ 218,621,174

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

CITY OF ASHEVILLE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES,
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

Exhibit D

REVENUES	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Taxes:			
Ad valorem taxes	\$ 41,263,802	\$ -	\$ 41,263,802
Other taxes	17,859,437	-	17,859,437
Intergovernmental	9,302,493	5,666,898	14,969,391
Licenses and permits	5,877,788	-	5,877,788
Charges for services	9,775,593	-	9,775,593
Private donations	9,735	1,350,167	1,359,902
Investment earnings	1,711,622	218,134	1,929,756
Miscellaneous	330,730	545,420	876,150
Total revenues	<u>86,131,200</u>	<u>7,780,619</u>	<u>93,911,819</u>
 EXPENDITURES			
Current:			
General government	14,932,794	116,625	15,049,419
Public safety	33,785,294	4,701,016	38,486,310
Public works	10,419,635	1,366,297	11,785,932
Human services	50,000	3,669,700	3,719,700
Planning	1,509,864	689,504	2,199,368
Engineering	1,861,071	770,771	2,631,842
Culture and recreation	7,900,654	1,454,925	9,355,579
Debt service:			
Principal	4,238,455	170,000	4,408,455
Interest	1,282,734	-	1,282,734
Total expenditures	<u>75,980,501</u>	<u>12,938,838</u>	<u>88,919,339</u>
Excess of revenues over (under) expenditures	<u>10,150,699</u>	<u>(5,158,219)</u>	<u>4,992,480</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	-	4,098,796	4,098,796
Transfers out	(6,415,732)	-	(6,415,732)
Long-term debt issued	-	-	-
Sale of capital assets	253,619	-	253,619
Total other financing sources and (uses)	<u>(6,162,113)</u>	<u>4,098,796</u>	<u>(2,063,317)</u>
Net change in fund balances	3,988,586	(1,059,423)	2,929,163
Fund balances - beginning	37,625,974	10,698,191	48,324,165
Fund balances - ending	<u>\$ 41,614,560</u>	<u>\$ 9,638,768</u>	<u>\$ 51,253,328</u>

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

CITY OF ASHEVILLE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Exhibit E

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

Net change in fund balances--total governmental funds (Exhibit D)	\$ 2,929,163
Depreciation expense is not a use of current financial resources and therefore, is not reported in the governmental fund statements.	(13,611,422)
Capital asset additions are a use of current financial resources and therefore, are not reported as expenditures in the governmental fund statements.	7,728,814
Contribution of capital assets	153,000
Capital assets, donated	(429,788)
Proceeds from sale of capital assets	(253,619)
Loss on sale of capital assets	(89,351)
Net change in accrued interest payable	39,707
Property tax revenue and other revenues in the statement of activities that do not provide current financial resources and, therefore, are deferred in the fund statements	(324,071)
Debt service payments use current financial resources and are reported in the governmental fund statements but are a reduction in a liability on the government-wide statements.	4,408,455
Other reconciling item	(33,226)

Adjustments to other long-term obligations that do not require current financial resources and therefore, are not reported as expenditures in the governmental fund statements:

Accrued vacation	26,633
Estimated claims incurred but not reported	
Unfunded pension obligation	(81,842)
The internal service fund is used by management to charge the costs of Risk Management to the individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.	5,365,289
Change in net assets of governmental activities (Exhibit B)	<u>\$ 5,827,742</u>

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

**CITY OF ASHEVILLE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

Exhibit F

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Taxes:				
Ad valorem taxes	\$ 37,961,435	\$ 39,161,435	\$ 41,263,802	\$ 2,102,367
Local option sales tax	15,873,497	16,347,062	17,399,165	1,052,103
Payments in lieu of taxes	96,280	96,280	139,356	43,076
Other taxes	262,418	262,418	320,916	58,498
Intergovernmental	8,465,766	8,624,589	9,302,493	677,904
Licenses and Permits	4,885,214	4,885,214	5,877,788	992,574
Charges for services	8,903,264	9,097,264	9,775,593	678,329
Private donations	-	73,000	9,735	(63,265)
Investment earnings	687,500	835,500	1,711,622	876,122
Miscellaneous	149,900	149,900	330,730	180,830
Total revenues	<u>77,285,274</u>	<u>79,532,662</u>	<u>86,131,200</u>	<u>6,598,538</u>
EXPENDITURES				
Current:				
General government	14,605,190	17,406,293	14,932,794	2,473,499
Public safety	34,192,169	34,698,473	33,785,294	913,179
Public works	10,788,415	10,866,452	10,419,635	446,817
Human services	50,000	50,000	50,000	-
Planning	1,448,885	1,537,121	1,509,864	27,257
Engineering	2,012,419	2,109,882	1,861,071	248,811
Culture and recreation	7,671,620	7,976,643	7,900,654	75,989
Debt service:				
Principal	3,542,098	4,240,350	4,238,455	1,895
Interest and fees	2,731,023	1,502,352	1,282,734	219,618
Total expenditures	<u>77,041,819</u>	<u>80,387,566</u>	<u>75,980,501</u>	<u>4,407,065</u>
Excess of revenues over expenditures	<u>243,455</u>	<u>(854,904)</u>	<u>10,150,699</u>	<u>11,005,603</u>
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	445,282	4,352,909	-	(4,352,909)
Transfers out	(3,754,462)	(6,415,732)	(6,415,732)	-
Long-term debt issued	3,012,725	2,864,727	-	(2,864,727)
Sale of capital assets	53,000	53,000	253,619	200,619
Total other financing sources and (uses)	<u>(243,455)</u>	<u>854,904</u>	<u>(6,162,113)</u>	<u>(7,017,017)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,988,586</u>	<u>\$ 3,988,586</u>
Fund balance - beginning			37,625,974	
Fund balance - ending			<u>\$ 41,614,560</u>	

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

CITY OF ASHEVILLE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

Exhibit G

ASSETS	Water Resources	Nonmajor Enterprise Funds	Totals	Internal Service Fund
Current assets:				
Cash and investments	\$ 18,669,264	\$ 3,081,885	\$ 21,751,149	\$ 5,365,289
Accounts receivable (net of allowance for uncollectibles)	3,342,926	880,203	4,223,129	-
Accounts receivable MSD (net of allowance for uncollectibles)	2,278,647	-	2,278,647	-
Intergovernmental receivable	-	2,456,184	2,456,184	-
Inventories	-	83,040	83,040	-
Prepays	-	14,967	14,967	-
Restricted cash and investments	16,628,392	1,573,931	18,202,323	-
Total current assets	<u>40,919,229</u>	<u>8,090,210</u>	<u>49,009,439</u>	<u>5,365,289</u>
Noncurrent assets:				
Capital assets:				
Land	4,276,933	5,994,825	10,271,758	-
Buildings and improvements	59,282,631	21,321,901	80,604,532	-
Machinery and equipment	7,362,065	9,214,205	16,576,270	-
Water system/sewer system	100,530,307	-	100,530,307	-
Infrastructure	-	12,015,652	12,015,652	-
Construction in progress	6,630,319	1,157,383	7,787,702	-
Total capital assets	178,082,255	49,703,966	227,786,221	-
Accumulated depreciation	(52,782,710)	(27,718,244)	(80,500,954)	-
Net capital assets	125,299,545	21,985,722	147,285,267	-
Unamortized debt issuance cost	868,314	7,867	876,181	-
Total noncurrent assets	<u>126,167,859</u>	<u>21,993,589</u>	<u>148,161,448</u>	<u>-</u>
Total assets	<u>167,087,088</u>	<u>30,083,799</u>	<u>197,170,887</u>	<u>5,365,289</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,101,897	73,070	1,174,967	-
Customer deposits	514,324	500	514,824	-
Accrued interest payable	797,289	25,920	823,209	-
Other accrued expenses	207,352	96,228	303,580	-
Due to other funds	-	2,508,198	2,508,198	-
Due to other governmental units	2,656,780	-	2,656,780	-
Bonds payable	2,958,899	-	2,958,899	-
Installment purchase contracts	-	613,002	613,002	-
Compensated absences	346,916	194,307	541,223	-
Unearned revenue	-	244,767	244,767	-
Total current liabilities	<u>8,583,457</u>	<u>3,755,992</u>	<u>12,339,449</u>	<u>-</u>
Noncurrent liabilities:				
Bonds payable	44,245,404	-	44,245,404	-
Installment purchase contracts	-	129,000	129,000	-
Unamortized bond premiums	1,577,980	-	1,577,980	-
Total noncurrent liabilities	<u>45,823,384</u>	<u>129,000</u>	<u>45,952,384</u>	<u>-</u>
Total liabilities	<u>54,406,841</u>	<u>3,884,992</u>	<u>58,291,833</u>	<u>-</u>
NET ASSETS				
Invested in capital assets, net of related debt	78,095,242	21,243,720	99,338,962	-
Unrestricted	34,585,005	4,955,087	39,540,092	5,365,289
Total net assets	<u>\$ 112,680,247</u>	<u>\$ 26,198,807</u>	<u>\$ 138,879,054</u>	<u>\$ 5,365,289</u>

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

CITY OF ASHEVILLE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

Exhibit II

	<u>Water Resources</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>
OPERATING REVENUES				
Charges for services	\$ 30,426,858	\$ 7,670,509	\$ 38,097,367	\$ -
Rents	9,190	998,189	1,007,379	-
Concessions	-	968,128	968,128	-
Miscellaneous revenues	29,140	554,889	584,029	-
Total operating revenues	<u>30,465,188</u>	<u>10,191,715</u>	<u>40,656,903</u>	<u>-</u>
OPERATING EXPENSES				
Cost of merchandise sold	-	386,613	386,613	-
Administration	14,091,207	11,097,477	25,188,684	-
Depreciation	4,229,696	1,305,170	5,534,866	-
Total operating expenses	<u>18,320,903</u>	<u>12,789,260</u>	<u>31,110,163</u>	<u>-</u>
Operating income (loss)	<u>12,144,285</u>	<u>(2,597,545)</u>	<u>9,546,740</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES):				
Operating grants	-	2,373,935	2,373,935	-
Interest earned	989,590	181,286	1,170,876	321,285
Interest expense	(2,295,937)	(205,451)	(2,501,388)	-
Gain on sale of capital assets	50,232	943	51,175	-
Total nonoperating revenues (expenses)	<u>(1,256,115)</u>	<u>2,350,713</u>	<u>1,094,598</u>	<u>321,285</u>
Income (loss) before transfers and capital contributions	<u>10,888,170</u>	<u>(246,832)</u>	<u>10,641,338</u>	<u>321,285</u>
Transfers in/out:				
Transfers from General Fund	-	2,404,936	2,404,936	-
Transfers to Grant Fund	-	(88,000)	(88,000)	-
Special Item	-	-	-	5,044,004
Capital contributions	2,145,480	1,425,059	3,570,539	-
Changes in net assets	<u>13,033,650</u>	<u>3,495,163</u>	<u>16,528,813</u>	<u>5,365,289</u>
Total net assets - beginning	99,646,597	22,703,644	122,350,241	-
Total net assets - ending	<u>\$ 112,680,247</u>	<u>\$ 26,198,807</u>	<u>\$ 138,879,054</u>	<u>\$ 5,365,289</u>

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

**CITY OF ASHEVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

Exhibit I

	<u>Water Resources</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>
Cash flows from operating activities:				
Cash received from customers	\$ 29,393,526	\$ 9,861,518	\$ 39,255,044	\$ -
Cash paid for goods and services	(7,396,941)	(8,334,344)	(15,731,285)	-
Cash paid to employees	(5,992,182)	(3,591,216)	(9,583,398)	-
Cash from special item	-	-	-	5,044,004
Net cash provided by (used for) operating activities	<u>16,004,403</u>	<u>(2,064,042)</u>	<u>13,940,361</u>	<u>5,044,004</u>
Cash flows from non-capital financing activities:				
Grants received	-	1,076,139	1,076,139	-
Transfers to other funds	-	(336,116)	(336,116)	-
Transfers received from other funds	-	2,653,052	2,653,052	-
Advances paid to other funds	-	1,792,379	1,792,379	-
Net cash provided by non-capital financing activities	<u>-</u>	<u>5,185,454</u>	<u>5,185,454</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Receipts from capital grants or contributions	172,252	1,418,295	1,590,547	-
Acquisition and construction of capital assets	(5,441,804)	(1,697,620)	(7,139,424)	-
Principal paid on debt	(2,658,511)	(577,640)	(3,236,151)	-
Interest paid on debt	(1,925,298)	(208,426)	(2,133,724)	-
Proceeds from sale of capital assets	50,232	943	51,175	-
Net cash used for capital and related financing activities	<u>(9,803,129)</u>	<u>(1,064,448)</u>	<u>(10,867,577)</u>	<u>-</u>
Cash flows from investing activities:				
Proceeds from sale of investments	300,087	-	300,087	-
Interest earned	940,606	181,286	1,121,892	321,285
Net cash provided by investing activities	<u>1,240,693</u>	<u>181,286</u>	<u>1,421,979</u>	<u>321,285</u>
Net increase in cash and cash equivalents	7,441,967	2,238,250	9,680,217	5,365,289
Cash and cash equivalents:				
Beginning of year, July 1	25,892,355	2,417,566	28,309,921	-
End of year, June 30	<u>\$ 33,334,322</u>	<u>\$ 4,655,816</u>	<u>\$ 37,990,138</u>	<u>\$ 5,365,289</u>

(continued)

	Water Resources	Nonmajor Enterprise Funds	Totals	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 12,144,285	\$ (2,597,545)	\$ 9,546,740	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	4,229,696	1,305,170	5,534,866	-
Special item	-	-	-	5,044,004
Changes in assets and liabilities:				
Increase in accounts receivable	(1,218,262)	(348,912)	(1,567,174)	-
Decrease in inventories	-	6,345	6,345	-
Decrease in prepaids	-	4,676	4,676	-
Increase (decrease) in other accrued expenses	91,273	(1,075)	90,198	-
Increase (decrease) in accounts payable	156,947	(515,651)	(358,704)	-
Increase in unearned revenue	-	18,715	18,715	-
Increase in accrued compensated absences	52,454	64,235	116,689	-
Decrease in due to other governmental units	401,410	-	401,410	-
Increase in due from other governmental units	106,569	-	106,569	-
Increase in customer deposits	40,031	-	40,031	-
Total adjustments	3,860,118	533,503	4,393,621	5,044,004
Net cash provided by (used for) operating activities	\$ 16,004,403	\$ (2,064,042)	\$ 13,940,361	\$ 5,044,004
Reconciliation of cash and cash equivalents:				
Cash and investments:				
Unrestricted	\$ 18,669,264	\$ 3,081,885	\$ 21,751,149	\$ 5,365,289
Restricted	16,628,392	1,573,931	18,202,323	-
Total cash and investments	35,297,656	4,655,816	39,953,472	5,365,289
Less: Investments	1,963,334	-	1,963,334	-
Cash and cash equivalents	\$ 33,334,322	\$ 4,655,816	\$ 37,990,138	\$ 5,365,289

(concluded)

CITY OF ASHEVILLE
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2007

Exhibit J

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 452,706
Total assets	<u>\$ 452,706</u>
LIABILITIES	
Accounts payable	\$ 452,706
Total liabilities	<u>\$ 452,706</u>

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