

# 2018

CAFR

FOR THE YEAR ENDED JUNE 30

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



# ASHEVILLE CITY SCHOOLS

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

Asheville, North Carolina  
For the Fiscal Year Ended June 30, 2018



ASHEVILLE CITY SCHOOLS

Learn. Discover. Thrive.

Prepared by Finance Department  
Charlotte Sullivan, CGFM, Executive Director of Finance  
Christy House, Director of Financial and Data Services

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# ASHEVILLE CITY SCHOOLS

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## INTRODUCTORY SECTION



## LETTER OF TRANSMITTAL

December 17, 2018

**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* (State), 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, 2018, is herewith submitted. Responsibility for the accuracy, completeness, and clarity of the report rests with the Superintendent and the Executive Director of Finance.

The report has been prepared by the Finance Department following the requirements and guidelines promulgated by the Governmental Accounting Standards Board. We believe the data presented is accurate in all material respects and that it is presented in a manner designed to fairly reflect the financial position and results of operations of the Board. All disclosures necessary to enable the reader to gain the maximum understanding of the Board’s financial activity have been included. Additionally, the report contains Management’s Discussion and Analysis (MD&A), a narrative introduction, overview and analysis of the basic financial statements beginning on page 4 of the Financial Section of the report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

### REPORTING ENTITY

The Board is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes (G.S.)] with the responsibility to oversee and control all activities related to public school education in Asheville, North Carolina. It was established in 1887 by action of the North Carolina General Assembly. For fiscal year 2018, the Board operated ten schools and a preschool program that provided a continuum of service from birth through twelfth grade. The schools include one comprehensive high school facility which houses both Asheville High School and the School of Inquiry and Life Sciences at Asheville (SILSA); two middle schools; five elementary schools; one primary school; and several alternative classrooms/programs including the preschool program. The average daily membership for the 2017-18 school year was 4,346 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; Ecology; Global Scholars; Science, Math and Technology; and Experiential Learning. The magnet themes provide unique opportunities for students and their families to experience a curriculum suited to their individual interests and needs. Asheville Primary School, opened in the 2017-18 school year, operates under a

Montessori theme that focuses on fostering a child's natural inclination to learn.

The Asheville City Council (City) 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 (County) 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. Governmental funds budgeted include the General Fund, the State Public School Fund, the Federal Grants Fund, the Other Specific Revenue Fund and the Capital Outlay Fund. The Board's annual budget resolution authorizes expenditures by purpose, the legal level of budgetary control, 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**

Asheville City Schools operates within Buncombe County, the most populous county in Western North Carolina. With approximately 257,607 residents, Buncombe County accounts for over half of the population in the four county Asheville Metropolitan Area and serves as the region's economic and service center. Its economy is supported by a robust healthcare system, a growing tourism industry and a thriving arts and culture industry. The unemployment rate for Buncombe County decreased from 3.7% in July 2017 to 3.1% in July 2018, which holds well below the state and nation rate of 4.1%. Further, the metro added an additional 3,300 jobs during the past year, an increase of 1.7%

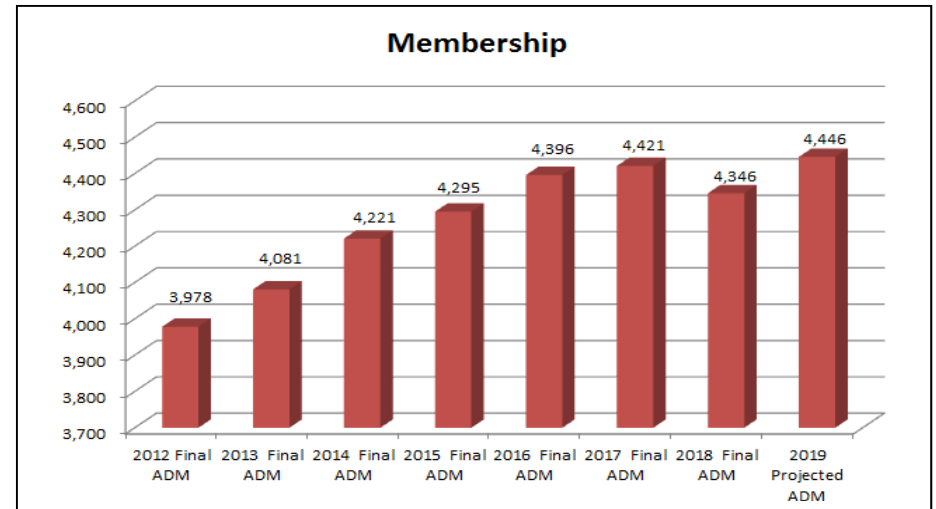


While operating within the above economic environment, Asheville City Schools has continued to enjoy the commitment to quality education for its citizens and the Buncombe County Commissions have demonstrated by their level of support and funding. For fiscal year 2018, county general appropriation funding increased 8.7%, from \$10,743,742 to \$11,681,164. This trend continued into fiscal year 2019 with a 4.3% increase, bringing the total county general appropriation to over \$12.1 million for fiscal year 2019.

Further, the Buncombe County Commissioners have worked closely with Asheville City Schools to make the dream of replacing two of its aging facilities, Asheville Middle School and Dickson Elementary School, a reality. Construction on both schools began during fiscal year 2014 and continued throughout fiscal year 2016. Both schools opened in August 2016. Since fiscal year 2014, the funding budgeted for these two multi-year new school projects has resulted in the largest total budgets reported by Asheville City Schools in the school system’s 100+ year history.

Long range planning for capital projects is reviewed each spring during the budget process. Projects are evaluated by high priority and critical need. Major projects such as roof repairs and major renovations are identified for the next budget year and five additional years.

Asheville City Schools experienced a decrease in student population for fiscal year 2018. Many state funding formulas are driven by student population, but Asheville City Schools still experienced an increase in funding received through the State Public School Fund for fiscal year 2018. Following is a graph comparing final average daily membership for fiscal years 2012 through 2018 and projected average daily membership for fiscal year 2019.



## MAJOR ACCOMPLISHMENTS AND INITIATIVES

The 2017-18 school year contained a number of milestones for Asheville City Schools including the opening of Asheville Primary School and Montford North Star Academy, being among the highest ranked for Best School Districts in North Carolina, and being awarded accreditation by AdvancED. The district entered the third year of its five-year strategic plan which focuses on early childhood, academic achievement and the whole child.

- **New Funding for Capital Improvements.** The Buncombe County Board of Commissioners recently established the School Capital Commission Board. Originally drafted in 1983 to ensure adequate school capital needs were met for both County and City school systems, the Buncombe School Capital Fund Commission legislation was amended in 2016 to better align resources with capital needs. Using funds from Article 39 sales tax revenue, a five-member commission reviews capital project requests from Asheville City Schools and Buncombe County Schools. These requests are combined and prioritized, and



based upon funding availability, the Commission recommends to the Buncombe County Board of Commissioners those projects that should be funded through Article 39 funding. Recommendations for funding are considered on an annual basis.

- 1:1 is the District's computer-to-student ratio for grades 5-12; for grades K-4, it's 1:3.
- 89.42 percent was the District's high school graduation rate for the Class of 2018, and it's our highest rate yet.
- 2017-18 was year one of a three-year partnership with Integrated Comprehensive System for Equity to progress towards our goal of Excellence with Equity.
- The Class of 2018 received \$4,015,090 in scholarships and grants.
- 66 Asheville City Schools staff members hold the distinction of National Board Certification, the highest credential in the teaching profession.
- On average, our 29 yellow school buses drive nearly 1,800 miles every day.
- Asheville Middle School's Lady Cougars finished the 2017-18 season undefeated and received the title of French Broad Basketball Champions.
- The District's Career Technical Education program continues to help prepare our high school students for high-wage, and high-demand career fields. Individual students received a number of special awards.
- The Advancement Via Individual Determination Program (AVID), graduated its 15th class. Just as every other class had achieved over the years, every 2018 graduate was extended an offer at either a college or university or military service. Many received scholarship offers.

## **INDEPENDENT AUDIT**

The financial statements have been audited by Dixon Hughes Goodman LLP, independent certified public accountants, whose opinion is included in the Financial Section of this report. The goal of the independent audit was to provide reasonable assurance that the financial statements of Asheville City Schools for the fiscal year ended June 30, 2018, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Asheville City Schools financial statements for the fiscal year ended June 30, 2018, 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 Compliance Reports.

## **FINANCIAL REPORTING AWARDS**

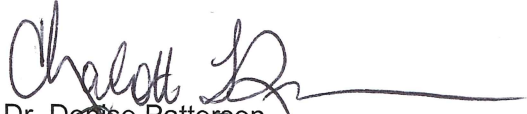
Each year since 1985, the Asheville City Schools' Comprehensive Annual Financial Report has earned the Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting Award. The Report has also earned the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the past thirty-one years. These awards are made to governmental units that publish a comprehensive annual financial report that is easily readable, efficiently organized, and conform to program standards as well as satisfy accounting principles generally accepted in the United States

of America and applicable legal requirements. The awards are valid for a period of one year only. We believe the accompanying Report continues to conform to ASBO and GFOA requirements, and we will submit it to the respective organizations for consideration of awards for the fiscal year ended June 30, 2018.

## 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.

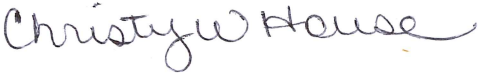
Respectfully submitted,



Dr. Denise Patterson  
Superintendent



Charlotte T. Sullivan, CGFM  
Executive Director of Finance



Christy W. House, CSMB  
Financial Services Manager



**The 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, 2017.**

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

**Charles E. Peterson, Jr., SFO, RSBA, MBA**  
President

A handwritten signature in black ink, reading 'John D. Musso'.

**John D. Musso, CAE**  
Executive Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Asheville City Schools  
North Carolina**

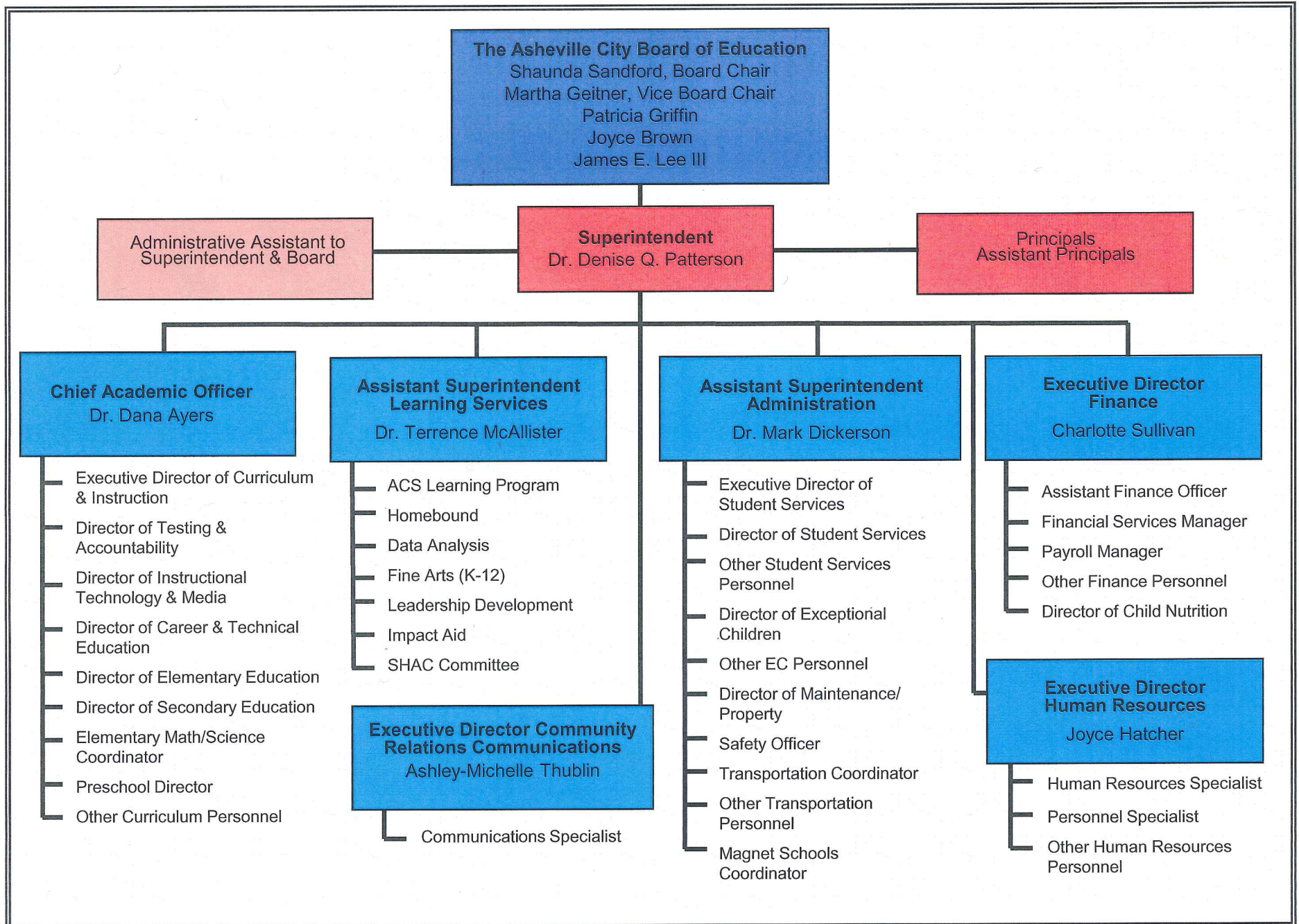
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CBO

# ASHEVILLE CITY SCHOOLS ORGANIZATIONAL CHART







ASHEVILLE CITY SCHOOLS

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**FINANCIAL SECTION**





## INDEPENDENT AUDITORS' REPORT

Asheville City Board of Education  
Asheville, North Carolina

### **Report on the Financial Statements**

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 Asheville City Schools, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Asheville City Schools' basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Asheville City Schools as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the State Public School Fund, and the Other Specific Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Change in Accounting Principle*

As discussed in Note 9 to the financial statements, beginning balances were restated due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (“OPEB”), in 2018. Our opinion is not modified with respect to these changes.

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, on pages 4-10, and the pension and OPEB schedules, as identified in the table of contents, on pages 44-49, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Asheville City Schools’ basic financial statements. The introductory section, combining and individual non-major fund financial statements, budgetary schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018 on our consideration of Asheville City Schools' internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Asheville City Schools' internal control over financial reporting and compliance.

*Dixon Hughes Goodman LLP*

**Asheville, North Carolina  
December 17, 2018**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Asheville City Schools' (the Board) financial performance provides a narrative overview of the Board's financial activities for the fiscal year ended June 30, 2018. This information should be read in conjunction with the audited financial statements included in this report.

### Financial Highlights

- The assets and deferred outflows of resources of the Board exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,900,119.
- The Board's total net position decreased by \$97,218,111. \$85,858,071 of the decrease in net position is due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 required 2017 net position to be restatement in order to establish the Board's OPEB liability and asset.
- As of the close of the current fiscal year, the Board's governmental funds reported combined ending fund balances of \$14,119,405, a decrease of \$85,520.
- Asheville Primary School and Montford North Star Academy opened in August 2017.

### Overview of the Financial Statements

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

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplementary information that presents the Board's share of the net pension liability and retirement system contributions*
- *Supplementary information that presents combining and budgetary schedules for non-major governmental funds, budgetary schedules for capital outlay and enterprise funds, and a combining statement for the fiduciary fund.*

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

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

## Government-wide Statements

The government-wide statements report information about the unit as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Board's assets, deferred outflows of resources, liabilities, and deferred inflows or resources. 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 position and how they have changed. Net position – the difference between the Board's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the unit's financial health or position.

- Over time, increases or decreases in the Board's net position 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 Buncombe County's (the County) property tax base and the condition of the Board's school buildings and other physical assets.

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

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

## Fund Financial Statements

The fund financial statements provide more detailed information about the Board's funds, focusing on its most significant or "major" funds. 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, such as the Federal Grants Fund, to control and manage money for a particular purpose or to show that it is properly using certain revenues.

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, a reconciliation following the governmental funds statements explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Federal Grants Fund, the Other Specific Revenue Fund, the Capital Outlay Fund and the Individual Schools Fund.

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

*Fiduciary fund:* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Asheville City Schools has one fiduciary fund – the 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 position may serve over time as one useful indicator of the fiscal health of the Board. The Board's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$2,900,119 as of June 30, 2018, a decrease of \$97,218,111 compared to the prior fiscal year. The largest component of net position is the net investment in capital assets (e.g. land, buildings, machinery and equipment). The net investment in capital assets totaled \$88,712,736 at June 30, 2018, a decrease of \$8,016,023 compared to June 30, 2017. Restricted net position accounted for \$5,518,410 of net position, an increase of \$452,447. There was a deficit of unrestricted net position at year-end totaling \$91,331,027, an increase of \$89,654,535 compared to the prior fiscal year. Following is a summary of the Statement of Net Position:

**Table 1**  
**Condensed Statement of Net Position**  
**June 30, 2018 and 2017**

	2018			2017		
	Governmental Activities	Business-type Activities	Total Government- wide	Governmental Activities	Business-type Activities	Total Government- wide
Current assets	\$ 14,663,027	\$ 342,008	\$ 15,005,035	\$ 14,908,306	\$ 342,539	\$ 15,250,845
Capital assets	88,306,518	602,286	88,908,804	96,474,150	569,741	97,043,891
Total assets	102,969,545	944,294	103,913,839	111,382,456	912,280	112,294,736
Deferred outflows of resources	13,140,762	158,113	13,298,875	13,695,828	182,386	13,878,214
Current liabilities	773,916	28,073	801,989	1,091,209	24,538	1,115,747
Long-term liabilities	87,290,533	1,340,101	88,630,634	23,273,731	304,246	23,577,977
Total liabilities	88,064,449	1,368,174	89,432,623	24,364,940	328,784	24,693,724
Deferred inflows of resources	24,494,582	385,390	24,879,972	1,343,110	17,886	1,360,996
Net investment in capital assets	88,110,450	602,286	88,712,736	96,159,018	569,741	96,728,759
Restricted net position	5,518,410	-	5,518,410	5,065,963	-	5,065,963
Unrestricted net position (deficit)	(90,077,584)	(1,253,443)	(91,331,027)	(1,854,747)	178,255	(1,676,492)
Total net position	\$ 3,551,276	\$ (651,157)	\$ 2,900,119	\$ 99,370,234	\$ 747,996	\$ 100,118,230



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

**Table 2**  
**Condensed Statement of Activities**  
**Years Ended June 30, 2018 and 2017**

	2018			2017		
	Governmental Activities	Business-type Activities	Total Government- wide	Governmental Activities	Business-type Activities	Total Government- wide
Revenues:						
Program revenues:						
Charges for services	\$ 2,216,002	\$ 399,451	\$ 2,615,453	\$ 1,895,854	\$ 337,050	\$ 2,232,904
Operating grants and contributions	30,293,504	1,205,685	31,499,189	29,112,643	1,252,454	30,365,097
Capital grants and contributions	210,246	-	210,246	1,014,667	-	1,014,667
General revenues:						
U.S. Government	88,893	-	88,893	68,364	-	68,364
Buncombe County	14,230,670	-	14,230,670	17,518,177	-	17,518,177
Supplemental city school tax	8,928,186	-	8,928,186	8,620,247	-	8,620,247
Local option sales tax	2,991,931	-	2,991,931	2,940,136	-	2,940,136
Other revenues	649,429	-	649,429	450,205	-	450,205
Total revenues	<u>59,608,861</u>	<u>1,605,136</u>	<u>61,213,997</u>	<u>61,620,293</u>	<u>1,589,504</u>	<u>63,209,797</u>
Expenses:						
Governmental activities:						
Instructional programs	51,343,852	-	51,343,852	41,493,734	-	41,493,734
Support services	11,847,744	-	11,847,744	11,149,123	-	11,149,123
Ancillary services	863,356	-	863,356	341,063	-	341,063
Non-programmed charges	1,100,895	-	1,100,895	995,267	-	995,267
Unallocated depreciation expense	5,505,964	-	5,505,964	2,057,342	-	2,057,342
Business-type activities:						
Child Nutrition	-	1,912,226	1,912,226	-	1,772,923	1,772,923
Total expenses	<u>70,661,811</u>	<u>1,912,226</u>	<u>72,574,037</u>	<u>56,036,529</u>	<u>1,772,923</u>	<u>57,809,452</u>
Revenues over (under) expenses	(11,052,950)	(307,090)	(11,360,040)	5,583,764	(183,419)	5,400,345
Transfers in (out)	(247,223)	247,223	-	(587,763)	587,763	-
Change in net position	(11,300,173)	(59,867)	(11,360,040)	4,996,001	404,344	5,400,345
Net position—beginning	99,370,234	747,996	100,118,230	94,374,233	343,652	94,717,885
Net position—restatement	(84,518,785)	(1,339,286)	(85,858,071)	-	-	-
Net position—ending	<u>\$ 3,551,276</u>	<u>\$ (651,157)</u>	<u>\$ 2,900,119</u>	<u>\$ 99,370,234</u>	<u>\$ 747,996</u>	<u>\$ 100,118,230</u>

Governmental activities generated revenues of \$59.6 million for fiscal year 2018 compared to \$61.6 million for the previous year. Governmental activities expenses totaled \$70.7 million for fiscal year 2018 compared to \$56 million for the previous year. After transfers to the business-type activities, the decrease in net position stands at \$11,360,040 at June 30, 2018 compared to an increase of \$5,400,345 in 2017.

County funding decreased from 28.4% of total governmental revenues in fiscal year 2017 to 23.9% in fiscal year 2018, largely due to completion of construction projects in the prior fiscal year. Although the amount of the Asheville City Schools supplemental city school tax received remained fairly constant for both fiscal years, that revenue source increased from 14.0% of total governmental revenues to 15.0%. Much of the remaining governmental revenues consist of restricted state and federal money. Instructional expenses comprised 72.7% of total governmental expenses for fiscal year 2018 compared to 74.0% for fiscal year 2017. Support services accounted for 16.8% and 19.9% of expenses in fiscal years 2018 and 2017, respectively.

Business-type activities generated revenues of \$1.61 million for fiscal year 2018 and \$1.59 million for fiscal year 2017. At the same time, expenses for the business-type activities were \$1.9 million for fiscal year 2018 compared to \$1.7 million for fiscal year 2017. Thus, net position decreased in the business-type activities by \$59,867, after transfers in from the governmental activities of \$247,223.

**Financial Analysis of the Board’s Funds**

Governmental Funds: The focus of Asheville City Schools’ governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Board’s financing requirements. Table 3 below compares fund balance at June 30, 2018 and 2017 for the General Fund, the Other Specific Revenue Fund, the Capital Outlay Fund and the Non-Major Fund (the Individual Schools Fund). Both the State Public School Fund and the Federal Grants Fund do not maintain a fund balance since revenues must equal expenditures. Thus, these funds have been excluded from Table 3.

**Table 3  
Summary of Fund Balances—Governmental Funds  
June 30, 2018 and 2017**

	2018					2017				
	General Fund	Other Specific Revenue Fund	Capital Outlay Fund	Non-Major Fund	Total	General Fund	Other Specific Revenue Fund	Capital Outlay Fund	Non-Major Fund	Total
Fund balances:										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,984	\$ -	\$ -	\$ -	\$ 39,984
Restricted	91,245	929,122	3,485,560	748,720	5,254,647	148,271	869,040	3,336,780	711,872	5,065,963
Assigned	2,858,864	1,332,818	-	-	4,191,682	1,754,667	1,373,473	-	-	3,128,140
Unassigned	4,673,076	-	-	-	4,673,076	5,970,838	-	-	-	5,970,838
<b>Total</b>	<u>\$7,623,185</u>	<u>\$2,261,940</u>	<u>\$ 3,485,560</u>	<u>\$ 748,720</u>	<u>\$14,119,405</u>	<u>\$7,913,760</u>	<u>\$2,242,513</u>	<u>\$ 3,336,780</u>	<u>\$ 711,872</u>	<u>\$14,204,925</u>

The Other Specific Revenue Fund, the Capital Outlay Fund and the Non-Major Fund for individual schools all ended the year with a surplus of revenues and other financing sources over expenditures and other financing uses which resulted in a combined net increase of \$205,055 in the aforementioned funds. The decrease experienced by the General Fund is explained under General Fund Budgetary Highlights on the following page.

Overall, revenues recorded within the governmental funds decreased \$2 million and expenditures increased \$14.6 million when compared to the prior year. Completion of capital projects accounted for most of the decrease. However, state funding received through the State Public School increased by \$923 thousand in both revenues and expenditures. This increase was largely due to salary increases for certified staff. Likewise, the Buncombe County general appropriation increased \$937 thousand due to both an increase in the Board's proportionate share of the county-wide appropriation and also due to an increase in the overall county-wide appropriation mostly to assist with salary and benefit increases.

Proprietary Fund: The Board's proprietary fund reflected a decrease in net position of \$59,867 for 2018 compared to an increase of \$404,344 for 2017. Equipment purchased from the capital outlay fund for two new school cafeterias accounted for the increase in net position. Participation and food sales continued to decline following the implementation of the Healthy Hunger Free Kids Act (the Act) since the higher nutrition standards required by the Act results in meals and other food choices that are not as popular with students.

**General Fund Budgetary Highlights**

Actual General Fund revenues for the supplemental city school tax and interest earned all exceeded budgeted amounts. The Board appropriated \$2,104,667 of fund balance to balance the budget but ended the fiscal year with only a \$290,575 decrease in the fund balance recorded in the General Fund.

**Capital Assets**

Following is a summary of capital assets, net of accumulated depreciation at year-end.

**Table 4  
Summary of Capital Assets  
June 30, 2018 and 2017**

	2018			2017		
	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	1,204,444	-	1,204,444	1,362,846	-	1,362,846
Buildings	83,912,432	-	83,912,432	28,492,303	-	28,492,303
Construction in progress	13,591	-	13,591	63,287,429	-	63,287,429
Equipment and furniture	1,249,707	602,285	1,851,992	1,366,440	569,741	1,936,181
Vehicles	618,769	-	618,769	657,556	-	657,556
<b>Total</b>	<b>\$ 88,306,519</b>	<b>\$ 602,285</b>	<b>\$ 88,908,804</b>	<b>\$ 96,474,150</b>	<b>\$ 569,741</b>	<b>\$ 97,043,891</b>

Capital assets decreased \$8,135,087 or -8.38% over the previous year. Additional information regarding the Board's capital assets can be found in the notes to the basic financial statements on Pages 30 through 34 of this report.

## 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. At the end of fiscal year 2018, the Board's outstanding debt was composed of installment purchase obligations related to school buses, the liability for compensated absences to be paid from governmental and proprietary funds and pension plan obligations. The County holds all debt issued for school capital construction. Additional information regarding the Board's debt can be found in the notes to the basic financial statements on Pages 31 and 35 of the report.

## Economic Factors Affecting Next Year's Budget

The Board has approved a \$71.5 million total budget for fiscal year 2019, an increase of \$3.1 million compared to the final fiscal year 2018 budget. The following factors were considered when developing the 2019 budget:

- The North Carolina General Assembly increased the annual salary for most teachers, with an average increase of 6.5%. Veteran teachers with 25 years or more experience and who did not receive an increase based on the salary schedules implemented for 2018-19 receive a one-time lump sum of \$385.
- The North Carolina General Assembly approved a 2% annual increase to non-certified and central office staff.
- The retirement matching rate as set by the North Carolina General Assembly increased from 17.13% to 18.86%.
- The annual cost of employer provided hospitalization insurance increased from \$5,869 to \$6,104, per employee.
- The Asheville City Schools supplemental tax rate for 2019 is set at 12 cents per \$100 of assessed taxable valuation. An increase of \$592,924 is projected.
- The Buncombe County general appropriation for Asheville City Schools increased \$501 thousand.
- The Capital Outlay Fund budget increased from \$4.3 million to \$6 million mostly due to a large construction project at Ira B. Jones Elementary School.

## Requests for Information

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

Charlotte Sullivan, CGFM, Executive Director of Finance  
Asheville City Schools  
Post Office Box 7347  
Asheville, NC 28802

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## **BASIC FINANCIAL STATEMENTS**

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**ASHEVILLE CITY SCHOOLS  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,848,319	\$ 157,167	\$ 13,005,486
Due from other governments	1,640,699	53,614	1,694,313
Accounts receivable (net)	54,078	4,005	58,083
Net OPEB asset	119,931	1,900	121,831
Inventories	-	125,322	125,322
Capital assets:			
Land and construction in progress	1,321,166	-	1,321,166
Other capital assets, net of depreciation	86,985,352	602,286	87,587,638
Total capital assets	88,306,518	602,286	88,908,804
Total assets	102,969,545	944,294	103,913,839
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	13,140,762	158,113	13,298,875
<b>LIABILITIES</b>			
Accounts payable	272,910	1,215	274,125
Accrued salaries and wages payable	123,895	-	123,895
Unearned revenue	26,886	22,858	49,744
Long-term liabilities:			
Due in one year	350,225	4,000	354,225
Due in more than one year	87,290,533	1,340,101	88,630,634
Total liabilities	88,064,449	1,368,174	89,432,623
<b>DEFERRED INFLOWS OF RESOURCES</b>	24,494,582	385,390	24,879,972
<b>NET POSITION</b>			
Net investment in capital assets	88,110,450	602,286	88,712,736
Restricted for:			
Stabilization by State Statute	1,020,367	-	1,020,367
School capital outlay	3,485,560	-	3,485,560
Individual school activities	748,720	-	748,720
Net OPEB Asset	263,763	-	263,763
Unrestricted	(90,077,584)	(1,253,443)	(91,331,027)
Total net position	\$ 3,551,276	\$ (651,157)	\$ 2,900,119

See accompanying notes to the basic financial statements.



**ASHEVILLE CITY SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities:							
Instructional services:							
Regular instructional	\$ 28,569,518	\$ 154,617	\$ 16,832,644	\$ -	\$ (11,582,257)	\$ -	\$ (11,582,257)
Special populations	6,747,530	-	5,163,207	-	(1,584,323)	-	(1,584,323)
Alternative programs	5,124,965	529,192	2,824,749	-	(1,771,024)	-	(1,771,024)
School leadership	3,659,101	-	1,276,817	-	(2,382,284)	-	(2,382,284)
Co-curricular	2,097,173	1,411,021	119,013	-	(567,139)	-	(567,139)
School-based support	5,145,565	-	1,886,634	-	(3,258,931)	-	(3,258,931)
System-wide support services:							
Support and development	822,081	-	277,921	-	(544,160)	-	(544,160)
Special populations support and development	303,414	-	170,553	-	(132,861)	-	(132,861)
Alternative programs and services support and development	311,366	25,882	36,268	-	(249,216)	-	(249,216)
Technology support	1,048,941	-	125,867	-	(923,074)	-	(923,074)
Operational support	5,799,064	6,940	739,289	210,246	(4,842,589)	-	(4,842,589)
Financial and human resource	1,434,743	-	267,294	-	(1,167,449)	-	(1,167,449)
Accountability	143,914	-	-	-	(143,914)	-	(143,914)
System-wide pupil support	472,265	-	49,696	-	(422,569)	-	(422,569)
Policy, leadership and public relations	1,511,956	-	445,681	-	(1,066,275)	-	(1,066,275)
Ancillary services	863,356	88,350	77,871	-	(697,135)	-	(697,135)
Non-programmed charges	1,100,895	-	-	-	(1,100,895)	-	(1,100,895)
Unallocated depreciation expense*	5,505,964	-	-	-	(5,505,964)	-	(5,505,964)
Total governmental activities	<u>70,661,811</u>	<u>2,216,002</u>	<u>30,293,504</u>	<u>210,246</u>	<u>(37,942,059)</u>	<u>-</u>	<u>(37,942,059)</u>

See accompanying notes to the basic financial statements.

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</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>
Business-type activities:						
Child Nutrition	\$ 1,912,226	\$ 399,451	\$ 1,205,685	\$ -	\$ (307,090)	\$ (307,090)
Total government-wide	<u>\$ 72,574,037</u>	<u>\$ 2,615,453</u>	<u>\$ 31,499,189</u>	<u>\$ 210,246</u>	<u>(37,942,059)</u>	<u>(307,090)</u>
General revenues:						
U.S. Government				88,893	-	88,893
Buncombe County				14,230,670	-	14,230,670
Supplemental city school tax				8,928,186	-	8,928,186
Local option sales tax				2,991,931	-	2,991,931
Interest earned on investments				162,086	-	162,086
Other revenues				487,343	-	487,343
Transfers				(247,223)	247,223	-
Total general revenues and transfers				<u>26,641,886</u>	<u>247,223</u>	<u>26,889,109</u>
Change in net position				<u>(11,300,173)</u>	<u>(59,867)</u>	<u>(11,360,040)</u>
Net position—beginning of year, perviously reported				99,370,234	747,996	100,118,230
Restatement				<u>(84,518,785)</u>	<u>(1,339,286)</u>	<u>(85,858,071)</u>
Net position—beginning of year, as adjusted				<u>14,851,449</u>	<u>(591,290)</u>	<u>14,260,159</u>
Net position—end of year				<u>\$ 3,551,276</u>	<u>\$ (651,157)</u>	<u>\$ 2,900,119</u>

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

See accompanying notes to the basic financial statements.

**ASHEVILLE CITY SCHOOLS**  
**BALANCE SHEET—GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	<b>Major Funds</b>					<b>Total Governmental Funds</b>
	<b><u>General</u></b>	<b><u>State Public School</u></b>	<b><u>Other Specific Revenue</u></b>	<b><u>Capital Outlay</u></b>	<b><u>Non-major Funds</u></b>	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 7,886,188	\$ -	\$ 1,352,339	\$ 2,861,072	\$ 748,720	\$ 12,848,319
Due from other governments	39,682	977	926,692	663,694	9,654	1,640,699
Accounts receivable (net)	51,563	-	2,430	85	-	54,078
Total assets	<u>\$ 7,977,433</u>	<u>\$ 977</u>	<u>\$ 2,281,461</u>	<u>\$ 3,524,851</u>	<u>\$ 758,374</u>	<u>\$ 14,543,096</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 230,853	\$ -	\$ 2,766	\$ 39,291	\$ -	\$ 272,910
Accrued salaries and wages payable	123,395	-	500	-	-	123,895
Unearned revenue	-	977	16,255	-	9,654	26,886
Total liabilities	<u>354,248</u>	<u>977</u>	<u>19,521</u>	<u>39,291</u>	<u>9,654</u>	<u>423,691</u>
<b>FUND BALANCES</b>						
Restricted:						
Stabilization by State Statute	91,245	-	929,122	-	-	1,020,367
School capital outlay	-	-	-	3,485,560	-	3,485,560
Individual school activities	-	-	-	-	748,720	748,720

See accompanying notes to the basic financial statements.

	<b>Major Funds</b>					<b>Total Governmental Funds</b>
	<b><u>General</u></b>	<b><u>State Public School</u></b>	<b><u>Other Specific Revenue</u></b>	<b><u>Capital Outlay</u></b>	<b><u>Non-major Funds</u></b>	
Assigned:						
Special programs	-	-	1,332,818	-	-	1,332,818
Subsequent year's budget	2,858,864	-	-	-	-	2,858,864
Unassigned	4,673,076	-	-	-	-	4,673,076
Total fund balances	<u>7,623,185</u>	<u>-</u>	<u>2,261,940</u>	<u>3,485,560</u>	<u>748,720</u>	<u>14,119,405</u>
Total liabilities and fund balances	<u>\$ 7,977,433</u>	<u>\$ 977</u>	<u>\$ 2,281,461</u>	<u>\$ 3,524,851</u>	<u>\$ 758,374</u>	

Amounts reported for governmental activities in the Statement of Net Position are difference because:

Net OPEB Asset	119,931
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds	88,306,518
Deferred outflows of resources are not available to satisfy current obligations in the fund statements. However, they are considered a consumption of net position that applies to a future period and are included in the Statement of Net Position:	
Contributions to the pension plan in the current fiscal year	3,406,794
Pension related deferrals	5,656,188
Contributions to the OPEB plan in the current fiscal year	2,101,873
OPEB related deferrals	1,975,907
Deferred inflows of resources related to pension	(1,187,276)
Deferred inflows of resources related to OPEB	(23,307,306)
Liabilities for long-term debt are not payable with current financial resources and therefore are not reported in the funds:	
Installment purchase obligations	(196,068)
Net pension liability	(17,581,224)
Net OPEB Liability	(67,077,385)
Compensated absences	<u>(2,786,081)</u>
Net position of governmental activities	<u>\$ 3,551,276</u>

See accompanying notes to the basic financial statements.

**ASHEVILLE CITY SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	<u>Major Funds</u>					<u>Total Governmental Funds</u>
	<u>General</u>	<u>State Public School</u>	<u>Other Specific Revenue</u>	<u>Capital Outlay</u>	<u>Non-major Funds</u>	
<b>REVENUES</b>						
Intergovernmental:						
State of North Carolina	\$ -	\$ 26,453,772	\$ 605,358	\$ 210,246	\$ -	\$ 27,269,376
U.S. Government	-	-	333,780	-	2,849,227	3,183,007
Buncombe County	11,681,164	-	-	2,549,506	-	14,230,670
Supplemental city school tax	8,928,186	-	-	-	-	8,928,186
Local option sales tax	-	-	2,991,931	-	-	2,991,931
Charges for services	-	-	804,981	-	-	804,981
Miscellaneous	241,764	-	357,004	175,511	1,530,034	2,304,313
	<u>20,851,114</u>	<u>26,453,772</u>	<u>5,093,054</u>	<u>2,935,263</u>	<u>4,379,261</u>	<u>59,712,464</u>
Total revenues						
<b>EXPENDITURES</b>						
Current:						
Instructional services:						
Regular instructional	5,888,097	16,630,615	2,045,195	196,587	127,666	24,888,160
Special populations	241,641	4,275,870	594,947	-	711,255	5,823,713
Alternative programs	1,215,924	564,155	1,340,005	-	1,536,986	4,657,070
School leadership	1,692,883	1,276,817	279,414	-	-	3,249,114
Co-curricular	208,562	-	-	-	1,636,186	1,844,748
School-based support	1,586,472	1,874,901	242,125	634,291	11,733	4,349,522
System-wide support services:						
Support and development	380,574	110,105	57,903	-	167,816	716,398
Special populations support and development	85,560	44,350	15,710	-	126,203	271,823
Alternative programs and services support and development	210,700	-	28,181	-	36,268	275,149
Technology support	724,187	125,867	47,699	59,888	-	957,641
Operational support	5,047,627	725,726	243,688	149,336	12,521	6,178,898
Financial and human resource	968,828	252,118	89,960	-	15,176	1,326,082
Accountability	112,911	-	15,301	-	-	128,212
System-wide pupil support	325,524	49,696	41,502	-	-	416,722
Policy, leadership and public relations	789,712	445,681	95,416	44,200	-	1,375,009
Ancillary services	1,268	-	286,581	-	-	287,849

See accompanying notes to the basic financial statements.

	<b>Major Funds</b>				<b>Non-major Funds</b>	<b>Total Governmental Funds</b>
	<b><u>General</u></b>	<b><u>State Public School</u></b>	<b><u>Other Specific Revenue</u></b>	<b><u>Capital Outlay</u></b>		
<b>EXPENDITURES</b>						
Current, continued:						
Non-programmed charges:						
Payments to charter schools	\$ 1,100,895	\$ -	\$ -	\$ -	\$ -	\$ 1,100,895
Other	-	-	-	-	103,603	103,603
Debt service	-	-	-	210,246	-	210,246
Capital outlay	-	-	-	1,479,577	-	1,479,577
Total expenditures	<u>20,581,365</u>	<u>26,375,901</u>	<u>5,423,627</u>	<u>2,774,125</u>	<u>4,485,413</u>	<u>59,640,431</u>
Revenues over (under) expenditures	<u>269,749</u>	<u>77,871</u>	<u>(330,573)</u>	<u>161,138</u>	<u>(106,152)</u>	<u>72,033</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from other funds	-	-	350,000	-	143,000	493,000
Transfers to other funds	(560,324)	(77,871)	-	(102,028)	-	(740,223)
Installment purchase obligations issued	-	-	-	89,670	-	89,670
Total other financing sources (uses)	<u>(560,324)</u>	<u>(77,871)</u>	<u>350,000</u>	<u>(12,358)</u>	<u>143,000</u>	<u>(157,553)</u>
Net change in fund balances	(290,575)	-	19,427	148,780	36,848	(85,520)
Fund balance—beginning of year	<u>7,913,760</u>	<u>-</u>	<u>2,242,513</u>	<u>3,336,780</u>	<u>711,872</u>	<u>14,204,925</u>
Fund balance—end of year	<u><u>\$ 7,623,185</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,261,940</u></u>	<u><u>\$ 3,485,560</u></u>	<u><u>\$ 748,720</u></u>	<u><u>\$ 14,119,405</u></u>

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

Net changes in fund balances—total governmental funds	\$ (85,520)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:	
Depreciation expense	(8,352,574)
Capital outlay	1,528,190
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities	3,406,794
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	1,850,538
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position:	
Installment purchase obligation issued	(89,670)
Repayment on long-term debt	210,246
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	(317,545)
Pension expense	(4,587,138)
Net OPEB expense	(6,206,742)
Loss on disposal of assets	1,343,248
Total changes in net position of governmental activities	<u><u>\$ (11,300,173)</u></u>

See accompanying notes to the basic financial statements.



**ASHEVILLE CITY SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2018**

	<b>General Fund</b>			
	<b><u>Original Budget</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Positive (Negative) Variance</u></b>
<b>REVENUES</b>				
Intergovernmental:				
Buncombe County	\$ 11,503,729	\$ 11,684,164	\$ 11,681,164	\$ (3,000)
Supplemental city school tax	8,745,020	8,745,020	8,928,186	183,166
Miscellaneous	240,000	240,000	241,764	1,764
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	20,488,749	20,669,184	20,851,114	181,930
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>				
Current:				
Instructional services:				
Regular instructional	6,273,994	6,306,994	5,888,097	418,897
Special populations	227,015	227,015	241,641	(14,626)
Alternative programs	1,385,474	1,384,974	1,215,924	169,050
School leadership	1,613,762	1,613,762	1,692,883	(79,121)
Co-curricular	247,190	247,190	208,562	38,628
School based support	1,722,640	1,722,140	1,586,472	135,668
System-wide support services:				
Support and development	417,737	422,737	380,574	42,163
Special populations support and development	90,956	90,956	85,560	5,396
Alternative programs and services support and development	214,038	214,038	210,700	3,338
Technology support	762,179	762,179	724,187	37,992
Operational support	5,512,426	5,507,426	5,047,627	459,799
Financial and human resource	1,036,123	1,033,123	968,828	64,295
Accountability	115,738	115,738	112,911	2,827
System-wide pupil support	373,918	373,918	325,524	48,394
Policy, leadership and public relations	921,738	930,738	789,712	141,026

See accompanying notes to the basic financial statements.

	<b>General Fund</b>			
	<b><u>Original Budget</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Positive (Negative) Variance</u></b>
<b>EXPENDITURES</b>				
Current, continued:				
Ancillary services	\$ 271	\$ 5,271	\$ 1,268	\$ 4,003
Non-programmed charges:				
Payments to charter schools	1,040,640	1,128,075	1,100,895	27,180
Total expenditures	<u>21,955,839</u>	<u>22,086,274</u>	<u>20,581,365</u>	<u>1,504,909</u>
Revenues over (under) expenditures	<u>(1,467,090)</u>	<u>(1,417,090)</u>	269,749	<u>1,686,839</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to other funds	(237,577)	(637,577)	(560,324)	77,253
Appropriated fund balance	1,754,667	2,104,667	-	(2,104,667)
Contingency	(50,000)	(50,000)	-	50,000
Total other financing sources (uses)	<u>1,467,090</u>	<u>1,417,090</u>	<u>(560,324)</u>	<u>(1,977,414)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(290,575)	<u>\$ (290,575)</u>
Fund balance—beginning of year			<u>7,913,760</u>	
Fund balance—end of year			<u>\$ 7,623,185</u>	

See accompanying notes to the basic financial statements.

**ASHEVILLE CITY SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL**  
**STATE PUBLIC SCHOOL FUND**  
**YEAR ENDED JUNE 30, 2018**

	<u>State Public School Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>REVENUES</b>				
Intergovernmental:				
State of North Carolina	\$ 27,586,917	\$ 27,947,448	\$ 26,453,772	\$ (1,493,676)
<b>EXPENDITURES</b>				
Current:				
Instructional services:				
Regular instructional	17,119,254	17,168,482	16,630,615	537,867
Special populations	4,318,093	4,348,604	4,275,870	72,734
Alternative programs	710,842	795,279	564,155	231,124
School leadership	1,546,423	1,546,423	1,276,817	269,606
School based support	1,949,813	1,949,290	1,874,901	74,389
System-wide support services:				
Support and development	115,226	141,426	110,105	31,321
Special populations support and development	27,727	27,727	44,350	(16,623)
Technology support	105,250	125,867	125,867	-
Operational support	665,149	748,210	725,726	22,484
Financial and human resource	274,641	274,641	252,118	22,523
System-wide pupil support	95,180	95,180	49,696	45,484
Policy, leadership and public relations	569,307	569,307	445,681	123,626
Ancillary services	90,012	78,860	-	78,860
Total expenditures	<u>27,586,917</u>	<u>27,869,296</u>	<u>26,375,901</u>	<u>1,493,395</u>
Revenues over expenditures	-	78,152	77,871	(281)
<b>OTHER FINANCING USES</b>				
Transfers to other funds	-	(78,152)	(77,871)	281
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance—beginning of year			-	
Fund balance—end of year			<u>\$ -</u>	

See accompanying notes to the basic financial statements.

**ASHEVILLE CITY SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL**  
**OTHER SPECIFIC REVENUE FUND**  
**YEAR ENDED JUNE 30, 2017**

	<b>Other Specific Revenue Fund</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>REVENUES</b>				
Intergovernmental:				
State of North Carolina	\$ 575,970	\$ 587,059	\$ 605,358	\$ 18,299
U.S. Government	226,615	260,254	333,780	73,526
Local option sales tax	2,940,135	2,940,135	2,991,931	51,796
Charges for services	628,712	864,926	804,981	(59,945)
Miscellaneous	316,187	316,187	357,004	40,817
	<u>4,687,619</u>	<u>4,968,561</u>	<u>5,093,054</u>	<u>124,493</u>
Total revenues				
<b>EXPENDITURES</b>				
Current:				
Instructional services:				
Regular instructional	2,010,142	2,330,142	2,045,195	284,947
Special populations	435,414	517,475	594,947	(77,472)
Alternative programs	1,291,415	1,402,740	1,340,005	62,735
School leadership	265,782	265,782	279,414	(13,632)
School based support	234,636	234,636	242,125	(7,489)
System-wide support services:				
Support and development	59,314	59,314	57,903	1,411
Special populations support and development	14,454	14,454	15,710	(1,256)
Alternative programs	35,209	35,209	28,181	7,028
Technology support	45,363	45,363	47,699	(2,336)
Operational support	306,866	306,866	243,688	63,178
Financial and human resource	87,133	87,133	89,960	(2,827)
Accountability	14,838	14,838	15,301	(463)
System-wide pupil support	41,054	41,054	41,502	(448)
Policy, leadership and public relations	96,081	96,081	95,416	665
Ancillary services	255,070	363,345	286,581	76,764
	<u>5,192,771</u>	<u>5,814,432</u>	<u>5,423,627</u>	<u>390,805</u>
Total expenditures				

	<b>Other Specific Revenue Fund</b>			
	<b><u>Original Budget</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Positive (Negative) Variance</u></b>
Revenues under expenditures	\$ (505,152)	\$ (845,871)	\$ (330,573)	\$ 515,298
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	-	350,000	350,000	-
Appropriated fund balance	505,152	495,871	-	(495,871)
Total other financing sources	505,152	845,871	350,000	(495,871)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	19,427	<u>\$ 19,427</u>
Fund balance—beginning of year			<u>2,242,513</u>	
Fund balance—end of year			<u>\$ 2,261,940</u>	

See accompanying notes to the basic financial statements.

**ASHEVILLE CITY SCHOOLS**  
**STATEMENT OF NET POSITION—PROPRIETARY FUND**  
**JUNE 30, 2018**

	<b>Child Nutrition Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 157,167
Due from other governments	53,614
Accounts receivable (net)	4,005
Net OPEB asset	1,900
Inventories	125,322
Total current assets	342,008
Non-current assets:	
Capital assets:	
Furniture and equipment, net	602,286
Total assets	944,294
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	158,113
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	1,215
Unearned revenue	22,858
Compensated absences, current portion	4,000
Total current liabilities	28,073
Non-current liabilities:	
Net pension liability	240,324
Net OPEB liability	1,062,428
Compensated absences, less current portion	37,349
Total non-current liabilities	1,340,101
Total liabilities	1,368,174
<b>DEFERRED INFLOWS OF RESOURCES</b>	385,390
<b>NET POSITION</b>	
Investment in capital assets	602,286
Unrestricted	(1,253,443)
Total net position	\$ (651,157)

See accompanying notes to the basic financial statements.

**ASHEVILLE CITY SCHOOLS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION—PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2018**

	<b>Child Nutrition Fund</b>
<b>OPERATING REVENUES</b>	
Food sales	\$ 399,451
<b>OPERATING EXPENSES</b>	
Food cost	672,996
Salaries and benefits	1,072,415
Materials and supplies	51,041
Depreciation	79,791
Other	35,983
Total operating expenses	<u>1,912,226</u>
Operating loss	<u>(1,512,775)</u>
<b>NON-OPERATING REVENUES</b>	
Federal reimbursements and grants	1,089,738
Federal commodities	113,340
State reimbursements	2,607
Total non-operating revenues	<u>1,205,685</u>
Loss before transfers	(307,090)
<b>TRANSFERS FROM OTHER FUNDS</b>	<u>247,223</u>
Change in net position	(59,867)
Net position—beginning of year, perviously reported	747,996
Restatement	<u>(1,339,286)</u>
Net position—beginning of year, as adjusted	<u>(591,290)</u>
Net position—end of year	<u><u>\$ (1,242,447)</u></u>

See accompanying notes to the basic financial statements.

**ASHEVILLE CITY SCHOOLS  
STATEMENT OF CASH FLOWS—PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2018**

	<b>Child Nutrition Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 404,729
Cash paid for goods and services	(652,029)
Cash paid to employees for services	<u>(795,812)</u>
Net cash used for operating activities	<u>(1,043,112)</u>
<b>Cash flows from non-capital financing activities:</b>	
State reimbursements	2,607
Federal reimbursements	<u>1,098,408</u>
Net cash provided by non-capital financing activities	<u>1,101,015</u>
<b>Cash flows for capital and related financing activities:</b>	
Acquisition of capital assets	<u>(112,336)</u>
Net decrease in cash and cash equivalents	(54,433)
Cash and cash equivalents—beginning of year	<u>211,600</u>
Cash and cash equivalents—end of year	<u><u>\$ 157,167</u></u>



	<b>Child Nutrition Fund</b>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (1,512,775)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	79,791
Donated commodities consumed	113,340
Expenses paid by General Fund	67,324
Salaries paid by State Public School Fund	77,871
Expenses paid by Capital Outlay Fund	(10,308)
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Decrease in accounts receivable	2,100
Increase in net OPEB asset	(213)
Increase in inventories of food and supplies	(62,722)
Increase in deferred outflows of resources	(52,997)
Increase in accounts payable and accrued salaries and wages payable	357
Decrease in net pension liability	(37,705)
Decrease in net OPEB liability	(92,303)
Increase in unearned revenue	3,178
Increase in compensated absences	11,132
Increase in deferred inflows of resources	370,818
Net cash used for operating activities	<u>\$ (1,043,112)</u>
Non-cash investing, capital, and financing activities:	
Donated commodities received, reflected as a non-operating revenue and operating expense	<u>\$ 113,340</u>
Transfer for food purchases and salaries paid by the General Fund, reflected as a transfer and operating expense	<u>\$ 67,324</u>
Equipment purchased by the Capital Outlay Fund, reflected as a capital contribution and an addition to capital assets	<u>\$ 102,028</u>

See accompanying notes to the basic financial statements.

**ASHEVILLE CITY SCHOOLS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES—FIDUCIARY FUND**  
**June 30, 2018**

	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>66,499</u>
<b>LIABILITIES</b>	
Due to other sources	\$ <u>66,499</u>

See accompanying notes to the basic financial statements.

**1. REPORTING ENTITY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Asheville City Schools (the “Board”) is a Local Education Agency empowered by North Carolina (“State”) law [Chapter 115C of the North Carolina General Statutes, hereafter referred to as G.S. or State Statute] with the responsibility to oversee

and control all activities related to public school education in Asheville, North Carolina. The Board receives state, local, and federal government funding and must adhere to the legal requirements of each funding entity.

**BASIS OF PRESENTATION**

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

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Board and for each function of the Board’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not

classified as program revenues are presented as general revenues.

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

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

The Board reports the following major governmental funds:

- ✓ **General Fund:** The General Fund is the general operating fund of the Board. This fund is the “Local Current Expense Fund,” which is mandated by State Statute [G.S. 115C-426].
- ✓ **State Public School Fund:** The State Public School Fund includes appropriations from the

## ASHEVILLE CITY SCHOOLS

North Carolina Department of Public Instruction for the current operating expenditures of the public school system.

- ✓ **Other Specific Revenue Fund:** The Other Specific Revenue Fund accounts for reimbursements, including indirect costs, fees for actual costs, tuition, sales tax revenues distributed using the ad valorem method pursuant to G.S. 105-472(b)(2), sales tax refunds, gifts and grants restricted as to use, federal grants restricted as to use, federal appropriations made directly to local school administrative units, funds received for prekindergarten programs, and special programs that are not accounted for in the General Fund or other special revenue funds pursuant to G.S. 115C-426(c).
- ✓ **Capital Outlay Fund:** The Capital Outlay Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities and the acquisition of vehicles and equipment (other than those financed by proprietary funds). It is mandated by State Statute [G.S. 115C-426]. Major capital projects are funded by Buncombe County and the State of North Carolina (the "State").

The Board reports the following non-major funds:

- ✓ **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.
- ✓ **Individual Schools Fund:** The Individual Schools Fund includes revenues and expenditures of the activity funds of the

individual schools. The primary revenue sources include funds held on the behalf of various clubs and organizations, receipts from athletic events, and proceeds from various fundraising activities. The primary expenditures are for the athletic teams, club programs, student activities, and instructional needs.

The Board reports the following major enterprise fund:

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

The Board reports the following fiduciary fund:

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

### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

## NOTES TO THE FINANCIAL STATEMENTS

recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position 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.

**BUDGETARY DATA**

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the Individual Schools Fund, as required by the North Carolina General Statutes. No budget is required by State law for the Individual Schools Fund. All appropriations, except where construction project budgets have been approved in the Capital Outlay Fund or grants whose funding period does not coincide with the fiscal year end, lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The Board has authorized the Superintendent to move monies 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 a cumulative total of plus or minus ten percent. All such 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.

During the current the Board adopted a new budgeting policy. The new policy allows the Board to budget at the functional level as opposed to budgeting at the account level.

**ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/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); and the North Carolina State Treasurer's Short Term Investment Fund (STIF).

The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. The STIF consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The NCCMT Cash Portfolio, a SEC-registered 2a7 external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the

STIF operating procedures. Valuation of the underlying assets is performed by the custodian. 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.

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

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

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

**Capital Assets:** Donated assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an

## ASHEVILLE CITY SCHOOLS

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 financing agreements for 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

Depreciation for buildings and equipment that serve multiple purposes cannot be allocated ratably and is therefore reported as "unallocated depreciation" on the Statement of Activities.

**Deferred Outflows of Resources:** In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The Board has two items that meet this criterion: a pension related deferral and contributions made to the pension plan in the current fiscal year.

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

**Compensated Absences:** The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave, with such leave being fully vested when earned. In addition, certain employees may accumulate up to twenty-five (25) additional bonus vacation leave days, which are fully vested when earned. The Board records compensated absences on a FIFO basis. The liability as of June 30, 2018, represents the value of accumulated unpaid vacation leave and salary related payments as of that date (See Table VI).

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.

**Deferred Inflows of Resources:** The Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has one item that meets this criterion: pension related deferrals.

**Net Position/Fund Balances:** Net position in the government-wide and proprietary fund financial statements are classified as investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that

## NOTES TO THE FINANCIAL STATEMENTS

are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, or imposed by law through State Statute.

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

The governmental fund types classify fund balances as follows:

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

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

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

✓ Restricted for Stabilization by State Statute - portion of fund balance not available for appropriation under State law. State law [G.S. 115C-425a] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities and encumbrances at the close of the fiscal year preceding the budget year.

✓ Restricted for School Capital Outlay - portion of fund balance that can only be used for School Capital Outlay [G.S. 159-18 through 22].

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

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

- ✓ Special programs – portion of total fund balance that is appropriated for prekindergarten and other special programs not accounted for in other special revenue funds.
- ✓ Subsequent year’s expenditures – portion of total fund balance that is appropriated in the 2018-2019 budget ordinance that is not already classified as restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the superintendent to modify the appropriations by resource or appropriation within funds as long as the amounts transferred do not exceed a cumulative total of plus or minus ten percent in any purpose, function or project.

**Unassigned Fund Balance:** The positive portion of fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund. A positive unassigned fund balance may not be reported in any fund other than the General Fund. However, a negative unassigned fund balance may be reported in other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted or committed to those purposes.

The Board has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Executive Director of Finance will use resources in the following

hierarchy: state funds, federal funds, local non-board of education funds, and board of education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Executive Director of Finance has the authority to deviate from this policy if it is in the best interest of the Board.

**Defined Benefit Pension Plan:** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers’ and State Employees’ Retirement System (“TSERS”) and additions to/deductions from TSERS’ fiduciary net position have been determined on the same basis as they are reported by TSERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Board’s employers contributions are recognized when due and the Board has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of TSERS. Investments are reported at fair value.

**3. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**

**ASSETS**

**Deposits:** All of the Board's deposits are either insured or collateralized by using the Pooling Method. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State

Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the agent in the entity’s name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Board has no policy regarding custodial credit risk for deposits.

At June 30, 2018, the Board had deposits with financial institutions with a carrying amount of \$1,829,403 and \$-0- with the State Treasurer. The bank balances with the financial institutions and the State Treasurer were \$2,293,031 and \$-0-, respectively. Of these balances, \$947,944 was covered by federal depository insurance, \$1,345,087 was covered by collateral under the Pooling Method, and \$110,926 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The Board’s petty cash at June 30, 2018 was \$280.

**Investments:** The Board’s investment balances at June 30, 2018 are summarized in Table I. All investments are measured using the market approach. Debt securities classified in Level 1 of the fair value hierarchy are valued using quoted market prices in active markets for those

Table I						
INVESTMENTS						
Investment Type	Valuation Measurement Method	Balance at June 30, 2018	Maturity	Rating		
NC Capital Management Trust – Term Portfolio	Fair Value – Level 1	\$ 24,589	Duration of .09 years	Unrated		
NC Capital Management Trust – Government Portfolio	Amortized Cost	337,829	N/A	AAAm		
NC State Treasurer’s Short Term Investment Fund (STIF)	Fair Value – Level 2	10,879,885	Duration of 1.5 years	Unrated		
		<u>\$ 11,242,303</u>				

Table II							
DUE FROM OTHER GOVERNMENTS							
	Governmental Activities					Business-type Activities	
	General	State Public School	Other Specific Revenue	Capital Outlay	Non-major	Total	Child Nutrition
State government	\$ -	\$ 977	\$ 97,012	\$ 30,435	\$ 9,654	\$ 138,078	\$ 53,614
Local governments	39,682	-	829,680	633,259	-	1,502,621	-
	<u>\$ 39,682</u>	<u>\$ 977</u>	<u>\$ 926,692</u>	<u>\$ 663,694</u>	<u>\$ 9,654</u>	<u>\$ 1,640,699</u>	<u>\$ 53,614</u>

securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

The Board has no formal policy for managing interest rate risk or credit risk. The Board follows State law.

**Due from Other Governments:** Amounts due from other governments at June 30, 2018, are summarized in Table II. Amounts due from local governments in the General Fund are related to miscellaneous tax revenue from Buncombe County. Amounts due from local governments to the Other Specific Revenue Fund are related to sales tax revenue from Buncombe County. Amounts due from local governments to the Capital Outlay Fund are related to State Funds

from State appropriations. Amounts due from state governments to the Child Nutrition fund are related to USDA funds and NCDHHS Food Program funds.

**Capital Assets:** Capital asset activity for the year ended June 30, 2018, is summarized in Table III.

Regular instructional	\$ 769,798
Special populations	260,304
Alternative programs	11,417
School leadership	4,734
Co-curricular	234,926
School-based support	457,409
Technology support	26,043
Operational support	615,206
Policy, leadership and public relations	771
Ancillary	466,002
Unallocated	5,505,964
	<u>\$ 8,352,574</u>

**Construction Commitments:** At June 30, 2018, the Board’s commitment with contractors for school construction projects was approximately \$2,030.

**DEFERRED OUTFLOWS OF RESOURCES**

The balance of deferred outflows of resources, as of June 30, 2018, consisted of OPEB and pension related deferrals in the amounts of \$4,077,780 and \$9,062,982, respectively.

**LIABILITIES**

**Accounts Payable:** The balance in accounts payable at June 30, 2018 is summarized in Table IV.



<b>Table III</b>					
<b>CAPITAL ASSETS</b>					
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,307,576	\$ -	\$ -	\$ -	\$ 1,307,576
Construction in progress	63,287,429	889,169	-	(64,163,008)	13,590
Total capital assets not being depreciated	64,595,005	889,169	-	(64,163,008)	1,321,166
Capital assets being depreciated:					
Buildings	72,052,821	332,297	(7,421,582)	64,163,008	129,126,544
Equipment and furniture	4,900,651	177,359	-	-	5,078,010
Vehicles	3,553,970	129,365	(31,547)	-	3,651,788
Land improvements	3,583,614	-	-	-	3,583,614
Total capital assets being depreciated	84,091,056	639,021	(7,453,129)	64,163,008	141,439,956
Less accumulated depreciation for:					
Buildings	(43,560,518)	(7,731,928)	6,078,334	-	(45,214,112)
Equipment and furniture	(3,534,211)	(294,092)	-	-	(3,828,303)
Vehicles	(2,896,414)	(168,152)	31,547	-	(3,033,019)
Land improvements	(2,220,768)	(158,402)	-	-	(2,379,170)
Total accumulated depreciation	(52,211,911)	(8,352,574)	6,109,881	-	(54,454,604)
Total capital assets being depreciated, net	31,879,145	(7,713,553)	(1,343,248)	64,163,008	86,985,352
Governmental activities capital assets, net	\$ 96,474,150	\$ (6,824,384)	\$ (1,343,248)	\$ -	\$ 88,306,518
Business-type activities:					
Child Nutrition Fund:					
Capital assets being depreciated:					
Equipment	\$ 1,169,655	\$ 112,336	\$ -	\$ -	\$ 1,281,991
Less accumulated depreciation for:					
Equipment	(599,914)	(79,792)	-	-	(679,706)
Business-type activities capital assets, net	\$ 569,741	\$ 32,544	\$ -	\$ -	\$ 602,285

<b>Table IV</b>					
<b>ACCOUNTS PAYABLE</b>					
	<u>Governmental Activities</u>				<u>Business-type Activities</u>
	<u>General</u>	<u>Other Specific Revenue</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Child Nutrition</u>
Vendors	\$ 109,045	\$ 2,766	\$ 39,291	\$ 151,102	\$ 1,215
Charter schools	121,808	-	-	121,808	-
	<u>\$ 230,853</u>	<u>\$ 2,766</u>	<u>\$ 39,291</u>	<u>\$ 272,910</u>	<u>\$ 1,215</u>

**Unearned Revenue:** The balance in unearned revenue at June 30, 2018 is summarized in Table V.

**Long-Term Obligations:** The summary of changes in the Board's long-term obligations for the year ended June 30, 2018, is shown in Table VI.

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

The Board is authorized by State law [G.S. 115C-528(a)] to finance the purchase of school buses. Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through a special third party financing arrangement by Bank of America Public Capital Corp at total payments less than the purchase price. In July 2015, the Board entered into an installment purchase contract to finance the purchase of three school buses. The financing contract requires only principal payments of \$60,524 due at the beginning of each contract year. In July 2016, the Board entered into an installment purchase contract to finance the purchase of six school buses. The financing contract requires only principal payments of \$127,304 due at the beginning of each contract year. In February 2018, the Board entered into an installment purchase contract to finance the purchase of one school bus. The financing contract requires only principal payments of \$22,922 due within 30 days of delivery and at the beginning of each contract year.

The future minimum payments of the installment purchase contracts as of June 30, 2018 is as follows:

	Governmental Activities					Business-type Activities
	State Public School	Other Specific Revenue	Capital Outlay	Non-Major	Total	Child Nutrition
	Grants and contracts	\$ 977	\$ 16,255	\$ -	\$ 9,654	\$ 26,886
Prepaid lunch sales	-	-	-	-	-	48,734
	<u>\$ 977</u>	<u>\$ 16,255</u>	<u>\$ -</u>	<u>\$ 9,654</u>	<u>\$ 26,886</u>	<u>\$ 48,734</u>

	Beginning Balances (as adjusted)	Increases	Decreases	Ending Balances	Due in One Year
Governmental activities:					
Installment purchase obligation	\$ 315,131	\$ 91,686	\$ (210,749)	\$ 196,068	\$ 150,225
Compensated absences	2,468,536	1,753,572	(1,436,027)	2,786,081	200,000
Net OPEB liability	86,711,542	-	(19,634,157)	67,077,385	-
Net pension liability	20,877,891	-	(3,296,667)	17,581,224	-
	<u>\$ 110,373,100</u>	<u>\$ 1,845,258</u>	<u>\$ (24,577,600)</u>	<u>\$ 87,640,758</u>	<u>\$ 350,225</u>
Business-type activities:					
Compensated absences	\$ 30,217	\$ 40,086	\$ (28,954)	\$ 41,349	\$ 4,000
Net OPEB liability	1,154,732	-	(92,304)	1,062,428	-
Net pension liability	278,029	-	(37,705)	240,324	-
	<u>\$ 1,462,978</u>	<u>\$ 40,086</u>	<u>\$ (158,963)</u>	<u>\$ 1,344,101</u>	<u>\$ 4,000</u>

	Governmental Activities
	Principal
Year ending June 30:	
2019	\$ 150,225
2020	22,922
2021	22,922
Total	<u>\$ 196,069</u>

**DEFERRED INFLOWS OF RESOURCES**

The balance of deferred inflows of resources, as of June 30, 2018, consisted of OPEB and pension related deferrals in the amounts of \$23,307,306 and \$1,187,276, respectively.

**FUND BALANCE**

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. At June 30, 2018, outstanding encumbrances in the Capital Outlay Fund amounted to \$10,808.

#### 4. EMPLOYEE BENEFITS

##### PENSION PLAN OBLIGATIONS

##### **Teachers' and State Employees' Retirement System:**

*Plan Description.* The Board is a participating employer in 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 membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the employees of Local Education Agencies and charter schools. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average

final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60 (10 years for members joining on or after August 1, 2011). Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

*Contributions.* Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2018, was 10.38% of covered payroll, actuarially determined as an amount that, when combined with employee

contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$3,446,316 for the year ended June 30, 2018.

*Refunds of Contributions.* Board employees who have terminated service as a contributing member of TSERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by TSERS.

##### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2018, the Board reported a liability of \$17,821,548 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2018 and at June 30, 2017, the Board's proportion was 0.22461% and 0.23018%, respectively.

Table VII DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 386,338	\$ 583,036
Changes of assumptions	2,815,536	-
Net difference between projected and actual earnings on pension plan investments	2,411,860	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	119,770	620,469
Board contributions subsequent to the measurement date	3,453,363	-
	<u>\$9,186,867</u>	<u>\$1,203,505</u>

For the year ended June 30, 2018, the Board recognized pension expense of \$5,074,046. At June 30, 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources described in Table VII.

An amount equal to \$3,453,363, reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date, will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2019	835,212
2020	3,203,160
2021	1,456,879
2022	(965,252)
	<u>\$ 4,529,999</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial

assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures.

The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Board’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the Board’s proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the Board’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>Board’s Proportionate Share of the Net Pension Liability</b>
1% Decrease (6.20%)	\$ 36,684,123
Discount Rate (7.20%)	\$ 17,821,548
1% Increase (8.20%)	\$ 2,017,115

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan’s fiduciary net

position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

**HEALTHCARE BENEFITS**

*Plan description.* The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

The financial statements and other required disclosures for the plan are presented in the State of North Carolina’s CAFR, which can be found at

<https://www.osc.nc.gov/public-information/reports>.

*Benefits provided.* Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options of the self-funded Traditional 70/30 preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees’ Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the General Assembly

first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's noncontributory premium.

Section 35.21 (c) and (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired January 1, 2021. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

*Contributions.* By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial

valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.17% of covered payroll which amounted to \$2,049,162.

At June 30, 2018, Board reported a liability of \$68,139,813 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. The total OPEB liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2018, the Board's proportion was 0.20783%.

\$2,049,162 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2019	(4,347,141)
2020	(4,347,141)
2021	(4,347,141)
2022	(4,347,141)
2023	(4,340,810)
	\$ (21,729,374)

*Actuarial assumptions.* Common actuarial assumptions for both OPEB plans follow individual note disclosures for each OPEB plan.

Inflation	2.75%
Salary increases	3.50-8.10%, include 3.5% inflation and productivity factor
Investment rate of return	7.20%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate – medical	5.00-6.50%
Healthcare cost trend rate – prescription drug	5.00-7.25%
Healthcare cost trend rate – Medicare advantage	4.00-5.00%
Healthcare cost trend rate – administrative	3.00%

*Discount rate.* The discount rate used to measure the total OPEB liability for the RHBF was 3.58%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.58% was used as the discount rate used to measure the total OPEB liability. The 3.58% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2017.

*Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-

## ASHEVILLE CITY SCHOOLS

percentage-point lower (2.58 percent) or 1-percentage point higher (4.58 percent) than the current discount rate:

	<u>Board's Proportionate Share of the Net OPEB Liability</u>
1% Decrease (2.58%)	\$ 81,286,883
Discount Rate (3.58%)	\$ 68,139,813
1% Increase (4.58%)	\$ 57,712,320

*Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare trend rates.* The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current discount rate:

	<u>Board's Proportionate Share of the Net OPEB Liability</u>
1% Decrease (Medical – 4.00-5.50%, Pharmacy – 4.00-6.25%, Medicare Advantage – 3.00-4.00%, Administrative – 2.00%)	\$ 55,663,951
Healthcare Trend Rates (Medical – 5.00-6.50%, Pharmacy – 5.00-7.25%, Medicare Advantage – 4.00-5.00%, Administrative – 3.00%)	\$ 68,139,813
1% Increase (Medical – 6.00-7.50%, Pharmacy – 6.00-8.25%, Medicare Advantage – 5.00-6.00%, Administrative – 4.00%)	\$ 84,721,827

*OPEB plan fiduciary net position.* Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

## NOTES TO THE FINANCIAL STATEMENTS

whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provide the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or ORP, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from TSERS after (1) reaching the age of 65 and completing 5 years of membership service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of service at any age.

*Contributions.* Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2018, employers made a statutory contribution of 0.14% of covered payroll which was equal to the actuarially required

### LONG-TERM DISABILITY BENEFITS

*Plan description.* Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to the eligible members of TSERS which includes employees of the State, the University of North Carolina System, community colleges, certain Local Education Agencies, and ORP.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members.

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

*Benefits Provided.* Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease,



## ASHEVILLE CITY SCHOOLS

contribution. Board contributions to the plan were \$86,002 for the year ended June 30, 2018.

The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other postemployment benefit.

### ***OPEB Assets, OPEB Expense, and Deferred Outflows and Inflows of Resources of Related to OPEB***

At June 30, 2018, Board reported an asset of \$121,830 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016. The total OPEB asset was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2018, the Board's proportion was 0.19933%.

\$86,002 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2019	17,005
2020	17,005
2021	16,999
2022	6,671
	\$ 57,680

*Actuarial assumptions.* Common actuarial assumptions for both OPEB plans follow individual note disclosures for each OPEB plan.

Inflation	3.00%
Salary increases	3.50-8.10%, include 3.5% inflation and productivity factor
Investment rate of return	3.75%, net of OPEB plan expense, including inflation

*Sensitivity of the Board's proportionate share of the net OPEB asset to changes in the discount rate.* The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage point higher (4.75 percent) than the current discount rate:

	<b>Board's Proportionate Share of the Net OPEB Asset</b>
1% Decrease (2.75%)	\$ 103,574
Discount Rate (3.75%)	\$ 121,830
1% Increase (4.75%)	\$ 140,129

*Common actuarial assumptions for both OPEB plans.* The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2016 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The update procedures

## NOTES TO THE FINANCIAL STATEMENTS

incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, general, law enforcement officer), and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2010 through December 31, 2014.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Opportunistic		
Fixed Income	7.0%	6.0%
Inflation Sensitive	6.0%	4.0%
Total	100.0%	



<b>Table VIII OPEB Expense, OPEB Liability, OPEB Asset, and Deferred Outflows and Inflows of Resources of Related to OPEB</b>			
	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB expense	3,767,683	63,919	3,831,602
OPEB liability (asset)	68,139,813	(121,830)	68,017,983
Proportionate share of net OPEB liability (asset)	0.20783%	0.19933%	
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	-	33,404	33,404
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on plan investments	-	26,704	26,704
Changes in proportion and difference between Board contributions and proportionate share of contributions	1,947,095	-	1,947,095
Board contributions subsequent to the measurement date	2,049,162	86,002	2,135,164
<b>Deferred inflow of resources</b>			
Differences between expected and actual experience	4,885,750	-	4,885,750
Changes of assumptions	18,765,393	-	18,765,393
Net difference between projected and actual earnings on plan investments	25,324	-	25,324
Changes in proportion and difference between Board Contributions and proportionate share of contributions	-	2,428	2,428

**Total OPEB Expense, OPEB Liability, OPEB Asset, and Deferred Outflows and Inflows of Resources of Related to OPEB**

See table VIII about for information related to the proportionate share and pension expense.

**5. RISK MANAGEMENT**

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North

Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$2 million per claim, \$5.15 million per coverage period aggregate. In addition, the Board maintains automobile liability and uninsured/underinsured motorists coverage limits of \$2 million per accident through the Trust. The Trust retention per claim for general liability and errors and omissions claims is \$150,000, and the retention per accident for automobile liability and uninsured/ underinsured motorists’ claims is \$150,000. The Trust maintains reinsurance through a commercial company to cover losses in excess of the retention amounts. Automobile physical damage coverage along with inland marine coverage for scheduled equipment is also maintained through the Trust. The Board also

participates in the Public School Insurance Fund (the Fund). This is a voluntary, self-insured risk control and risk-financing fund administered by the North Carolina Department of Public Instruction. The Fund insures tangible property assets of the Board. Coverage is provided on an “all risk” perils contract. Building and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the case of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on Flood, Earthquake, Business Interruption, and Extra Expense. Increased cost of construction is provided at \$10 million per occurrence. Additionally, the Board maintains an insurance policy to protect itself from cyber-crimes and data theft. The policy carries coverage up to \$1 million per occurrence.

Statutory workers’ compensation is purchased through a commercial carrier. Coverage is provided to the extent that employees are paid from federal or local funds. Workers’ Compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent that employees are 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. The Board pays the full cost of coverage for eligible employees enrolled in the basic Comprehensive Major Medical Plan.

In accordance with G.S. 115C-442, the Board has purchased a commercial surety bond as a public official bond for employees who have custody of

the Board's monies at any given time. The Finance Officer is bonded for \$200,000. All other employees that have access to funds are bonded under a blanket bond for \$50,000, with a \$10,000 theft, disappearance and destruction limit.

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

### **6. INTERFUND ACTIVITY**

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

Transfers to/from other funds for the year-ended June 30, 2018 consist of \$350,000 transferred for the General Fund to the Other Specific Revenue Fund; \$67,324 transferred from the General Fund to the Child Nutrition Fund for food purchases and salaries; \$77,871 transferred from the State Public School Fund to the Child Nutrition Fund for the Child Nutrition Director's salary; \$102,028 transferred from the Capital Outlay Fund to the Child Nutrition Fund for the purchase of capital assets and equipment; and \$143,000 transferred from the General Fund to the non-major governmental fund for individual schools for operating expenditures.

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

The supplemental city school tax, approved in 1935 by the citizens of Asheville, is currently 12¢ 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.

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

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

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

### **9. CHANGE IN ACCOUNTING PRINCIPAL/RESTATEMENT**

The Board implemented Governmental Accounting Standards Board (GASB) statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, for the fiscal year ending June 30, 2017. The implementation of the statement required the Board to record beginning net OPEB asset, net OPEB liability, and the effects on net position of contributions made by the Board during the measurement period (fiscal year 2017). As a result, net position for the governmental and business-type activities decreased by \$84,518,785 and \$1,339,286, respectively.



ASHEVILLE CITY SCHOOLS

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**SUPPLEMENTARY INFORMATION**

## REQUIRED SUPPLEMENTARY INFORMATION

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Required Supplementary Information (“RSI”) is not a required part of the basic financial statements but is information required by the Governmental Accounting Standards Board. This section includes the following RSI regarding Asheville City Schools’ participation in the North Carolina Teachers’ and State Employees’ Retirement System (“TSERS”), Retiree Health Benefit Fund (“RHBF”), and Disability Income Plan of North Carolina (“DIPNC”):

- Schedule of the Board’s Proportionate Share of the Net Pension Liability – TSERS
- Schedule of the Board’s Contributions – TSERS
- Schedule of the Board’s Proportionate Share of the Net OPEB Liability – RHBF
- Schedule of the Board’s Contributions – RHBF
- Schedule of the Board’s Proportionate Share of the Net OPEB Asset – DIPNC
- Schedule of the Board’s Contributions – DIPNC
- 

Management’s Discussion and Analysis is also RSI. It is presented immediately before the basic financial statements.

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**ASHEVILLE CITY SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM  
LAST FIVE FISCAL YEARS\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (%)	0.22461%	0.23018%	0.23462%	0.22456%	0.22050%
Board's proportionate share of the net pension liability (\$)	\$ 17,821,548	\$ 21,155,920	\$ 8,646,212	\$ 2,632,789	\$ 13,386,597
Board's covered payroll	\$ 30,183,001	\$ 29,076,240	\$ 29,795,108	\$ 28,048,113	\$ 28,106,647
Board's proportionate share of the net pension liability as a percentage of its covered payroll	59.04%	72.76%	29.02%	9.39%	47.63%
Plan fiduciary net position as a percentage of total pension liability	89.51%	87.32%	94.64%	98.24%	90.60%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

This schedule will build to a 10 year schedule as information becomes available.

**ASHEVILLE CITY SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE BOARD'S CONTRIBUTIONS  
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM  
LAST FIVE FISCAL YEARS\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,446,316	\$ 3,012,263	\$ 2,660,476	\$ 2,726,252	\$ 2,437,006
Contributions in relation to the contractually required contributions	<u>3,446,316</u>	<u>3,012,263</u>	<u>2,660,476</u>	<u>2,726,252</u>	<u>2,437,006</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Board's covered payroll	 <u>\$ 33,201,503</u>	 <u>\$ 30,183,001</u>	 <u>\$ 29,076,240</u>	 <u>\$ 29,795,108</u>	 <u>\$ 28,048,113</u>
 Contributions as a percentage of covered payroll	 10.38%	 9.98%	 9.15%	 9.15%	 8.69%

\* This schedule is intended to show information for ten years.  
Additional years' information will be displayed as it becomes available.

**ASHEVILLE CITY SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF NET OPEB LIABILITY  
RETIREE HEALTH BENEFIT FUND  
LAST TWO FISCAL YEARS\***

	<b>2018</b>	<b>2017</b>
Board's proportion of the net OPEB liability (%)	0.20783%	0.20198%
Board's proportionate share of the net OPEB liability (\$)	\$ 68,139,813	\$ 87,886,274
Board's covered payroll	\$ 30,183,001	\$ 29,076,240
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	225.76%	302.26%
Plan fiduciary net position as a percentage of total OPEB liability	3.52%	2.41%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

This schedule will build to a 10 year schedule as information becomes available.

**ASHEVILLE CITY SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE BOARD'S CONTRIBUTIONS  
 RETIREE HEALTH BENEFIT FUND  
 LAST TWO FISCAL YEARS\***

	<b>2018</b>	<b>2017</b>
Contractually required contribution	\$ 2,049,162	\$ 1,764,773
Contributions in relation to the contractually required contributions	2,049,162	1,764,773
Contribution deficiency (excess)	\$ -	\$ -
 Board's covered payroll	 \$ 33,201,503	 \$ 30,183,001
 Contributions as a percentage of covered payroll	 6.17%	 5.85%

\* This schedule is intended to show information for ten years.  
 Additional years' information will be displayed as it becomes available.



**ASHEVILLE CITY SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB ASSET  
DISABILITY INCOME PLAN OF NORTH CAROLINA  
LAST TWO FISCAL YEARS\***

	2018	2017
Board's proportion of the net OPEB asset (%)	0.19933%	0.20669%
Board's proportionate share of the net OPEB asset (\$)	\$ 121,830	\$ 128,354
Board's covered payroll	\$ 30,183,001	\$ 29,076,240
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.40%	0.44%
Plan fiduciary net position as a percentage of total OPEB asset	116.23%	116.06%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.  
This schedule will build to a 10 year schedule as information becomes available.

**ASHEVILLE CITY SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE BOARD'S CONTRIBUTIONS  
 DISABILITY INCOME PLAN OF NORTH CAROLINA  
 LAST TWO FISCAL YEARS\***

	<b>2018</b>	<b>2017</b>
Contractually required contribution	\$ 86,002	\$ 115,075
Contributions in relation to the contractually required contributions	86,002	115,075
Contribution deficiency (excess)	\$ -	\$ -
 Board's covered payroll	 \$ 33,201,503	 \$ 30,183,001
 Contributions as a percentage of covered payroll	 0.26%	 0.38%

\* This schedule is intended to show information for ten years.  
 Additional years' information will be displayed as it becomes available.

## **NON-MAJOR GOVERNMENTAL FUNDS**

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Asheville City Schools has two non-major special revenue funds: the Federal Grants Fund and the Individual Schools Fund. Both of these funds are accounted for using the modified accrual basis of accounting. However, 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 from 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.

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**ASHEVILLE CITY SCHOOLS  
COMBINING BALANCE SHEET—NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<u>Federal Grants</u>	<u>Individual Schools</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 748,720	\$ 748,720
Due from other governments	9,654	-	9,654
Total assets	\$ 9,654	\$ 748,720	\$ 758,374
<b>LIABILITIES</b>			
Unearned revenue	\$ 9,654	\$ -	\$ 9,654
<b>FUND BALANCES</b>			
Restricted:			
Individual school activities	-	748,720	748,720
Total liabilities and fund balances	\$ 9,654	\$ 748,720	\$ 758,374

**ASHEVILLE CITY SCHOOLS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES—NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30 2018**

	<u>Federal Grants</u>	<u>Individual Schools</u>	<u>Total</u>
<b>REVENUES</b>			
Intergovernmental:			
U.S. Government	\$ 2,849,227	\$ -	\$ 2,849,227
Miscellaneous	-	1,530,034	1,530,034
	<hr/>	<hr/>	<hr/>
Total revenues	2,849,227	1,530,034	4,379,261
<b>EXPENDITURES</b>			
Current:			
Instructional Services:			
Regular instructional	127,666	-	127,666
Special populations	711,255	-	711,255
Alternative programs	1,536,986	-	1,536,986
Co-curricular	-	1,636,186	1,636,186
School-based support	11,733	-	11,733
System-wide Support Services:			
Support and development	167,816	-	167,816
Special populations support and development	126,203	-	126,203
Alternative programs and services support and development	36,268	-	36,268
Operational support	12,521	-	12,521
Financial and human resource	15,176	-	15,176
Non-programmed charges:			
Other	103,603	-	103,603
	<hr/>	<hr/>	<hr/>
Total expenditures	2,849,227	1,636,186	4,485,413
Revenues under expenditures	<hr/>	<hr/>	<hr/>
	-	(106,152)	(106,152)

	<b><u>Federal Grants</u></b>	<b><u>Individual Schools</u></b>	<b><u>Total</u></b>
<b>OTHER FINANCING SOURCES</b>			
Transfers from other funds	\$ -	\$ 143,000	\$ 143,000
Total other financing sources	<u>-</u>	<u>143,000</u>	<u>143,000</u>
Net change in fund balances	-	36,848	36,848
Fund balances—beginning of year	<u>-</u>	<u>711,872</u>	<u>711,872</u>
Fund balances—end of year	<u><u>\$ -</u></u>	<u><u>\$ 748,720</u></u>	<u><u>\$ 748,720</u></u>

**ASHEVILLE CITY SCHOOLS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL  
FEDERAL GRANTS FUND  
YEAR ENDED JUNE 30 2018**

	<u>Federal Grants Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>REVENUES</b>			
Intergovernmental:			
U.S. Government	\$ 3,898,374	\$ 2,849,227	\$ (1,049,147)
<b>EXPENDITURES</b>			
Current:			
Instructional services:			
Regular instructional	190,691	127,666	63,025
Special populations	1,381,866	711,255	670,611
Alternative programs	1,650,128	1,536,986	113,142
School-based support	105,165	11,733	93,432
System-wide support services:			
Support and development	173,898	167,816	6,082
Special populations support and development	131,456	126,203	5,253
Alternative programs and services support and development	58,880	36,268	22,612
Operational support	42,724	12,521	30,203
Financial and human resource	24,500	15,176	9,324
Non-programmed charges:			
Other	139,066	103,603	35,463
Total expenditures	<u>3,898,374</u>	<u>2,849,227</u>	<u>1,049,147</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance—beginning of year		<u>-</u>	
Fund balance—end of year		<u>\$ -</u>	

## **CAPITAL OUTLAY FUND**

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

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**ASHEVILLE CITY SCHOOLS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL**  
**CAPITAL OUTLAY FUND**  
**YEAR ENDED JUNE 30 2018**

	<u>Capital Outlay Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>REVENUES</b>			
Intergovernmental:			
State of North Carolina	\$ 1,704,176	\$ 210,246	\$ (1,493,930)
Buncombe County	2,883,165	2,549,506	(333,659)
Miscellaneous	60,000	175,511	115,511
Total revenues	<u>4,647,341</u>	<u>2,935,263</u>	<u>(1,712,078)</u>
<b>EXPENDITURES</b>			
Current:			
Instructional Services:			
Regular instructional	228,130	196,587	31,543
School-based support	691,800	634,291	57,509
System-wide Support Services:			
Technology support	60,000	59,888	112
Operational support	157,400	149,336	8,064
Policy, Leadership, & PR	48,600	44,200	4,400
Debt service	315,132	210,246	104,886
Capital outlay	4,416,354	1,479,577	2,936,777
Total expenditures	<u>5,917,416</u>	<u>2,774,125</u>	<u>3,143,291</u>
Revenues over (under) expenditures	<u>(1,270,075)</u>	<u>161,138</u>	<u>1,431,213</u>

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Appropriated fund balance	\$ 1,286,505	\$ -	\$ (1,286,505)
Installment purchase obligations issued	89,670	89,670	-
Transfers to other funds	(106,100)	(102,028)	4,072
	<u>1,270,075</u>	<u>(12,358)</u>	<u>(1,282,433)</u>
Total other financing sources (uses)			
Net change in fund balance	<u>\$ -</u>	148,780	<u>\$ 148,780</u>
Fund balance—beginning of year		<u>3,336,780</u>	
Fund balance—end of year		<u>\$ 3,485,560</u>	

## **ENTERPRISE FUND**

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Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Enterprise fund accounting is designed to highlight the extent to which fees and charges are sufficient to cover the costs of providing goods and services. It is often used for subsidized activities to highlight the cost of the subsidy.

Asheville City Schools has one Enterprise Fund. The Child Nutrition Fund accounts for Asheville City Schools' "Child Nutrition Program" (the "Program") which provides breakfast and lunch to students attending Asheville City Schools. The primary operating revenue is meal charges and the Program is subsidized by cash assistance and non-cash federal commodities provided by the U.S. Department of Agriculture. The following section contains the budgetary schedule for the Child Nutrition Fund to demonstrate legal compliance with state law (G.S. 115C-450).

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**ASHEVILLE CITY SCHOOLS**  
**SCHEDULE OF REVENUES AND EXPENDITURES—BUDGET AND ACTUAL (Non-GAAP)**  
**CHILD NUTRITION FUND**  
**YEAR ENDED JUNE 30, 2018**

	<b>Child Nutrition Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative) Variance</b>
<b>Operating revenues:</b>			
Food sales	\$ 400,500	\$ 402,629	\$ 2,129
<b>Operating expenditures:</b>			
Purchase of food	746,550	729,271	17,279
Salaries and benefits	1,024,454	781,167	243,287
Materials and supplies	201,375	57,488	143,887
Other	27,900	35,983	(8,083)
Total operating expenditures	2,000,279	1,603,909	396,370
Operating loss	(1,599,779)	(1,201,280)	398,499
<b>Non-operating revenues:</b>			
Federal reimbursements	1,199,050	1,089,738	(109,312)
Federal commodities	123,000	113,340	(9,660)
State reimbursement	5,000	2,607	(2,393)
Total non-operating revenues	1,327,050	1,205,685	(121,365)
Revenues over (under) expenditures before other financing sources	(272,729)	4,405	277,134
<b>Other financing sources:</b>			
Transfers from other funds	272,729	247,223	(25,506)
Revenues and other financing sources over expenditures	\$ -	251,628	\$ 251,628
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(79,791)	
Increase in deferred outflows of resources - pension		52,997	
Increase in compensated absences		(11,132)	
Decrease in net pension liability		37,705	
Increase in deferred inflows of resources - pension		(370,818)	
Decrease in inventories of food and supplies		62,722	
Increase in unearned revenue		(3,178)	
Change in net position		\$ (59,867)	

## **AGENCY FUND**

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The Agency Fund is custodian in nature and is used to account for assets held by Asheville City Schools as an agent for the benefit of various scholarship and award funds and the Educational Access Channel Consortium.

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**ASHEVILLE CITY SCHOOLS  
 AGENCY FUND  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 YEAR ENDED JUNE 30, 2018**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>ASHEVILLE HIGH AWARDS:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 20,018</u>	<u>\$ 270</u>	<u>\$ 261</u>	<u>\$ 20,027</u>
Liabilities:				
Due to other sources	<u>\$ 20,018</u>	<u>\$ 270</u>	<u>\$ 261</u>	<u>\$ 20,027</u>
<b>EDUCATIONAL ACCESS CHANNEL CONSORTIUM:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 51,928</u>	<u>\$ -</u>	<u>\$ 5,456</u>	<u>\$ 46,472</u>
Liabilities:				
Due to other sources	<u>\$ 51,928</u>	<u>\$ -</u>	<u>\$ 5,456</u>	<u>\$ 46,472</u>
<b>TOTAL—AGENCY FUND:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 71,946</u>	<u>\$ 270</u>	<u>\$ 5,717</u>	<u>\$ 66,499</u>
Liabilities:				
Due to other sources	<u>\$ 71,946</u>	<u>\$ 270</u>	<u>\$ 5,717</u>	<u>\$ 66,499</u>



ASHEVILLE CITY SCHOOLS

Learn. Discover. Thrive.

**STATISTICAL SECTION**

## STATISTICAL SECTION

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

### Financial Trends Schedules

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

### Revenue Capacity Schedules

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

### Debt Capacity Schedules

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

### 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.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities:										
Net investment in capital assets	\$ 88,110,450	\$ 96,159,018	\$ 92,132,950	\$ 65,327,482	\$ 46,045,342	\$ 42,654,073	\$ 42,221,159	\$ 42,016,915	\$ 40,720,471	\$ 39,831,882
Restricted	5,518,410	5,065,963	3,919,228	2,850,499	2,901,699	2,274,248	2,264,680	2,057,659	2,573,030	3,041,033
Unrestricted	(90,077,584)	(86,373,532)	(1,677,945)	(4,358,156)	(6,355,759)	5,104,518	3,624,664	1,652,123	1,803,925	1,889,585
Total governmental activities net position	<u>\$ 3,551,276</u>	<u>\$ 14,851,449</u>	<u>\$ 94,374,233</u>	<u>\$ 63,819,825</u>	<u>\$ 42,591,282</u>	<u>\$ 50,032,839</u>	<u>\$ 48,110,503</u>	<u>\$ 45,726,697</u>	<u>\$ 45,097,426</u>	<u>\$ 44,762,500</u>
Business-type activities:										
Net investment in capital assets	\$ 602,286	\$ 569,741	\$ 123,337	\$ 118,879	\$ 141,939	\$ 171,380	\$ 187,768	\$ 201,042	\$ 230,279	\$ 239,890
Unrestricted	(1,253,443)	(1,161,031)	220,315	193,735	119,554	252,012	237,496	168,156	62,506	50,072
Total business-type activities net position	<u>\$ (651,157)</u>	<u>\$ (591,290)</u>	<u>\$ 343,652</u>	<u>\$ 312,614</u>	<u>\$ 261,493</u>	<u>\$ 423,392</u>	<u>\$ 425,264</u>	<u>\$ 369,198</u>	<u>\$ 292,785</u>	<u>\$ 289,962</u>
Government-wide:										
Net investment in capital assets	\$ 88,712,736	\$ 96,728,759	\$ 92,256,287	\$ 65,446,361	\$ 46,187,281	\$ 42,825,453	\$ 42,408,927	\$ 42,217,957	\$ 40,950,750	\$ 40,071,772
Restricted	5,518,410	5,065,963	3,919,228	2,850,499	2,901,699	2,274,248	2,264,680	2,057,659	2,573,030	3,041,033
Unrestricted	(91,331,027)	(87,534,563)	(1,457,630)	(4,164,421)	(6,236,205)	5,356,530	3,862,160	1,820,279	1,866,431	1,939,657
Total government-wide net position	<u>\$ 2,900,119</u>	<u>\$ 14,260,159</u>	<u>\$ 94,717,885</u>	<u>\$ 64,132,439</u>	<u>\$ 42,852,775</u>	<u>\$ 50,456,231</u>	<u>\$ 48,535,767</u>	<u>\$ 46,095,895</u>	<u>\$ 45,390,211</u>	<u>\$ 45,052,462</u>

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

Financial Trends  
Schedule 2

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenses:										
Governmental activities:										
Instructional programs	\$ 51,343,852	\$ 41,493,734	\$ 41,493,734	\$ 38,968,670	\$ 39,284,689	\$ 38,788,317	\$ 37,987,862	\$ 38,127,000	\$ 37,844,471	\$ 38,501,664
Support services	11,847,744	11,149,123	11,149,123	10,094,897	11,875,229	9,824,061	9,708,344	9,934,044	9,728,867	9,971,095
Unallocated depreciation expense	5,505,964	2,057,342	2,057,342	1,878,711	1,846,895	1,562,032	1,589,990	1,533,209	1,622,375	1,618,517
Other	1,964,251	1,336,330	1,336,330	1,289,089	1,096,795	942,551	1,252,726	1,422,066	875,589	788,107
Total governmental activities expenses	<u>70,661,811</u>	<u>56,036,529</u>	<u>56,036,529</u>	<u>52,231,367</u>	<u>54,103,608</u>	<u>51,116,961</u>	<u>50,538,922</u>	<u>51,016,319</u>	<u>50,071,302</u>	<u>50,879,383</u>
Business-type activities:										
Child nutrition	1,912,226	1,772,923	1,772,923	1,614,687	1,757,338	1,774,637	1,694,725	1,658,572	1,682,677	1,781,287
Total government-wide expenses	<u>72,574,037</u>	<u>57,809,452</u>	<u>57,809,452</u>	<u>53,846,054</u>	<u>55,860,946</u>	<u>52,891,598</u>	<u>52,233,647</u>	<u>52,674,891</u>	<u>51,753,979</u>	<u>52,660,670</u>
Program revenues:										
Governmental activities:										
Charges for services										
Instructional programs	2,094,830	1,837,575	1,776,922	1,639,846	1,562,955		1,607,598	1,469,840	1,520,984	1,452,988
Support programs	32,822	22,774	15,200	32,889	64,396	50,292	1,892	-	-	6,302
Ancillary services	88,350	35,505	28,998	31,586	14,045	17,300	5,604	2,015	4,465	8,178
Operating grants and contributions	30,293,504	29,112,643	28,229,960	29,085,274	28,058,038	28,601,518	28,736,584	28,669,673	28,054,706	28,623,511
Capital grants and contributions	210,246	1,014,667	1,390,435	28,187	200,196	377,774	908,591	536,628	386,673	351,765
Total governmental activities program revenues	<u>32,719,752</u>	<u>32,023,164</u>	<u>31,441,515</u>	<u>30,817,782</u>	<u>29,899,630</u>	<u>29,046,884</u>	<u>31,260,269</u>	<u>30,678,156</u>	<u>29,966,828</u>	<u>30,442,744</u>
Business-type activities:										
Charges for services	399,451	337,050	316,455	321,557	364,834	424,615	466,232	468,500	469,799	526,806
Operating grants and contributions	1,205,685	1,252,454	1,283,646	1,234,519	1,265,815	1,252,965	1,201,310	1,199,626	1,099,164	1,064,302
Total business-type activities program revenues	<u>1,605,136</u>	<u>1,589,504</u>	<u>1,600,101</u>	<u>1,556,076</u>	<u>1,630,649</u>	<u>1,677,580</u>	<u>1,667,542</u>	<u>1,668,126</u>	<u>1,568,963</u>	<u>1,591,108</u>
Total government-wide program revenues	<u>34,324,888</u>	<u>33,612,668</u>	<u>33,041,616</u>	<u>32,373,858</u>	<u>31,530,279</u>	<u>30,724,464</u>	<u>32,927,811</u>	<u>32,346,282</u>	<u>31,535,791</u>	<u>32,033,852</u>
Net (expense)	<u>\$ (38,249,149)</u>	<u>\$ (24,196,784)</u>	<u>\$ (24,767,836)</u>	<u>\$ (21,472,196)</u>	<u>\$ (24,330,667)</u>	<u>\$ (22,167,134)</u>	<u>\$ (19,305,836)</u>	<u>\$ (20,328,609)</u>	<u>\$ (20,218,188)</u>	<u>\$ (20,626,818)</u>

Notes: A state-wide chart of accounts change was implemented during fiscal year 2008, which reclassified certain expenses between the categories above. Asheville City Schools implemented GASB Statement No. 65 in 2013. The amounts shown above have been restated beginning in 2012. Asheville City Schools implemented GASB Statement No. 68 in 2015. Asheville City Schools implemented GASB Statement No. 75 in 2017.

**ASHEVILLE CITY SCHOOLS**  
**GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

Financial Trends  
Schedule 3

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net (expense):										
Government-wide net (expense)	(38,249,149)	(24,196,784)	\$ (20,388,618)	\$ (21,472,196)	\$ (24,330,667)	\$ (22,167,134)	\$ (19,305,836)	\$ (20,328,609)	\$ (20,218,188)	\$ (20,626,818)
General revenues and transfers:										
Governmental activities:										
U.S. Government	88,893	68,364	75,632	65,162	46,421	59,184	65,869	72,516	-	-
Buncombe County--General Fund appropriation	11,681,164	10,743,742	9,562,424	8,997,929	8,526,806	8,115,790	7,779,035	6,945,191	6,856,336	6,923,179
Buncombe County--capital outlay	2,549,506	6,774,435	29,269,456	22,562,902	8,024,347	3,539,607	2,917,618	3,262,842	3,220,867	1,031,366
Supplemental city school tax	8,928,186	8,620,247	8,330,977	8,136,173	8,142,348	8,104,621	8,093,877	8,053,018	7,816,953	7,735,552
Local option sales tax	2,991,931	2,940,136	3,024,676	2,495,436	2,540,159	2,364,755	2,228,877	2,273,028	2,162,868	2,652,714
Other revenues	649,429	450,205	710,899	489,960	396,721	332,403	335,010	427,631	498,423	696,816
Transfers (out)	(247,223)	(587,763)	(125,556)	(105,434)	(115,785)	(93,236)	(83,077)	(66,792)	(116,047)	(231,618)
Total governmental activities general revenues and transfers	<u>26,641,886</u>	<u>29,009,366</u>	<u>50,848,508</u>	<u>42,642,128</u>	<u>27,561,017</u>	<u>22,423,124</u>	<u>21,337,209</u>	<u>20,967,434</u>	<u>20,439,400</u>	<u>18,808,009</u>
Business-type activities:										
Other revenues	-	-	-	4,298	-	-	172	67	490	120
Transfers in	247,223	587,763	125,556	105,434	115,785	93,236	83,077	66,792	116,047	231,618
Total business-type activities general revenues and transfers	<u>247,223</u>	<u>587,763</u>	<u>125,556</u>	<u>109,732</u>	<u>115,785</u>	<u>93,236</u>	<u>83,249</u>	<u>66,859</u>	<u>116,537</u>	<u>231,738</u>
Total government-wide general revenues and transfers	<u>26,889,109</u>	<u>29,597,129</u>	<u>50,974,064</u>	<u>42,751,860</u>	<u>27,676,802</u>	<u>22,516,360</u>	<u>21,420,458</u>	<u>21,034,293</u>	<u>20,555,937</u>	<u>19,039,747</u>
Change in net position	<u>(11,360,040)</u>	<u>5,400,345</u>	<u>\$ 30,585,446</u>	<u>\$ 21,279,664</u>	<u>\$ 3,346,135</u>	<u>\$ 349,226</u>	<u>\$ 2,114,622</u>	<u>\$ 705,684</u>	<u>\$ 337,749</u>	<u>\$ (1,587,071)</u>

Notes: Asheville City Schools implemented GASB Statement No. 65 in 2013. The amounts shown above have been restated beginning in 2012.  
Asheville City Schools implemented GASB Statement No. 68 in 2015.  
Asheville City Schools implemented GASB Statement No. 75 in 2018.

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

Financial Trends  
Schedule 4

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Non-spendable	\$ -	\$ 39,984	\$ 35,807	\$ 38,082	\$ 33,187	\$ 32,531	\$ 28,256	\$ 27,797	\$ 29,828	\$ 31,797
Restricted—Stabilization by State Statute	91,245	148,271	146,060	199,640	186,514	128,223	138,553	187,726	313,718	537,212
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	2,858,864	1,754,667	1,418,182	1,219,032	1,300,000	1,301,415	625,000	227,000	1,900,000	1,900,000
Unassigned	4,673,076	5,970,838	5,420,843	5,066,723	4,676,509	4,979,955	4,441,328	3,370,258	1,913,092	1,967,542
<b>Total General Fund</b>	<b>\$ 7,623,185</b>	<b>\$7,913,760</b>	<b>\$ 7,020,892</b>	<b>\$ 6,523,477</b>	<b>\$ 6,196,210</b>	<b>\$ 6,442,124</b>	<b>\$ 5,233,137</b>	<b>\$ 3,812,781</b>	<b>\$ 4,156,638</b>	<b>\$ 4,436,551</b>
All other governmental funds:										
Restricted—Stabilization by State Statute	\$ 929,122	\$ 869,040	\$ 836,069	\$ 1,084,178	\$ 982,770	\$ 1,161,832	\$ 911,754	\$ 815,694	\$ 578,609	\$ 16,209
Restricted—School capital outlay	3,485,560	3,336,780	2,194,235	902,135	1,194,346	588,343	730,539	670,873	1,329,522	2,166,806
Restricted—Individual schools activities	748,720	711,872	742,864	664,546	538,069	395,850	483,834	383,366	351,181	320,806
Assigned—Special programs	1,332,818	1,373,473	1,383,769	1,138,951	1,029,201	1,215,303	670,384	64,058	-	-
<b>Total all other governmental funds</b>	<b>\$ 6,496,220</b>	<b>\$ 6,291,165</b>	<b>\$ 5,156,937</b>	<b>\$ 3,789,810</b>	<b>\$ 3,744,386</b>	<b>\$ 3,361,328</b>	<b>\$ 2,796,511</b>	<b>\$ 1,933,991</b>	<b>\$ 2,259,312</b>	<b>\$ 2,503,821</b>

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

Financial Trends  
Schedule 5

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues:										
Intergovernmental:										
State of North Carolina	\$ 27,269,376	\$27,073,291	\$ 25,843,608	\$ 23,733,552	\$ 23,219,272	\$ 23,355,556	\$ 22,403,838	\$ 21,339,952	\$ 20,262,065	\$ 22,453,531
U. S. Government	3,183,007	2,855,283	3,469,360	5,254,811	4,871,479	5,577,328	7,318,404	7,728,067	8,062,245	6,480,293
Buncombe County - General Fund appropriation	11,681,164	10,743,742	9,562,424	8,997,929	8,526,806	8,115,790	7,779,035	6,945,191	6,856,336	6,923,179
Buncombe County - capital outlay	2,549,506	6,774,435	29,269,456	22,562,902	8,024,347	3,539,607	2,917,618	3,262,842	3,220,867	1,031,366
Supplemental city school tax	8,928,186	8,620,247	8,330,977	8,136,173	8,142,348	8,104,621	8,093,877	8,053,018	7,816,953	7,735,552
Local option sales tax	2,991,931	2,940,136	3,024,676	2,495,436	2,540,159	2,364,755	2,228,877	2,273,028	2,162,868	2,652,714
Charges for services	804,981	606,442	514,387	418,756	434,276	492,668	467,284	577,132	675,457	680,918
Miscellaneous	2,304,313	2,107,965	2,527,206	2,121,695	1,947,461	1,693,743	1,895,776	1,722,931	1,636,721	1,649,736
Total revenues	<u>59,712,464</u>	<u>61,721,541</u>	<u>82,542,094</u>	<u>73,721,254</u>	<u>57,706,148</u>	<u>53,244,068</u>	<u>53,104,709</u>	<u>51,902,161</u>	<u>50,693,512</u>	<u>49,607,289</u>
Expenditures:										
Current:										
Instructional programs	44,812,327	41,235,600	39,323,369	39,702,599	38,358,386	37,692,061	37,295,578	37,519,981	37,152,716	38,020,523
Support services	11,645,934	10,828,359	10,191,353	10,172,186	10,363,778	9,516,968	9,337,488	9,617,311	9,889,095	10,555,648
Other	1,492,347	1,305,765	1,207,686	1,247,840	1,054,626	884,179	1,180,820	1,439,111	901,992	860,673
Capital Outlay	1,479,577	5,931,040	29,950,637	22,120,504	7,676,429	3,186,048	2,827,093	3,648,756	3,302,053	838,868
Debt service:										
Principal	210,246	315,132	121,048	-	-	97,772	97,777	279,388	247,136	227,578
Total expenditures	<u>59,640,431</u>	<u>59,615,896</u>	<u>80,794,093</u>	<u>73,243,129</u>	<u>57,453,219</u>	<u>51,377,028</u>	<u>50,738,756</u>	<u>52,504,547</u>	<u>51,492,992</u>	<u>50,503,290</u>
Revenues over (under) expenditures	<u>72,033</u>	<u>2,105,645</u>	<u>1,748,001</u>	<u>478,125</u>	<u>252,929</u>	<u>1,867,040</u>	<u>2,365,953</u>	<u>(602,386)</u>	<u>(799,480)</u>	<u>(896,001)</u>
Other financing sources (uses):										
Transfers from other funds	493,000	178,399	189,436	138,343	122,100	131,500	120,500	124,247	253,156	270,674
Transfers to other funds	(740,223)	(766,162)	(314,992)	(243,777)	(237,885)	(224,736)	(203,577)	(191,039)	(369,203)	(502,292)
Installment purchase obligations issued	89,670	509,214	242,097	-	-	-	-	-	391,105	682,733
Total other financing sources (uses)	<u>(157,553)</u>	<u>(78,549)</u>	<u>116,541</u>	<u>(105,434)</u>	<u>(115,785)</u>	<u>(93,236)</u>	<u>(83,077)</u>	<u>(66,792)</u>	<u>275,058</u>	<u>451,115</u>
Net change in fund balances	<u>\$ (85,520)</u>	<u>\$ 2,027,096</u>	<u>\$ 1,864,542</u>	<u>\$ 372,691</u>	<u>\$ 137,144</u>	<u>\$ 1,773,804</u>	<u>\$ 2,282,876</u>	<u>\$ (669,178)</u>	<u>\$ (524,422)</u>	<u>\$ (444,886)</u>
Debt service as a percentage of non-capital expenditures	0.36%	0.59%	0.24%	0.00%	0.00%	0.20%	0.20%	0.57%	0.51%	0.46%

Notes: A state-wide chart of accounts change was implemented during fiscal year 2008 which reclassified certain expenditures between the categories above. Asheville City Schools implemented GASB Statement No. 65 in 2013. The amounts shown above have been restated beginning in 2012.

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

<b>Fiscal Year</b>	<b>Actual Value - Asheville City School District</b>				<b>Direct Tax Rate</b>
	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Companies</b>	<b>Total Taxable Value</b>	
2018	\$ 6,792,624	\$ 572,552	\$ 105,597	\$ 7,470,773	0.12
2017	5,077,724	539,424	126,227	5,743,376	0.15
2016	4,911,352	481,689	126,976	5,520,017	0.15
2015	4,805,548	478,313	102,170	5,386,031	0.15
2014	4,796,994	521,160	98,759	5,416,913	0.15
2013	4,859,559	445,996	97,865	5,403,420	0.15
2012	4,846,221	431,310	99,201	5,376,732	0.15
2011	4,813,441	412,260	101,106	5,326,807	0.15
2010	4,735,398	439,940	82,152	5,257,490	0.15
2009	4,616,367	475,376	111,655	5,203,398	0.15

Source: Buncombe County Tax Department

Notes: Property is assessed at market value.

The tax rate is per \$100 of assessed value.

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

<u>Fiscal Year</u>	<u>Direct</u>		<u>Overlapping Rates</u>		<u>Total Combined Rate</u>
	<u>Supplemental City School Tax</u>		<u>Buncombe County</u>	<u>City of Asheville</u>	
2018	\$ 0.1200		\$ 0.5390	\$ 0.4289	\$ 1.0879
2017	0.1500		0.6040	0.4750	1.2290
2016	0.1500		0.6040	0.4750	1.2290
2015	0.1500		0.6040	0.4750	1.2290
2014	0.1500		0.6000	0.4600	1.2100
2013	0.1500		0.5250	0.4200	1.0950
2012	0.1500		0.5250	0.4200	1.0950
2011	0.1500		0.5250	0.4200	1.0950
2010	0.1500		0.5250	0.4200	1.0950
2009	0.1500		0.5250	0.4200	1.0950

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

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

Taxpayer	Business	2018			2009		
		Taxable Value (in thousands)	Rank	Percentage of Total Taxable Value	Taxable Value (in thousands)	Rank	Percentage of Total Taxable Value
GPI Resort Holdings LLC	Hotels/Convention Services	\$ 121,526	1	1.70%			
New Belgium Brewing Company Inc	Brewery	104,619	2	1.46%			
Duke Energy Progress	Electric Utility	70,135	3	0.98%			
Nesbitt Asheville Venture LLC	Hotels/Convention Services	46,875	4	0.66%	20,373	5	0.41%
MHG Asheville	Real Estate	37,796	5	0.53%			
Summit Hospitality 123 LLC	Hotel/Restaurant Management	27,750	6	0.39%			
HP Asheville LLC	Real Estate Development	24,300	7	0.34%			
FRIC Haywood Park Holdings LLC	Real Estate	20,158	8	0.28%			
Campus Crest at Asheville	Hotels/Convention Services	17,763	9	0.25%	14,781	10	0.30%
Ingles Markets Inc	Supermarkets	16,116	10	0.23%	15,854	8	0.32%
Jack Tar/Grove Park Inn	Hotels/Convention Services				102,511	1	2.08%
Progress Energy	Electric Utility				60,662	2	1.23%
BellSouth Telephone Co	Communications Service				51,480	3	1.04%
Power Development	Real Estate Development				26,857	4	0.54%
Grove Park Inn Resort Inc	Hotels/Convention Services				18,189	6	0.37%
Thoms Estate LLC	Real Estate Development				16,659	7	0.34%
Country Club of Asheville	Real Estate/Private Golf Club				15,134	9	0.31%
	Totals	<u>\$ 487,038</u>		<u>6.82%</u>	<u>\$ 342,500</u>		<u>6.94%</u>

Source: Buncombe County Tax Department.



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

Fiscal Year	Total Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage		Amount	Percentage of Levy
2018	\$ 8,964	\$ 8,565	95.55%	-	\$ 8,565	95.55%
2017	8,622	8,619	99.97%	2	8,621	99.99%
2016	8,285	8,281	99.95%	4	8,285	100.00%
2015	8,078	8,067	99.86%	9	8,076	99.98%
2014	8,125	8,099	99.68%	19	8,118	99.91%
2013	8,099	8,052	99.42%	40	8,092	99.91%
2012	8,056	8,007	99.39%	42	8,049	99.91%
2011	8,000	7,926	99.08%	72	7,998	99.98%
2010	7,849	7,734	98.53%	114	7,848	99.99%
2009	7,767	7,693	99.05%	73	7,766	99.99%

Sources: Buncombe County Tax Department

Note: Property was revalued and effective in 2006, 2013 and 2017.

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

<b>Fiscal Year</b>	<b>Estimated Population (in thousands)</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Estimated Median Age</b>	<b>County-wide School Enrollment</b>	<b>Unemployment Rate</b>
2018	262	Unavailable	Unavailable	42.0	Unavailable	4.1
2017	258	Unavailable	Unavailable	41.1	31,966	4.1
2016	256	\$ 11,071,174	\$ 43,232	41.0	32,008	3.5
2015	253	10,378,772	40,994	40.1	30,232	4.8
2014	252	9,552,676	37,908	40.8	31,003	6.3
2013	249	9,282,566	37,290	40.7	30,535	7.1
2012	241	8,884,892	36,803	40.7	29,238	7.9
2011	244	8,459,317	34,716	40.7	29,113	8.2
2010	239	8,100,049	33,908	40.7	28,979	8.3
2009	236	7,955,053	33,725	40.6	29,346	9.0

Sources: Buncombe County Finance Department.

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

**ASHEVILLE CITY SCHOOLS  
PRINCIPAL EMPLOYERS FOR BUNCOMBE COUNTY  
Current Year and Ten Years Ago**

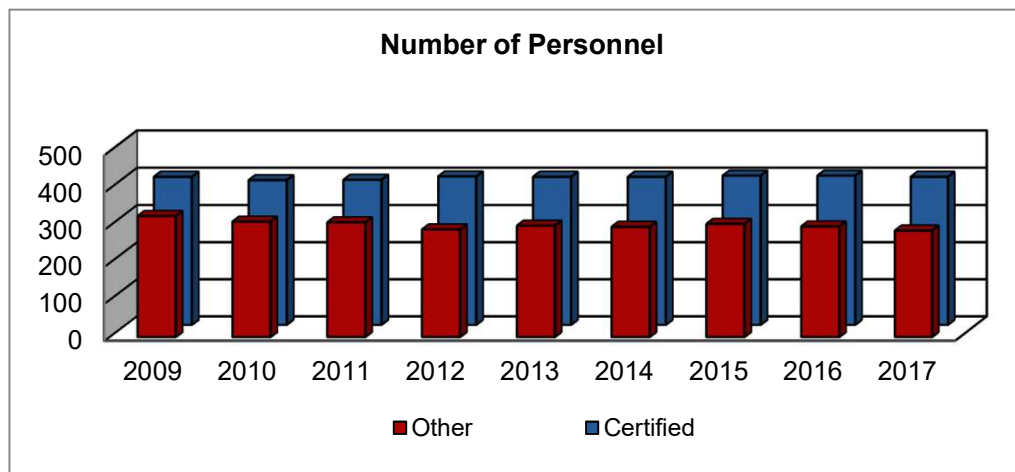
<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Mission Health System and Hospital	3,000+	1	2.14%	6,990	1	6.35%
Buncombe County Public Schools	3,000+	2	2.14%	4,010	2	3.64%
Asheville-Buncombe Technical Community College	1,000-2,999	3	0.71%-2.14%			
The Biltmore Company	1,000-2,999	4	0.71%-2.14%	1,580	5	1.43%
Buncombe County Government	1,000-2,999	5	0.71%-2.14%	1,670	4	1.52%
City of Asheville	1,000-2,999	6	0.71%-2.14%	1,000	8	0.91%
Ingles Markets, Inc.	1,000-2,999	7	0.71%-2.14%	3,050	3	2.77%
Omni Grove Park Inn	1,000-2,999	8	0.71%-2.14%	1,100	7	1.00%
VA Medical Center - Asheville	1,000-2,999	9	0.71%-2.14%	1,140	6	1.04%
CarePartners	750-999	10	0.54%-0.71%	750	9	0.68%
Asheville City Schools				730	10	0.66%
Total	<u>13,750-21,992</u>		<u>9.8%-15.7%</u>			

Source: Buncombe County Finance Department

Notes: Labor Force Estimate for 2018 per NCESC: 140,180

Labor Force Estimate for 2009 per NCESC: 122,527

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



<u>Year Ended June 30:</u>	<u>Certified Personnel</u>	<u>Other Personnel</u>	<u>Total</u>	<u>Average Daily Membership</u>	<u>Ratio of Pupils to Certified Personnel</u>
2009	399	327	726	3,686	9.2
2010	390	312	702	3,693	9.5
2011	391	310	701	3,855	9.9
2012	400	291	691	3,978	9.9
2013	399	301	700	4,081	10.2
2014	399	298	697	4,221	10.6
2015	402	306	708	4,295	10.7
2016	402	299	701	4,396	10.9
2017	399	288	687	4,421	11.1
2018	436	250	686	4,346	10.0

Source: Asheville City Schools Human Resources Department.

Note: Other personnel includes school and system level administrators, teacher assistants, custodians, clerical positions, food service employees, maintenance positions and technical support positions.

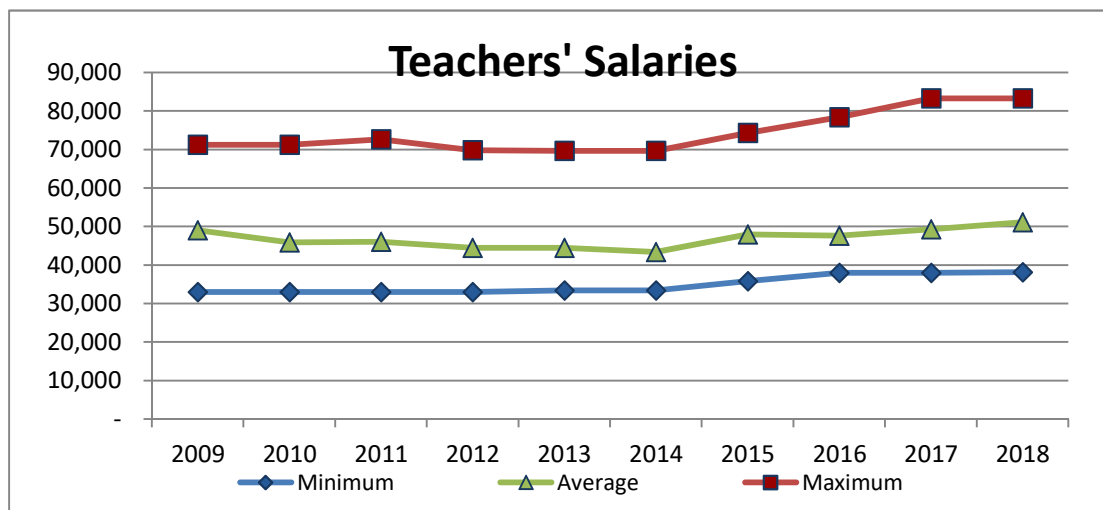
**ASHEVILLE CITY SCHOOLS  
OPERATING STATISTICS  
Last Ten Fiscal Years**

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
2018	4,346	4,096	\$ 12,790	Tenth	38.4%	20.3%	63.1%	16.6%
2017	4,421	4,183	11,601	Fourteenth	39.8%	22.4%	60.6%	17.0%
2016	4,396	4,164	11,150	Seventeenth	43.2%	22.8%	61.2%	16.0%
2015	4,295	4,066	11,260	Fifteenth	43.7%	23.6%	60.8%	15.6%
2014	4,221	4,002	11,213	Ninth	46.5%	23.5%	60.9%	15.6%
2013	4,081	3,854	11,243	Ninth	46.0%	26.0%	59.0%	15.0%
2012	3,978	3,769	11,334	Fifth	47.9%	27.9%	57.5%	14.6%
2011	3,855	3,640	11,894	Sixth	48.4%	28.7%	55.7%	15.6%
2010	3,693	3,463	12,513	Fourth	47.1%	39.3%	54.7%	6.0%
2009	3,686	3,480	12,803	Fifth	46.0%	40.7%	52.3%	7.0%

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

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

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



<u>Year Ended June 30:</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
2009	33,017	71,225	49,036
2010	33,017	71,225	45,854
2011	33,017	72,611	46,008
2012	33,017	69,828	44,476
2013	33,418	69,674	44,424
2014	33,418	69,674	43,396
2015	35,805	74,306	47,921
2016	37,975	78,352	47,599
2017	37,975	83,294	49,316
2018	38,150	83,294	51,113

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**

<b>School</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Elementary:</b>										
Asheville Primary School										
Square feet	59,132	See below	See below	See below	See below	See below	See below	See below	See below	See below
First month membership	47	See below	See below	See below	See below	See below	See below	See below	See below	See below
Claxton:										
Square feet	81,193	81,193	81,193	81,193	81,193	81,193	81,193	81,193	81,193	81,193
First month membership	473	493	478	469	450	439	455	431	419	418
Dickson (see below):										
Square feet	77,169	77,169	56,819	56,819	75,926	75,926	75,926	75,926	75,926	75,926
First month membership	491	525	508	488	465	470	445	423	419	417
Hall Fletcher:										
Square Feet	88,205	88,205	88,205	88,205	88,205	88,205	88,205	88,205	88,205	88,205
First month membership	315	347	392	349	347	302	302	306	309	306
Jones:										
Square Feet	85,730	85,730	85,730	85,730	85,730	85,730	85,730	85,730	85,162	85,162
First month membership	448	501	498	482	444	415	390	405	376	382
Vance:										
Square Feet	70,665	70,665	70,665	70,665	70,665	70,665	70,665	69,965	69,965	69,965
First month membership	422	470	467	464	462	459	441	405	379	368

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

<b>School</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Middle:</b>										
Asheville Middle:										
Square Feet	174,695	174,695	170,418	170,418	170,418	170,418	170,418	170,418	170,418	170,418
First month membership	769	796	704	721	747	787	766	719	661	672
<b>Middle/High:</b>										
Montford North Star Academy, Formerly Randolph Learning Center/William Randolph School:										
Square Feet	57,374	See below	See below	See below	See below	56,819	56,819	56,819	56,819	56,819
First month membership	82	See below	See below	See below	See below	See below	See below	48	84	73
Asheville High/SILSA:										
Square Feet	354,803	367,803	367,803	367,803	367,803	365,441	365,441	365,441	365,441	365,441
First month membership	1,374	1,372	1,376	1,385	1,332	1,273	1,228	1,135	1,111	1,101

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

Notes: From 2004 through 2011, the Randolph Learning Center served as a stand-alone alternative school serving both middle and high school students. For school years 2012 & 2013, the Randolph Learning Center was converted from an alternative school to an alternative program serving Asheville Middle School and Asheville High School students on the renamed William Randolph School campus. Students participating in the alternative program at William Randolph School were considered Asheville Middle School and Asheville High School students and were included in the appropriate first month membership for those schools. Beginning in school year 2014, the William Randolph School campus was used to house Dickson Elementary students during the construction of a new Dickson Elementary school and the William Randolph School students were returned to their respective home campuses. 2017 marked the beginning of new school buildings for Dickson Elementary School and Asheville Middle School. 2018 included the first year of operation for Asheville Primary School & Montford North Star Academy along with the destruction of the former ROTC building on the Asheville High School campus.



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## MISSION

Asheville City Schools will  
create learning environments  
that ensure Excellence with  
Equity for all students.

## VISION

Empower and Engage  
Every Child to  
Learn - Discover - Thrive.