

ASHEVILLE
CITY SCHOOLS
ASHEVILLE, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017



ASHEVILLE CITY SCHOOLS

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Comprehensive Annual Financial Report
of the
Asheville City Schools

Asheville, North Carolina
For the Fiscal Year Ended June 30, 2017



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



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INTRODUCTORY SECTION

Letter of Transmittali
 ASBO Certificate of Excellence Vi
 GFOA Certificate of Achievement..... vii
 Organizational Chart viii

FINANCIAL SECTION

Independent Auditors’ Report 1-3
 Management’s Discussion and Analysis..... 4-10

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position 11
 Statement of Activities..... 12-13

Fund Financial Statements:

Balance Sheet—Governmental Funds 14-15
 Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds 16-17
 Statement of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—General Fund..... 18-19
 Statement of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—State Public School Fund 20
 Statement of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—Other Specific Revenue Fund .. 21-22
 Statement of Net Position—Proprietary Fund..... 23
 Statement of Revenues, Expenses, and Changes in Net Position—Proprietary Fund 24
 Statement of Cash Flows—Proprietary Fund 25-26
 Statement of Fiduciary Assets and Liabilities--Fiduciary Fund 27
 Notes to the Financial Statements 28-41

Required Supplementary Information:

Schedule of the Board’s Proportionate Share of the Net Pension Liability – Teachers’ and State Employees’ Retirement System 42
 Schedule of the Board’s Contributions – Teachers’ and State Employees’ Retirement System 43

Supplementary Information:

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet—Non-Major Governmental Funds 44
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Non-Major Governmental Funds 45-46
 Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—Federal Grants Fund..... 47
 Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—Capital Outlay Fund 48-49
 Schedule of Revenues and Expenditures--Budget and Actual (Non-GAAP)—Child Nutrition Fund..... 50
 Combining Statement of Changes in Assets and Liabilities—Agency Fund 51

STATISTICAL SECTION

Net Position by Component 52
 Expenses, Program Revenues and Net (Expense) 53
 General Revenues and Total Change in Net Position 54
 Fund Balances - Governmental Funds 55
 Changes in Fund Balances - Governmental Funds 56
 Assessed Value of Taxable Property 57
 Direct and Overlapping Property Tax Rates 58
 Principal Property Tax Payers 59
 Property Tax Levies and Collections 60
 Demographic and Economic Statistics for Buncombe County 61
 Principal Employers 62
 Number of Personnel 63
 Operating Statistics 64
 Teachers' Salaries 65
 School Building Information 66-67



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INTRODUCTORY SECTION



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LETTER OF TRANSMITTAL

November 30, 2017

**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, 2017, 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 2017, the Board operated eight 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); one middle school; five elementary schools; and several alternative classrooms/programs including the preschool program. The average daily membership for the 2016-17 school year was 4,421 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.

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 function, 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 256,800 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 area's average unemployment rate for fiscal year 2017 was 3.4%, among the lowest in North Carolina. The strong labor market has caused wages to increase as well; with an average annual increase of 3.57%.

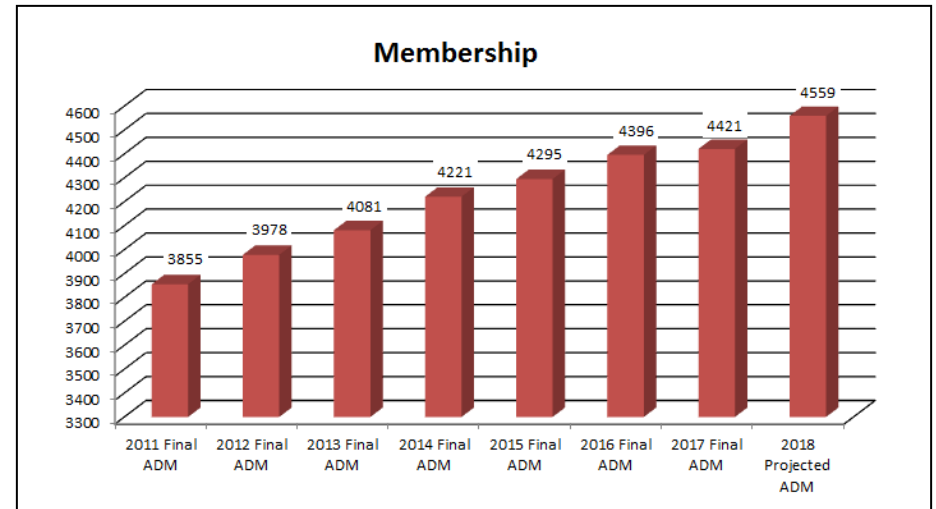
While operating within the above economic environment, Asheville City Schools has continued to enjoy the commitment to quality education for its citizens and the Buncombe County Commissions

have demonstrated by their level of support and funding. For fiscal year 2017, county general appropriation funding increased 12.4%, from \$9,562,424 to \$10,743,742. This trend continued into fiscal year 2018 with a 7.1% increase, bringing the total county general appropriation to over \$11.5 million for that budget year.

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.

At the same time, Asheville City Schools has continued to enjoy a sustained period of significant student population growth. Since most state funding formulas are driven by student population, this student population growth has contributed to an increase in funding received through the State Public School Fund for fiscal year 2017 and funding budgeted for fiscal year 2018. Following is a graph comparing final average daily membership for fiscal years 2011 through 2017 and projected average daily membership for fiscal year 2018.



MAJOR ACCOMPLISHMENTS AND INITIATIVES

The 2016-17 school year contained a number of milestones for Asheville City Schools including the completion of the construction of two new schools, the sixth year in a row for growth in student enrollment, the reorganization and expansion of the Teaching and Learning Division and the implementation of several new programs like a community collaborative to build affordable teacher housing. 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.

- The district met a computer-to-student ratio of 1:1 for grades 6-12 and 1:2 for grades K-5.
- The district experienced a high school graduation rate for the Class of 2017 of 88.03% - our highest rate yet.
- 75% of Asheville City Schools met or exceeded growth for 2016-2017.
- Each Asheville City Schools educator received equity training as the district personalizes education to each child.
- The Class of 2017 received \$4,564,138 in scholarships and grants.
- 222 of our educators hold advanced degrees.
- On average, our 29 yellow school buses drive nearly 1,800 miles every day.
- The Asheville Middle School band programs were recognized consistently for stellar performances in regional competitions. For example, ten AMS students were selected for the Western Region Jazz Auditions.
- 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 12th class. Just as every other class had achieved over the years, every 2017 graduate was extended an offer at a college, 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, 2017, 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, 2017, 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 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, 2017.

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
Executive Director of Finance



Christy W. House
Director of Financial and Data Services



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, 2016.

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



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

Presented to

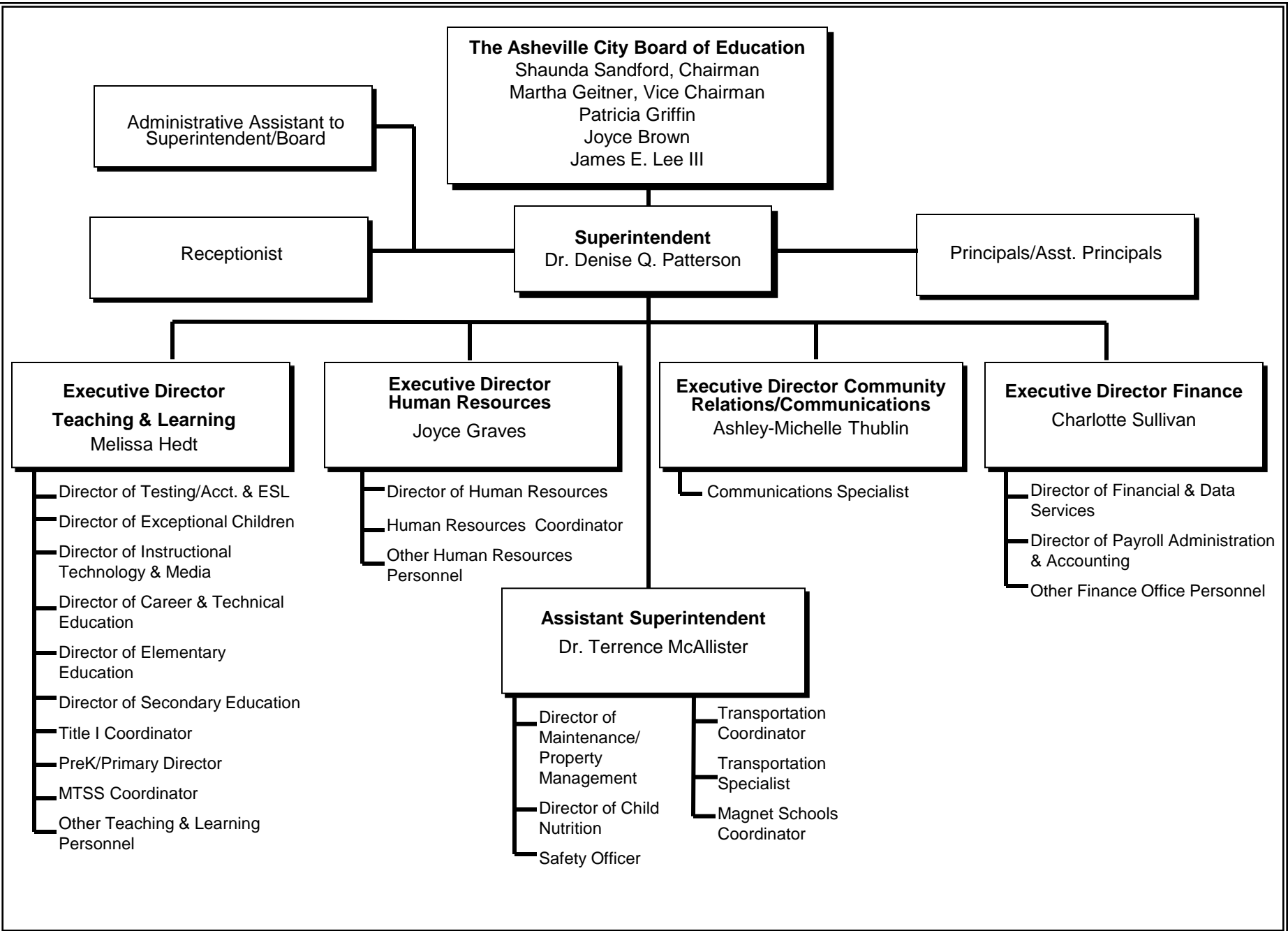
**Asheville City Schools
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

ASHEVILLE CITY SCHOOLS ORGANIZATIONAL CHART





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, 2017, 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, 2017, 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Teachers' and State Employees' Retirement System Schedules of the Board's Proportionate Share of the Net Pension Liability and the Board's Contributions on pages 4-10 and pages 42-43, respectively, 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 November 30, 2017 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
November 30, 2017**



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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, 2017. 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 \$100,118,230.
- The Board's total net position increased by \$5,400,345.
- As of the close of the current fiscal year, the Board's governmental funds reported combined ending fund balances of \$14,204,925, an increase of \$2,027,096.
- The Board enjoyed an increase of 25 students (0.5%) when comparing average daily membership for fiscal year 2017 to the previous year.
- Isaac Dickson Elementary School and Asheville Middle School opened in August 2016.

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 \$100,118,230 as of June 30, 2017, an increase of \$5,400,345 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 \$96,728,759 (96.6%) at June 30, 2017, an increase of \$4,472,472 compared to June 30, 2016. Restricted net position accounted for \$5,065,963 (5.1%) of net position, an increase of \$1,146,735. There was a deficit of unrestricted net position at year-end totaling \$1,676,492 (-1.7%), an increase of \$218,862 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, 2017 and 2016

	2017			2016		
	Governmental Activities	Business-type Activities	Total Government-wide	Governmental Activities	Business-type Activities	Total Government-wide
Current assets	\$ 14,908,306	\$ 342,539	\$ 15,520,845	\$ 15,001,183	\$ 386,218	\$ 15,387,401
Capital assets	96,474,150	569,741	97,043,891	92,253,999	123,337	92,377,336
Total assets	<u>111,382,456</u>	<u>912,280</u>	<u>112,294,736</u>	<u>107,255,182</u>	<u>509,555</u>	<u>107,764,737</u>
Deferred outflows of resources	13,695,828	182,386	13,878,214	2,897,782	45,101	2,942,883
Current liabilities	1,091,209	24,538	1,115,747	3,083,878	23,471	3,107,349
Long-term liabilities	23,273,731	304,246	23,577,977	10,804,457	158,111	10,962,568
Total liabilities	<u>24,364,940</u>	<u>328,784</u>	<u>24,693,724</u>	<u>13,888,335</u>	<u>181,582</u>	<u>14,069,917</u>
Deferred inflows of resources	1,343,110	17,886	1,360,996	1,890,396	29,422	1,919,818
Net investment in capital assets	96,159,018	569,741	96,728,759	92,132,950	123,337	92,256,287
Restricted net position	5,065,963	-	5,065,963	3,919,228	-	3,919,228
Unrestricted net position (deficit)	(1,854,747)	178,255	(1,676,492)	(1,677,945)	220,315	(1,457,630)
Total net position	<u>\$ 99,370,234</u>	<u>\$ 747,996</u>	<u>\$100,118,230</u>	<u>\$ 94,374,233</u>	<u>\$ 343,652</u>	<u>\$ 94,717,885</u>

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, 2017 and 2016

	2017			2016		
	Governmental Activities	Business-type Activities	Total Government-wide	Governmental Activities	Business-type Activities	Total Government-wide
Revenues:						
Program revenues:						
Charges for services	\$ 1,895,854	\$ 337,050	\$ 2,232,904	\$ 1,821,120	\$ 316,455	\$ 2,137,575
Operating grants and contributions	29,112,643	1,252,454	30,365,097	28,229,960	1,283,646	29,513,606
Capital grants and contributions	1,014,667	-	1,014,667	1,390,435	-	1,390,435
General revenues:						
U.S. Government	68,364	-	68,364	75,632	-	75,632
Buncombe County	17,518,177	-	17,518,177	38,831,880	-	38,831,880
Supplemental city school tax	8,620,247	-	8,620,247	8,330,977	-	8,330,977
Local option sales tax	2,940,136	-	2,940,136	3,024,676	-	3,024,676
Other revenues	450,205	-	450,205	710,899	-	710,899
Total revenues	<u>61,620,293</u>	<u>1,589,504</u>	<u>63,209,797</u>	<u>82,415,579</u>	<u>1,600,101</u>	<u>84,015,680</u>
Expenses:						
Governmental activities:						
Instructional programs	41,493,734	-	41,493,734	38,490,269	-	38,490,269
Support services	11,149,123	-	11,149,123	10,128,150	-	10,128,150
Ancillary services	341,063	-	341,063	350,366	-	350,366
Non-programmed charges	995,267	-	995,267	889,812	-	889,812
Unallocated depreciation expense	2,057,342	-	2,057,342	1,877,018	-	1,877,018
Business-type activities:						
Child Nutrition	-	1,772,923	1,772,923	-	1,694,619	1,694,619
Total expenses	<u>56,036,529</u>	<u>1,772,923</u>	<u>57,809,452</u>	<u>51,735,615</u>	<u>1,694,619</u>	<u>53,430,234</u>
Revenues over (under) expenses	5,583,764	(183,419)	5,400,345	30,679,964	(94,518)	30,585,446
Transfers in (out)	(587,763)	587,763	-	(125,556)	125,556	-
Change in net position	4,996,001	404,344	5,400,345	30,554,408	31,038	30,585,446
Net position—beginning	94,374,233	343,652	94,717,885	63,819,825	312,614	64,132,439
Net position—ending	<u>\$ 99,370,234</u>	<u>\$ 747,996</u>	<u>\$ 100,118,230</u>	<u>\$ 94,374,233</u>	<u>\$ 343,652</u>	<u>\$ 94,717,885</u>

Governmental activities generated revenues of \$61.6 million for fiscal year 2017 compared to \$82.4 million for the previous year. Governmental activities expenses totaled \$56 million for fiscal year 2017 compared to \$51.7 million for the previous year. After transfers to the business-type activities, the increase in net position stands at \$5,400,345 at June 30, 2017 compared to \$30,585,446 in 2016.

County funding decreased from 47.1% of total governmental revenues in fiscal year 2016 to 28.4% in fiscal year 2017, largely due to construction funding for two new school facilities in the prior 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 10.1% of total governmental revenues to 14.0%. Much of the remaining governmental revenues consist of restricted state

and federal money. Instructional expenses comprised 74.0% of total governmental expenses for fiscal year 2017 compared to 74.4% for fiscal year 2016. Support services accounted for 19.9% and 19.6% of expenses in fiscal years 2017 and 2016, respectively.

Business-type activities generated revenues of \$1.59 million for fiscal year 2017 and \$1.6 million for fiscal year 2016. At the same time, expenses for the business-type activities were \$1.7 million for fiscal year 2017 compared to \$1.69 million for fiscal year 2016. Thus, net position increased in the business-type activities by \$404,344, after transfers in from the governmental activities of \$587,763.

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, 2017 and 2016 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, 2017 and 2016

	2017				2016					
	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
Non-spendable	\$ 39,984	\$ -	\$ -	\$ -	\$ 39,984	\$ 35,807	\$ -	\$ -	\$ -	\$ 35,807
Restricted	148,271	869,040	3,336,780	711,872	5,065,963	146,060	836,069	2,194,235	742,864	3,919,228
Assigned	1,754,667	1,373,473	-	-	3,128,140	1,418,182	1,383,769	-	-	2,801,951
Unassigned	5,970,838	-	-	-	5,970,838	5,420,843	-	-	-	5,420,843
Total	<u>\$7,913,760</u>	<u>\$2,242,513</u>	<u>\$ 3,336,780</u>	<u>\$ 711,872</u>	<u>\$14,204,925</u>	<u>\$7,020,892</u>	<u>\$2,219,838</u>	<u>\$ 2,194,235</u>	<u>\$ 742,864</u>	<u>\$ 12,177,829</u>

The General Fund, 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 \$2,027,096 in fund balance reported in the Board's governmental funds. The increase experienced by the General Fund is explained under General Fund Budgetary Highlights on the following page.

Overall, revenues recorded within the governmental funds decreased \$20.7 million and expenditures increased \$4.3 million when compared to the prior year. Completion of two new schools accounted for most of the decrease. However, state funding received through the State Public School also contributed \$694,357 increased by 1.6 million in both revenues and expenditures. This increase was due to both student population growth and salary increases for certified staff. Likewise, the Buncombe County general appropriation increased \$1.1 million 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.

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. However, an increase in federal reimbursements and grants and the effective management of food costs by the Director of Child Nutrition resulted in an overall increase in net position.

General Fund Budgetary Highlights

Over the course of the year, the Board approved line-item transfers between General Fund expenditure accounts four times due to the impact of employee salary adjustments and other minor adjustments to the budget.

Actual General Fund revenues for the supplemental city school tax, fines and forfeitures and interest earned all exceeded budgeted amounts. At the same time, actual General Fund expenditures were much less than budgeted amounts in the areas of utility costs following a mild winter and salary and benefits costs saved due to employee turnover and/or vacancies that occurred at different points throughout the year. Consequently, the Board ended the fiscal year with a \$497,415 increase in the fund balance recorded in the General Fund.

Capital Assets

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

**Table 4
Summary of Capital Assets
June 30, 2017 and 2016**

	2017			2016		
	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	1,362,846	-	1,362,846	1,360,958	-	1,360,958
Buildings	28,492,303	-	28,492,303	30,299,624	-	30,299,624
Construction in progress	63,287,429	-	63,287,429	58,200,951	-	58,200,951
Equipment and furniture	1,366,440	569,741	1,936,181	762,555	123,337	885,892
Vehicles	657,556	-	657,556	322,335	-	322,335
Total	\$96,474,150	\$ 569,741	\$ 97,043,891	\$ 92,253,999	\$ 123,337	\$ 92,377,336

Capital assets increased \$4,666,555 or 5.05% over the previous year. This was largely due to the increase in construction in progress for the renovation project of Asheville High School. 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 2017, 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 \$65.3 million total budget for fiscal year 2018, a decrease of \$2.4 million compared to the final fiscal year 2017 budget. The following factors were considered when developing the 2018 budget:

- The North Carolina General Assembly increased the annual salary for most teachers, with an average increase of 3.3%. Veteran teachers with 25 years or more of service receive a one-time lump sum of \$385.
- The North Carolina General Assembly approved a \$1,000 annual increase to non-certified and central office staff.
- The retirement matching rate as set by the North Carolina General Assembly increased from 16.33% to 17.13%.
- The annual cost of employer provided hospitalization insurance increased from \$5,659 to \$5,869, per employee.
- The Asheville City Schools supplemental tax rate for 2018 is set at 12 cents per \$100 of assessed taxable valuation. An increase of \$264,332 is projected.
- The Buncombe County general appropriation for education increased \$4.8 million County-wide. As a result of this increase and the increase in Asheville City Schools' proportionate share of the County-wide appropriation from 15.56% to 15.80%, the Buncombe County general appropriation increased \$937,422 (8.72%).
- The Capital Outlay Fund budget decreased from \$9.9 million to \$4.3 million as construction projects at two new schools, Isaac Dickson Elementary and Asheville Middle opened in August of 2016 continued on the multi-year construction projects to build a new Dickson Elementary School and a new Asheville Middle 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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FINANCIAL SECTION



ASHEVILLE CITY SCHOOLS

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BASIC FINANCIAL STATEMENTS



ASHEVILLE CITY SCHOOLS

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**ASHEVILLE CITY SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2017**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 13,309,744	\$ 211,600	\$ 13,521,344
Due from other governments	1,408,138	62,234	1,470,372
Accounts receivable (net)	150,440	6,105	156,545
Inventories	-	62,600	62,600
Prepays	39,984	-	39,984
Capital assets:			
Land and construction in progress	64,595,005	-	64,595,005
Other capital assets, net of depreciation	31,879,145	569,741	32,448,886
Total capital assets	96,474,150	569,741	97,043,891
Total assets	111,382,456	912,280	112,294,736
DEFERRED OUTFLOWS OF RESOURCES	13,695,828	182,386	13,878,214
LIABILITIES			
Accounts payable	604,846	858	605,704
Accrued salaries and wages payable	98,535	-	98,535
Unearned revenue	-	19,680	19,680
Long-term liabilities:			
Due in one year	387,828	4,000	391,828
Due in more than one year	23,273,731	304,246	23,577,977
Total liabilities	24,364,940	328,784	24,693,724
DEFERRED INFLOWS OF RESOURCES	1,343,110	17,886	1,360,996
NET POSITION			
Net investment in capital assets	96,159,018	569,741	96,728,759
Restricted for:			
Stabilization by State Statute	1,017,311	-	1,017,311
School capital outlay	3,336,780	-	3,336,780
Individual school activities	711,872	-	711,872
Unrestricted	(1,854,747)	178,255	(1,676,492)
Total net position	\$ 99,370,234	\$ 747,996	\$ 100,118,230

See accompanying notes to the basic financial statements.

**ASHEVILLE CITY SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

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	\$ 23,649,148	\$ 173,875	\$ 16,238,011	\$ -	\$ (7,237,262)	\$ -	\$ (7,237,262)
Special populations	5,728,012	-	5,002,911	-	(725,101)	-	(725,101)
Alternative programs	4,282,801	374,288	2,516,863	-	(1,391,650)	-	(1,391,650)
School leadership	2,701,131	-	1,069,200	-	(1,631,931)	-	(1,631,931)
Co-curricular	1,935,575	1,289,412	213,548	-	(432,615)	-	(432,615)
School-based support	3,197,067	-	1,922,107	-	(1,274,960)	-	(1,274,960)
System-wide support services:							
Support and development	318,161	-	173,566	-	(144,595)	-	(144,595)
Special populations support and development	275,787	-	125,038	-	(150,749)	-	(150,749)
Alternative programs and services support and development	274,473	22,774	43,471	-	(208,228)	-	(208,228)
Technology support	861,848	-	49,694	-	(812,154)	-	(812,154)
Operational support	6,128,377	-	784,662	1,014,667	(4,329,048)	-	(4,329,048)
Financial and human resource Accountability	1,281,795	-	243,825	-	(1,037,970)	-	(1,037,970)
System-wide pupil support	367,699	-	105,255	-	(262,444)	-	(262,444)
Policy, leadership and public relations	1,511,915	-	545,689	-	(966,226)	-	(966,226)
Ancillary services	341,063	35,505	78,803	-	(226,755)	-	(226,755)
Non-programmed charges	995,267	-	-	-	(995,267)	-	(995,267)
Unallocated depreciation expense*	2,057,342	-	-	-	(2,057,342)	-	(2,057,342)
Total governmental activities	<u>56,036,529</u>	<u>1,895,854</u>	<u>29,112,643</u>	<u>1,014,667</u>	<u>(24,013,365)</u>	<u>-</u>	<u>(24,013,365)</u>

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-type activities:							
Child Nutrition	\$ 1,772,923	\$ 337,050	\$ 1,252,454	\$ -	\$ -	\$ (183,419)	\$ (183,419)
Total government-wide	<u>\$ 57,809,452</u>	<u>\$ 2,232,904</u>	<u>\$ 30,365,097</u>	<u>\$ 1,014,667</u>	<u>(24,013,365)</u>	<u>(183,419)</u>	<u>(24,196,784)</u>
General revenues:							
U.S. Government					68,364	-	68,364
Buncombe County					17,518,177	-	17,518,177
Supplemental city school tax					8,620,247	-	8,620,247
Local option sales tax					2,940,136	-	2,940,136
Interest earned on investments					114,524	-	114,524
Other revenues					335,681	-	335,681
Transfers					(587,763)	587,763	-
Total general revenues and transfers					<u>29,009,366</u>	<u>587,763</u>	<u>29,597,129</u>
Change in net position					4,996,001	404,344	5,400,345
Net position—beginning of year					<u>94,374,233</u>	<u>343,652</u>	<u>94,717,885</u>
Net position—end of year					<u>\$ 99,370,234</u>	<u>\$ 747,996</u>	<u>\$ 100,118,230</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, 2017**

	<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>	
ASSETS						
Cash and cash equivalents	\$ 7,998,730	\$ -	\$ 1,380,428	\$ 3,218,714	\$ 711,872	\$ 13,309,744
Due from other governments	96,064	-	770,900	541,174	-	1,408,138
Accounts receivable (net)	52,207	-	98,140	93	-	150,440
Prepays	39,984	-	-	-	-	39,984
Total assets	<u>\$ 8,186,985</u>	<u>\$ -</u>	<u>\$ 2,249,468</u>	<u>\$ 3,759,981</u>	<u>\$ 711,872</u>	<u>\$ 14,908,306</u>
LIABILITIES						
Accounts payable	\$ 178,253	\$ -	\$ 3,392	\$ 423,201	\$ -	\$ 604,846
Accrued salaries and wages payable	94,972	-	3,563	-	-	98,535
Total liabilities	<u>273,225</u>	<u>-</u>	<u>6,955</u>	<u>423,201</u>	<u>-</u>	<u>703,381</u>

	Major Funds					Total Governmental Funds
	<u>General</u>	<u>State Public School</u>	<u>Other Specific Revenue</u>	<u>Capital Outlay</u>	<u>Non-major Funds</u>	
FUND BALANCES						
Non-spendable:						
Prepays	\$ 39,984	\$ -	\$ -	\$ -	\$ -	\$ 39,984
Restricted:						
Stabilization by State Statute	148,271	-	869,040	-	-	1,017,311
School capital outlay	-	-	-	3,336,780	-	3,336,780
Individual school activities	-	-	-	-	711,872	711,872
Assigned:						
Special programs	-	-	1,373,473	-	-	1,373,473
Subsequent year's budget	1,754,667	-	-	-	-	1,754,667
Unassigned	5,970,838	-	-	-	-	5,970,838
Total fund balances	<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>
Total liabilities and fund balances	<u>\$ 8,186,985</u>	<u>\$ -</u>	<u>\$ 2,249,468</u>	<u>\$ 3,759,981</u>	<u>\$ 711,872</u>	

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

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds	96,474,150
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	2,972,676
Pension related deferrals	10,723,152
Deferred inflows of resources are not available to satisfy current obligations in the fund statements. However, they are considered economic resources and are included in the Statement of Net Position	(1,343,110)
Liabilities for long-term debt are not payable with current financial resources and therefore are not reported in the funds:	
Installment purchase obligations	(315,132)
Net pension liability	(20,877,891)
Compensated absences	<u>(2,468,536)</u>
Net position of governmental activities	<u>\$ 99,370,234</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, 2017

	<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>	
REVENUES						
Intergovernmental:						
State of North Carolina	\$ -	\$ 25,529,915	\$ 528,709	\$ 1,014,667	\$ -	\$ 27,073,291
U.S. Government	-	-	367,809	-	2,487,474	2,855,283
Buncombe County	10,743,742	-	-	6,774,435	-	17,518,177
Supplemental city school tax	8,220,247	-	-	400,000	-	8,620,247
Local option sales tax	-	-	2,940,136	-	-	2,940,136
Charges for services	-	-	606,442	-	-	606,442
Miscellaneous	276,689	-	272,510	55,806	1,502,960	2,107,965
Total revenues	<u>19,240,678</u>	<u>25,529,915</u>	<u>4,715,606</u>	<u>8,244,908</u>	<u>3,990,434</u>	<u>61,721,541</u>
EXPENDITURES						
Current:						
Instructional services:						
Regular instructional	4,892,359	16,005,670	1,787,159	142,137	166,251	22,993,576
Special populations	230,346	4,103,207	452,015	-	688,918	5,474,486
Alternative programs	1,111,733	546,128	1,280,555	-	1,287,887	4,226,303
School leadership	1,349,394	1,069,200	191,719	-	-	2,610,313
Co-curricular	202,525	-	-	-	1,641,553	1,844,078
School-based support	1,321,783	1,888,589	219,836	623,118	33,518	4,086,844
System-wide support services:						
Support and development	126,274	82,332	15,509	-	91,234	315,349
Special populations support and development	125,419	60,773	16,229	-	64,265	266,686
Alternative programs and services support and development	199,685	-	26,121	-	43,471	269,277
Technology support	729,457	49,694	43,787	10,939	-	833,877
Operational support	4,774,909	758,536	228,153	111,457	3,557	5,876,612
Financial and human resource	918,587	236,700	81,722	-	7,125	1,244,134
Accountability	111,239	-	14,568	-	-	125,807
System-wide pupil support	216,716	105,255	34,142	-	-	356,113
Policy, leadership and public relations	890,906	545,689	103,909	-	-	1,540,504
Ancillary services	190	11,553	197,507	-	-	209,250

Major Funds

	<u>General</u>	<u>State Public School</u>	<u>Other Specific Revenue</u>	<u>Capital Outlay</u>	<u>Non-major Funds</u>	<u>Total Governmental Funds</u>
EXPENDITURES						
Current, continued:						
Non-programmed charges:						
Payments to charter schools	\$ 995,267	\$ -	\$ -	\$ -	\$ -	\$ 995,267
Other	-	-	-	-	101,248	101,248
Debt service	-	-	-	315,132	-	315,132
Capital outlay	-	-	-	5,931,040	-	5,931,040
Total expenditures	<u>18,196,789</u>	<u>25,463,326</u>	<u>4,692,931</u>	<u>7,133,823</u>	<u>4,129,027</u>	<u>59,615,896</u>
Revenues over (under) expenditures	<u>1,043,889</u>	<u>66,589</u>	<u>22,675</u>	<u>1,111,085</u>	<u>(138,593)</u>	<u>2,105,645</u>
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	-	-	-	35,399	143,000	178,399
Transfers to other funds	(151,021)	(66,589)	-	(513,153)	(35,399)	(766,162)
Installment purchase obligations issued	-	-	-	509,214	-	509,214
Total other financing sources (uses)	<u>(151,021)</u>	<u>(66,589)</u>	<u>-</u>	<u>31,460</u>	<u>107,601</u>	<u>(78,549)</u>
Net change in fund balances	892,868	-	22,675	1,142,545	(30,992)	2,027,096
Fund balance—beginning of year	<u>7,020,892</u>	<u>-</u>	<u>2,219,838</u>	<u>2,194,235</u>	<u>742,864</u>	<u>12,177,829</u>
Fund balance—end 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>

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

Net changes in fund balances—total governmental funds	\$ 2,027,096
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	(3,120,998)
Capital outlay	7,341,149
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities	2,972,676
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	(509,214)
Repayment on long-term debt	315,132
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	(38,309)
Pension expense	(3,991,531)
Total changes in net position of governmental activities	<u>\$ 4,996,001</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, 2017

	General Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
REVENUES				
Intergovernmental:				
Buncombe County	\$ 10,543,505	\$ 10,743,505	\$ 10,743,742	\$ 237
Supplemental city school tax	8,080,688	8,080,688	8,220,247	139,559
Miscellaneous	135,000	135,000	276,689	141,689
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	18,759,193	18,959,193	19,240,678	281,485
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current:				
Instructional services:				
Regular instructional	5,451,129	5,490,129	4,892,359	597,770
Special populations	228,839	255,839	230,346	25,493
Alternative programs	1,249,589	1,243,589	1,111,733	131,856
School leadership	1,475,800	1,475,800	1,349,394	126,406
Co-curricular	245,605	245,605	202,525	43,080
School based support	1,390,383	1,390,900	1,321,783	69,117
System-wide support services:				
Support and development	157,313	160,313	126,274	34,039
Special populations support and development	126,180	126,180	125,419	761
Alternative programs and services support and development	221,162	221,162	199,685	21,477
Technology support	742,439	742,439	729,457	12,982
Operational support	5,199,396	5,197,396	4,774,909	422,487
Financial and human resource	1,113,222	1,067,222	918,587	148,635
Accountability	114,012	114,012	111,239	2,773
System-wide pupil support	250,781	250,264	216,716	33,548
Policy, leadership and public relations	847,680	942,680	890,906	51,774

	General Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
EXPENDITURES				
Current, continued:				
Ancillary services	\$ 220	\$ 220	\$ 190	\$ 30
Non-programmed charges:				
Payments to charter schools	1,085,625	1,135,625	995,267	140,358
Total expenditures	<u>19,899,375</u>	<u>20,059,375</u>	<u>18,196,789</u>	<u>1,862,586</u>
Revenues over (under) expenditures	<u>(1,140,182)</u>	<u>(1,100,182)</u>	<u>1,043,889</u>	<u>2,144,071</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(228,000)	(268,000)	(151,021)	116,979
Appropriated fund balance	1,418,182	1,418,182	-	(1,418,182)
Contingency	(50,000)	(50,000)	-	50,000
Total other financing sources (uses)	<u>1,140,182</u>	<u>1,100,182</u>	<u>(151,021)</u>	<u>(1,251,203)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	892,868	<u>\$ 892,868</u>
Fund balance—beginning of year			<u>7,020,892</u>	
Fund balance—end of year			<u>\$ 7,913,760</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, 2017

	State Public School Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
REVENUES				
Intergovernmental:				
State of North Carolina	\$ 26,340,041	\$ 26,733,568	\$ 25,529,915	\$ (1,203,653)
EXPENDITURES				
Current:				
Instructional services:				
Regular instructional	16,594,073	16,781,007	16,005,670	775,337
Special populations	4,208,475	4,151,799	4,103,207	48,592
Alternative programs	619,076	713,713	546,128	167,585
School leadership	1,197,215	1,197,215	1,069,200	128,015
School based support	1,849,682	1,888,916	1,888,589	327
System-wide support services:				
Support and development	82,049	83,944	82,332	1,612
Special populations support and development	2,000	64,000	60,773	3,227
Technology support	-	49,694	49,694	-
Operational support	752,727	758,536	758,536	-
Financial and human resource	270,792	270,792	236,700	34,092
System-wide pupil support	95,321	107,321	105,255	2,066
Policy, leadership and public relations	589,848	577,848	545,689	32,159
Ancillary services	3,914	13,914	11,553	2,361
Total expenditures	<u>26,265,172</u>	<u>26,658,699</u>	<u>25,463,326</u>	<u>1,195,373</u>
Revenues over expenditures	74,869	74,869	66,589	(8,280)
OTHER FINANCING USES				
Transfers to other funds	(74,869)	(74,869)	(66,589)	8,280
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

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

	<u>Other Specific Revenue Fund</u>			<u>Positive (Negative) Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Intergovernmental:				
State of North Carolina	\$ 527,373	\$ 527,373	\$ 528,709	\$ 1,336
U.S. Government	217,662	317,662	367,809	50,147
Local option sales tax	2,725,000	2,725,000	2,940,136	215,136
Charges for services	556,374	571,374	606,442	35,068
Miscellaneous	397,041	401,041	272,510	(128,531)
Total revenues	<u>4,423,450</u>	<u>4,542,450</u>	<u>4,715,606</u>	<u>173,156</u>
EXPENDITURES				
Current:				
Instructional services:				
Regular instructional	1,841,575	1,841,575	1,787,159	54,416
Special populations	405,379	505,379	452,015	53,364
Alternative programs	1,385,375	1,385,375	1,280,555	104,820
School leadership	217,351	217,351	191,719	25,632
Co-curricular	-	1,331	-	1,331
School based support	226,725	226,725	219,836	6,889
System-wide support services:				
Support and development	19,415	19,415	15,509	3,906
Special populations support and development	16,231	16,231	16,229	2
Alternative programs	21,341	27,369	26,121	1,248
Technology support	43,788	43,788	43,787	1
Operational support	290,463	290,463	228,153	62,310
Financial and human resource	89,145	89,145	81,722	7,423
Accountability	14,570	14,570	14,568	2
System-wide pupil support	34,146	34,146	34,142	4
Policy, leadership and public relations	92,894	104,535	103,909	626
Ancillary services	226,419	229,821	197,507	32,314
Total expenditures	<u>4,924,817</u>	<u>5,047,219</u>	<u>4,692,931</u>	<u>354,288</u>

	Other Specific Revenue Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues over (under) expenditures	\$ (501,367)	\$ (504,769)	\$ 22,675	\$ 527,444
OTHER FINANCING SOURCES				
Appropriated fund balance	<u>501,367</u>	<u>504,769</u>	<u>-</u>	<u>(504,769)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	22,675	<u>\$ 22,675</u>
Fund balance—beginning of year			<u>2,219,838</u>	
Fund balance—end of year			<u>\$ 2,242,513</u>	

See accompanying notes to the basic financial statements.

**ASHEVILLE CITY SCHOOLS
STATEMENT OF NET POSITION—PROPRIETARY FUND
JUNE 30, 2017**

	Child Nutrition Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 211,600
Due from other governments	62,234
Accounts receivable (net)	6,105
Inventories	62,600
Total current assets	342,539
Non-current assets:	
Capital assets:	
Furniture and equipment, net	569,741
Total assets	912,280
DEFERRED OUTFLOWS OF RESOURCES	182,386
LIABILITIES	
Current liabilities:	
Accounts payable	858
Unearned revenue	19,680
Compensated absences, current portion	4,000
Total current liabilities	24,538
Non-current liabilities:	
Net pension liability	278,029
Compensated absences, less current portion	26,217
Total non-current liabilities	304,246
Total liabilities	328,784
DEFERRED INFLOWS OF RESOURCES	17,886
NET POSITION	
Investment in capital assets	569,741
Unrestricted	178,255
Total net position	\$ 747,996

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, 2017

	Child Nutrition Fund
OPERATING REVENUES	
Food sales	\$ 337,050
OPERATING EXPENSES	
Food cost	715,926
Salaries and benefits	900,034
Materials and supplies	66,880
Depreciation	64,470
Other	25,613
Total operating expenses	<u>1,772,923</u>
Operating loss	<u>(1,435,873)</u>
NON-OPERATING REVENUES	
Federal reimbursements and grants	1,146,482
Federal commodities	104,146
State reimbursements	1,826
Total non-operating revenues	<u>1,252,454</u>
Loss before transfers	(183,419)
TRANSFERS FROM OTHER FUNDS	<u>587,763</u>
Change in net position	404,344
Total net position—beginning of year	<u>343,652</u>
Total net position—end of year	<u><u>\$ 747,996</u></u>

See accompanying notes to the basic financial statements.

**ASHEVILLE CITY SCHOOLS
STATEMENT OF CASH FLOWS—PROPRIETARY FUND
YEAR ENDED JUNE 30, 2017**

	Child Nutrition Fund
Cash flows from operating activities:	
Cash received from customers	\$ 333,989
Cash paid for goods and services	(685,730)
Cash paid to employees for services	<u>(836,131)</u>
Net cash used for operating activities	<u>(1,187,872)</u>
Cash flows from non-capital financing activities:	
State reimbursements	(1,963)
Federal reimbursements	<u>1,146,842</u>
Net cash provided by non-capital financing activities	<u>1,144,879</u>
Net increase in cash and cash equivalents	(42,993)
Cash and cash equivalents, beginning of year	<u>254,593</u>
Cash and cash equivalents, end of year	<u><u>\$ 211,600</u></u>

	Child Nutrition Fund
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (1,435,873)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	64,470
Donated commodities consumed	104,146
Expenses paid by General Fund	8,021
Salaries paid by State Public School Fund	66,589
Expenses paid by Capital Outlay Fund	2,279
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Increase in accounts receivable	(5,621)
Decrease in inventories of food and supplies	9,736
Increase in deferred outflows of resources	(137,285)
Decrease in accounts payable and accrued salaries and wages payable	(1,493)
Increase in net pension liability	145,522
Increase in unearned revenue	2,560
Increase in compensated absences	613
Decrease in deferred inflows of resources	(11,536)
Net cash used for operating activities	<u>\$ (1,187,872)</u>
Non-cash investing, capital, and financing activities:	
Donated commodities received, reflected as a non-operating revenue and operating expense	<u>\$ 104,146</u>
Transfer for food purchases and salaries paid by the General Fund, reflected as a transfer and operating expense	<u>\$ 8,021</u>
Equipment purchased by the Capital Outlay Fund, reflected as a transfer in and an addition to capital assets	<u>\$ 510,874</u>
Non-capitalized equipment purchased by the Capital Outlay Fund, reflected as a transfer in and operating expense	<u>\$ 2,279</u>

See accompanying notes to the basic financial statements.

ASHEVILLE CITY SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES—FIDUCIARY FUND
June 30, 2017

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ <u>76,959</u>
LIABILITIES	
Due to other sources	\$ <u>76,959</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.

ASHEVILLE CITY SCHOOLS

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.

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

NOTES TO THE FINANCIAL STATEMENTS

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 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.

ASHEVILLE CITY SCHOOLS

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, 2017, 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 are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, or imposed by law through State Statute.

NOTES TO THE FINANCIAL STATEMENTS

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 2017-2018 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, 2017, the Board had deposits with financial institutions with a carrying amount of \$1,788,098 and \$-0- with the State Treasurer. The bank balances with the financial institutions and the State Treasurer were \$2,459,904 and \$174,100, respectively. Of these balances, \$965,076 was covered by federal depository insurance, \$1,494,829 was covered by collateral under the Pooling Method, and \$174,100 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The Board's petty cash at June 30, 2017 was \$280.

Investments: The Board's investment balances at June 30, 2017 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 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.

Table I				
INVESTMENTS				
Investment Type	Valuation Measurement Method	Balance at June 30, 2017	Maturity	Rating
NC Capital Management Trust – Term Portfolio	Fair Value – Level 1	\$ 24,231	Duration of .09 years	Unrated
NC Capital Management Trust – Government Portfolio	Amortized Cost	333,866	N/A	AAAm
NC State Treasurer’s Short Term Investment Fund (STIF)	Fair Value – Level 2	11,451,828	Duration of 1.6 years	Unrated
		<u>\$ 11,809,925</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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,234
Local governments	96,064	-	770,900	541,174	-	1,408,138	-
	<u>\$ 96,064</u>	<u>\$ -</u>	<u>\$ 770,900</u>	<u>\$ 541,174</u>	<u>\$ -</u>	<u>\$ 1,408,138</u>	<u>\$ 62,234</u>

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, 2017, 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, 2017, is summarized in Table III.

Depreciation was charged to the governmental functions as follows:

Regular instructional	\$ 287,640
Special populations	97,264
Alternative programs	4,266
School leadership	1,769
Co-curricular	87,782
School-based support	170,914
Technology support	9,731
Operational support	229,876
Policy, leadership and public relations	288
Ancillary	174,125
Unallocated	2,057,343
	<u>\$ 3,120,998</u>

Construction Commitments: At June 30, 2017, the Board’s commitment with contractors for school construction projects was approximately \$525,500.

DEFERRED OUTFLOWS OF RESOURCES

The Board reported deferred outflows of resources related to pensions in the amount of \$13,878,214 as of June 30, 2017.

LIABILITIES

Accounts Payable: The balance in accounts payable at June 30, 2017 is summarized in Table IV.

Table III					
CAPITAL ASSETS					
	<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	58,200,951	5,700,550	-	(614,072)	63,287,429
Total capital assets not being depreciated	59,508,527	5,700,550	-	(614,072)	64,595,005
Capital assets being depreciated:					
Buildings	71,072,062	109,456	-	871,303	72,052,821
Equipment and furniture	4,307,164	983,831	(5,034)	(385,310)	4,900,651
Vehicles	3,048,618	540,464	(35,112)	-	3,553,970
Land improvements	3,448,687	6,848	-	128,079	3,583,614
Total capital assets being depreciated	81,876,531	1,640,599	(40,146)	614,072	84,091,056
Less accumulated depreciation for:					
Buildings	(40,772,438)	(2,518,889)	-	(269,191)	(43,560,518)
Equipment and furniture	(3,544,609)	(263,827)	5,034	269,191	(3,534,211)
Vehicles	(2,726,283)	(205,243)	35,112	-	(2,896,414)
Land improvements	(2,087,729)	(133,039)	-	-	(2,220,768)
Total accumulated depreciation	(49,131,059)	(3,120,998)	40,146	-	(52,211,911)
Total capital assets being depreciated, net	32,745,472	(1,480,399)	-	614,072	31,879,145
Governmental activities capital assets, net	\$ 92,253,999	\$ 4,220,151	\$ -	\$ -	\$ 96,474,150
Business-type activities:					
Child Nutrition Fund:					
Capital assets being depreciated:					
Equipment	\$ 658,781	\$ 510,874	\$ -	\$ -	\$ 1,169,655
Less accumulated depreciation for:					
Equipment	(535,444)	(64,470)	-	-	(599,914)
Business-type activities capital assets, net	\$ 123,337	\$ 446,404	\$ -	\$ -	\$ 569,741

Table IV					
ACCOUNTS PAYABLE					
	<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	\$ 114,041	\$ 3,392	\$ 423,201	\$ 540,634	\$ 858
Charter schools	64,212	-	-	64,212	-
	<u>\$ 178,253</u>	<u>\$ 3,392</u>	<u>\$ 423,201</u>	<u>\$ 604,846</u>	<u>\$ 858</u>

Unearned Revenue: The balance in unearned revenue at June 30, 2017 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, 2017, 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, with the exception of the first year in which two principal payments were due.

The future minimum payments of the installment purchase contracts as of June 30, 2017 is as follows:

	Governmental Activities Principal
Year ending June 30:	
2018	\$ 187,827
2019	127,304
Total	\$ 315,131

Table V UNEARNED REVENUE						
	Governmental Activities				Business-type Activities	
	State Public School	Other Specific Revenue	Capital Outlay	Non-Major	Total	Child Nutrition
Grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid lunch sales	-	-	-	-	-	19,680
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,680

Table VI LONG-TERM OBLIGATIONS					
	Beginning Balances	Increases	Decreases	Ending Balances	Due in One Year
Governmental activities:					
Installment purchase obligation	\$ 121,049	\$ 509,214	\$ (315,132)	\$ 315,131	\$ 187,828
Compensated absences	2,430,227	1,728,513	(1,690,204)	2,468,536	200,000
Net pension liability	8,513,705	12,364,186	-	20,877,891	-
	<u>\$11,064,981</u>	<u>\$14,601,913</u>	<u>\$ (2,005,335)</u>	<u>\$23,661,559</u>	<u>\$ 387,828</u>
Business-type activities:					
Compensated absences	\$ 29,604	\$ 31,470	\$ (30,857)	\$ 30,217	\$ 4,000
Net pension liability	132,507	145,522	-	278,029	-
	<u>\$ 162,111</u>	<u>\$ 176,992</u>	<u>\$ (30,857)</u>	<u>\$ 308,246</u>	<u>\$ 4,000</u>

DEFERRED INFLOWS OF RESOURCES

The Board reported deferred inflows of resources related to pensions in the amount of \$1,360,996 as of June 30, 2017.

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, 2017, outstanding encumbrances in the Capital Outlay Fund amounted to \$72,235.

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.

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, 2017, was 9.98% 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 \$3,012,263 for the year ended June 30, 2017.

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, 2017, the Board reported a liability of \$21,155,920 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016 and at June 30, 2015, the Board's proportion was 0.23018% and 0.23462%, 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	\$ -	\$ 999,857
Changes of assumptions	3,119,984	
Net difference between projected and actual earnings on pension plan investments	7,544,879	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	201,088	361,139
Board contributions subsequent to the measurement date	3,012,263	-
	<u>\$13,878,214</u>	<u>\$1,360,996</u>

For the year ended June 30, 2017, the Board recognized pension expense of \$4,031,016. At June 30, 2017, 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 \$3,012,263, 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2018	\$ 1,585,905
2019	1,617,904
2020	4,045,500
2021	2,255,642
	<u>\$ 9,504,951</u>

Actuarial Assumptions. The total pension liability in the December 31, 2015 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	7.25 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, 2015 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, 2016 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.

ASHEVILLE CITY SCHOOLS

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 7.25%. 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 7.25 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:

	<u>Board's Proportionate Share of the Net Pension Liability</u>
1% Decrease (6.25%)	\$ 39,790,197
Discount Rate (7.25%)	\$ 21,155,920
1% Increase (8.25%)	\$ 5,487,047

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 post-employment healthcare benefits are provided through a cost-sharing multiple-employer defined benefit plan administered by the Executive Administrator and the Board of Trustees of the Comprehensive Major Medical Plan (the Plan). The Executive Administrator and the Board of Trustees of the Plan establishes premium rates except as may be established by the General Assembly in an appropriation act. The Plan's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3 of the General Statutes and may be amended only by the North Carolina General Assembly. By General Statute, the Plan accumulates contributions from employers and any earnings on those contributions in the Retiree Health Benefit Fund. These assets shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. These contributions are irrevocable. Also by law, these assets are not subject to the claims of creditors of the employers making contributions to the Plan.

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

NOTES TO THE FINANCIAL STATEMENTS

Funding Policy. The Comprehensive Major Medical Plan is administered by the Executive Administrator and Board of Trustees of the Plan, which establishes premium rates except as may be established by the North Carolina General Assembly in an appropriation act. The healthcare benefits for retired and disabled employees are the same as for active employees, except that the coverage becomes secondary when former employees become eligible for Medicare. For employees first hired on and after October 1, 2006, future coverage as retired employees is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on and after October 1, 2006 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium. For employees hired before October 1, 2006, healthcare benefits are provided to retirees (at no charge to the retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the North Carolina General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2017, 2016, and 2015, the Board paid all annual required contributions to the Plan for post-employment healthcare benefits of \$1,753,633, \$1,628,270, and \$1,635,752, respectively. These contributions represented

ASHEVILLE CITY SCHOOLS

5.81%, 5.60%, and 5.49%, of covered payroll, respectively.

LONG-TERM DISABILITY BENEFITS

Plan Description. Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan. The DIPNC is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System. Long-term disability benefits are payable as another post-employment benefit from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The Plan accumulates contributions from employers and any earnings on those contributions in the Disability Income Plan Trust Fund. The Plan does not provide for automatic post-retirement benefit increases.

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

Funding Policy. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in the Teachers' and State Employees' Retirement

System of North Carolina, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from the Retirement System; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement System after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

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

NOTES TO THE FINANCIAL STATEMENTS

from the Department of Veterans Affairs, any other federal agency or any payments made under the provisions of G.S.127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided in any event, the benefits payable shall be no less than \$10 a month. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS. For members who obtain five years of membership service on or after August 1, 2007, the monthly long-term disability benefit is reduced by the primary Social Security retirement benefit to which you might be entitled should one become age 62 during the first 36 months. After 36 months of long-term disability, there will be no further payments from the DIPNC unless the member is approved for and is in receipt of primary Social Security disability benefits. It is payable so long as the member remains disabled and is in receipt of a primary Social Security disability benefit until eligible for an unreduced service retirement benefit. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS.

The Board's contributions are established in the Appropriations Bill by the General Assembly. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The contributions cannot be separated between the amounts that relate to other post-employment 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 post-employment benefit. For the fiscal years ended June 30, 2017, 2016, and 2015, the Board paid all annual required contributions to the DIPNC for disability benefits of \$114,695, \$119,213, and \$122,160, respectively. These contributions represented 0.38%, 0.41%, and 0.41% of covered payroll each year, respectively.

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.

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, 2017 consist of \$8,021 transferred from the General Fund to the Child Nutrition Fund for food purchases and salaries; \$66,589 transferred from the State Public School Fund to the Child Nutrition Fund for the Child Nutrition Director's salary; \$513,153 transferred from the Capital Outlay Fund to the Child Nutrition Fund for the purchase of capital assets and equipment; \$35,399 transferred from the non-major governmental fund for individual schools to the Capital Outlay Fund for the construction of an outdoor learning center; 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 15¢ per \$100 of assessed valuation of taxable property located in the Asheville City School District. The Asheville City School District's boundaries do not coincide with the City of Asheville corporate limits. In compliance with North Carolina state law, the supplemental city school tax is levied, billed and collected by Buncombe County. All property taxes, including the supplemental city school tax, are assessed as of July 1, the beginning of the County's fiscal year, and are based upon 100 percent of the assessed value as of January 1 the same year.

**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.



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SUPPLEMENTARY INFORMATION



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REQUIRED SUPPLEMENTARY INFORMATION

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”):

- Schedule of the Board’s Proportionate Share of the Net Pension Liability
- Schedule of the Board’s Contributions

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 FOUR FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (%)	0.23018%	0.23462%	0.22456%	0.22050%
Board's proportionate share of the net pension liability (\$)	\$ 21,155,920	\$ 8,646,212	\$ 2,632,789	\$ 13,386,597
Board's covered-employee payroll	\$ 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-employee payroll	72.76%	29.02%	9.39%	47.63%
Plan fiduciary net position as a percentage of total pension liability	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 FOUR FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,012,263	\$ 2,660,476	\$ 2,726,252	\$ 2,437,006
Contributions in relation to the contractually required contributions	<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>
 Board's covered-employee payroll	 <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-employee payroll	 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.

NON-MAJOR GOVERNMENTAL FUNDS

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, 2017**

	<u>Federal Grants</u>	<u>Individual Schools</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 711,872	\$ 711,872
Due from other governments	-	-	-
Total assets	\$ -	\$ 711,872	\$ 711,872
 FUND BALANCES			
Restricted:			
Individual school activities	-	711,872	711,872
Total liabilities and fund balances	\$ -	\$ 711,872	\$ 711,872

**ASHEVILLE CITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017**

	<u>Federal Grants</u>	<u>Individual Schools</u>	<u>Total</u>
REVENUES			
Intergovernmental:			
U.S. Government	\$ 2,487,474	\$ -	\$ 2,487,474
Miscellaneous	-	1,502,960	1,502,960
	<hr/>	<hr/>	<hr/>
Total revenues	2,487,474	1,502,960	3,990,434
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Instructional Services:			
Regular instructional	166,251	-	166,251
Special populations	688,918	-	688,918
Alternative programs	1,287,887	-	1,287,887
Co-curricular	-	1,641,553	1,641,553
School-based support	33,518	-	33,518
System-wide Support Services:			
Support and development	91,234	-	91,234
Special populations support and development	64,265	-	64,265
Alternative programs and services support and development	43,471	-	43,471
Operational support	3,557	-	3,557
Financial and human resource	7,125	-	7,125
Non-programmed charges:			
Other	101,248	-	101,248
	<hr/>	<hr/>	<hr/>
Total expenditures	2,487,474	1,641,553	4,129,027
	<hr/>	<hr/>	<hr/>
Revenues under expenditures	-	(138,593)	(138,593)
	<hr/>	<hr/>	<hr/>

	<u>Federal Grants</u>	<u>Individual Schools</u>	<u>Total</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	\$ -	\$ 143,000	\$ 143,000
Transfers to other funds	-	(35,399)	(35,399)
Total other financing sources (uses)	-	107,601	107,601
Net change in fund balances	-	(30,992)	(30,992)
Fund balances—beginning of year	-	742,864	742,864
Fund balances—end of year	<u>\$ -</u>	<u>\$ 711,872</u>	<u>\$ 711,872</u>

**ASHEVILLE CITY SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL
FEDERAL GRANTS FUND
YEAR ENDED JUNE 30, 2017**

	<u>Federal Grants Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
REVENUES			
Intergovernmental:			
U.S. Government	\$ 3,830,601	\$ 2,487,474	\$ (1,343,127)
EXPENDITURES			
Current:			
Instructional services:			
Regular instructional	231,108	166,251	64,857
Special populations	1,108,643	688,918	419,725
Alternative programs	1,431,164	1,287,887	143,277
School-based support	40,634	33,518	7,116
System-wide support services:			
Support and development	91,704	91,234	470
Special populations support and development	125,781	64,265	61,516
Alternative programs and services support and development	48,504	43,471	5,033
Operational support	5,163	3,557	1,606
Financial and human resource	24,500	7,125	17,375
Non-programmed charges:			
Unbudgeted federal grants	592,728	-	592,728
Other	130,672	101,248	29,424
Total expenditures	<u>3,830,601</u>	<u>2,487,474</u>	<u>1,343,127</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

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.

ASHEVILLE CITY SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL
CAPITAL OUTLAY FUND
YEAR ENDED JUNE 30, 2017

	Capital Outlay Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
REVENUES			
Intergovernmental:			
State of North Carolina	\$ 1,014,667	\$ 1,014,667	\$ -
Buncombe County	6,937,815	6,774,435	(163,380)
Supplemental city school tax	400,000	400,000	-
Miscellaneous	540,864	55,806	(485,058)
Total revenues	<u>8,893,346</u>	<u>8,244,908</u>	<u>(648,438)</u>
EXPENDITURES			
Current:			
Instructional Services:			
Regular instructional	212,060	142,137	69,923
School-based support	625,000	623,118	1,882
System-wide Support Services:			
Technology support	15,000	10,939	4,061
Operational support	165,503	111,457	54,046
Debt service	315,132	315,132	-
Capital outlay	8,057,678	5,931,040	2,126,638
Total expenditures	<u>9,390,373</u>	<u>7,133,823</u>	<u>2,256,550</u>
Revenues over (under) expenditures	<u>(497,027)</u>	<u>1,111,085</u>	<u>1,608,112</u>

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	\$ 475,000	\$ -	\$ (475,000)
Installment purchase obligations issued	509,214	509,214	-
Transfers from other funds	35,974	35,399	(575)
Transfers to other funds	(513,161)	(513,153)	8
Contingency	(10,000)	-	10,000
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	497,027	31,460	(465,567)
Net change in fund balance	<u>\$ -</u>	<u>1,142,545</u>	<u>\$ 1,142,545</u>
Fund balance—beginning of year		<u>2,194,235</u>	
Fund balance—end of year		<u>\$ 3,336,780</u>	



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ENTERPRISE FUND

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).

ASHEVILLE CITY SCHOOLS
SCHEDULE OF REVENUES AND EXPENDITURES—BUDGET AND ACTUAL (Non-GAAP)
CHILD NUTRITION FUND
YEAR ENDED JUNE 30, 2017

	Child Nutrition Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Operating revenues:			
Food sales	\$ 349,000	\$ 339,610	\$ (9,390)
Operating expenditures:			
Purchase of food	746,550	708,001	38,549
Salaries and benefits	926,050	902,720	23,330
Materials and supplies	178,416	65,069	113,347
Other	31,109	25,613	5,496
Total operating expenditures	<u>1,882,125</u>	<u>1,701,403</u>	<u>180,722</u>
Operating loss	<u>(1,533,125)</u>	<u>(1,361,793)</u>	<u>171,332</u>
Non-operating revenues:			
Federal reimbursements	1,177,610	1,146,482	(31,128)
Federal commodities	94,000	104,146	10,146
State reimbursement	2,000	1,826	(174)
Proceeds from the disposal of assets	2,500	-	(2,500)
Total non-operating revenues	<u>1,276,110</u>	<u>1,252,454</u>	<u>(23,656)</u>
Revenues under expenditures before other financing sources	<u>(257,015)</u>	<u>(109,339)</u>	<u>147,676</u>
Other financing sources:			
Transfers from other funds	<u>257,015</u>	<u>587,763</u>	<u>330,748</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>478,424</u>	<u>\$ 478,424</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(64,470)	
Increase in deferred outflows of resources - pension		137,285	
Increase in compensated absences		(613)	
Increase in net pension liability		(145,522)	
Decrease in deferred inflows of resources - pension		11,536	
Decrease in inventories of food and supplies		(9,736)	
Increase in unearned revenue		<u>(2,560)</u>	
Change in net position		<u>\$ 404,344</u>	

AGENCY FUND

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.

**ASHEVILLE CITY SCHOOLS
 AGENCY FUND
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 YEAR ENDED JUNE 30, 2017**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
ASHEVILLE HIGH AWARDS:				
Assets:				
Cash and cash equivalents	\$ 20,013	\$ 197	\$ 192	\$ 20,018
Liabilities:				
Due to other sources	\$ 20,013	\$ 197	\$ 192	\$ 20,018
EDUCATIONAL ACCESS CHANNEL CONSORTIUM:				
Assets:				
Cash and cash equivalents	\$ 125,537	\$ -	\$ 73,609	\$ 51,928
Liabilities:				
Due to other sources	\$ 125,537	\$ -	\$ 73,609	\$ 51,928
TOTAL—AGENCY FUND:				
Assets:				
Cash and cash equivalents	\$ 145,550	\$ 197	\$ 73,801	\$ 71,946
Liabilities:				
Due to other sources	\$ 145,550	\$ 197	\$ 73,801	\$ 71,946



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STATISTICAL SECTION



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STATISTICAL SECTION

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information 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>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>	<u>2008</u>
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 40,742,273
Restricted	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	3,121,124
Unrestricted	(1,854,747)	(1,677,945)	(4,358,156)	(6,355,759)	5,104,518	3,624,664	1,652,123	1,803,925	1,889,585	2,527,733
Total governmental activities net position	<u>\$ 99,370,234</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>	<u>\$ 46,391,130</u>
Business-type activities:										
Net investment in capital assets	\$ 569,741	\$ 123,337	\$ 118,879	\$ 141,939	\$ 171,380	\$ 187,768	\$ 201,042	\$ 230,279	\$ 239,890	\$ 272,359
Unrestricted	178,255	220,315	193,735	119,554	252,012	237,496	168,156	62,506	50,072	(23,956)
Total business-type activities net position	<u>\$ 747,996</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>	<u>\$ 248,403</u>
Government-wide:										
Net investment in capital assets	\$ 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	\$ 41,014,632
Restricted	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	3,121,124
Unrestricted	(1,676,492)	(1,457,630)	(4,164,421)	(6,236,205)	5,356,530	3,862,160	1,820,279	1,866,431	1,939,657	2,503,777
Total government-wide net position	<u>\$ 100,118,230</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>	<u>\$ 46,639,533</u>

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

Financial Trends
Schedule 2

	<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>	<u>2008</u>
Expenses:										
Governmental activities:										
Instructional programs	\$ 41,493,734	\$ 38,490,269	\$ 38,968,670	\$ 39,284,689	\$ 38,788,317	\$ 37,987,862	\$ 38,127,000	\$ 37,844,471	\$ 38,501,664	\$ 37,206,592
Support services	11,149,123	10,128,150	10,094,897	11,875,229	9,824,061	9,708,344	9,934,044	9,728,867	9,971,095	9,472,591
Unallocated depreciation expense	2,057,342	1,877,018	1,878,711	1,846,895	1,562,032	1,589,990	1,533,209	1,622,375	1,618,517	1,628,326
Other	1,336,330	1,240,178	1,289,089	1,096,795	942,551	1,252,726	1,422,066	875,589	788,107	713,959
Total governmental activities expenses	<u>56,036,529</u>	<u>51,735,615</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>	<u>49,021,468</u>
Business-type activities:										
Child nutrition	1,772,923	1,694,619	1,614,687	1,757,338	1,774,637	1,694,725	1,658,572	1,682,677	1,781,287	1,695,817
Total government-wide expenses	<u>57,809,452</u>	<u>53,430,234</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>	<u>50,717,285</u>
Program revenues:										
Governmental activities:										
Charges for services										
Instructional programs	1,837,575	1,776,922	1,639,846	1,562,955	1,569,289	1,607,598	1,469,840	1,520,984	1,452,988	1,343,434
Support programs	22,774	15,200	32,889	64,396	50,292	1,892	-	-	6,302	4,749
Ancillary services	35,505	28,998	31,586	14,045	17,300	5,604	2,015	4,465	8,178	6,424
Operating grants and contributions	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	27,475,326
Capital grants and contributions	1,014,667	1,390,435	28,187	200,196	377,774	908,591	536,628	386,673	351,765	51,599
Total governmental activities program revenues	<u>32,023,164</u>	<u>31,441,515</u>	<u>30,817,782</u>	<u>29,899,630</u>	<u>30,616,173</u>	<u>31,260,269</u>	<u>30,678,156</u>	<u>29,966,828</u>	<u>30,442,744</u>	<u>28,881,532</u>
Business-type activities:										
Charges for services	337,050	316,455	321,557	364,834	424,615	466,232	468,500	469,799	526,806	537,651
Operating grants and contributions	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	1,020,189
Total business-type activities program revenues	<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>	<u>1,557,840</u>
Total government-wide program revenues	<u>33,612,668</u>	<u>33,041,616</u>	<u>32,373,858</u>	<u>31,530,279</u>	<u>32,293,753</u>	<u>32,927,811</u>	<u>32,346,282</u>	<u>31,535,791</u>	<u>32,033,852</u>	<u>30,439,372</u>
Net (expense)	<u>\$ (24,196,784)</u>	<u>\$ (20,388,618)</u>	<u>\$ (21,472,196)</u>	<u>\$ (24,330,667)</u>	<u>\$ (20,597,845)</u>	<u>\$ (19,305,836)</u>	<u>\$ (20,328,609)</u>	<u>\$ (20,218,188)</u>	<u>\$ (20,626,818)</u>	<u>\$ (20,277,913)</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
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

Financial Trends
Schedule 3

	<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>	<u>2008</u>
Net (expense):										
Government-wide net (expense)	\$ (24,196,784)	\$ (20,388,618)	\$ (21,472,196)	\$ (24,330,667)	\$ (20,597,845)	\$ (19,305,836)	\$ (20,328,609)	\$ (20,218,188)	\$ (20,626,818)	\$ (20,277,913)
General revenues and transfers:										
Governmental activities:										
U.S. Government	68,364	75,632	65,162	46,421	59,184	65,869	72,516	-	-	-
Buncombe County--General Fund appropriation	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	6,548,327
Buncombe County--capital outlay	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	1,440,998
Supplemental city school tax	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	7,596,032
Local option sales tax	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	2,999,131
Other revenues	450,205	710,899	489,960	396,721	332,403	335,010	427,631	498,423	696,816	975,978
Transfers (out)	(587,763)	(125,556)	(105,434)	(115,785)	(93,236)	(83,077)	(66,792)	(116,047)	(231,618)	(197,717)
Total governmental activities general revenues and transfers	<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>	<u>19,362,749</u>
Business-type activities:										
Other revenues	-	-	4,298	-	1,949	172	67	490	120	1,715
Transfers in	587,763	125,556	105,434	115,785	93,236	83,077	66,792	116,047	231,618	197,717
Total business-type activities general revenues and transfers	<u>587,763</u>	<u>125,556</u>	<u>109,732</u>	<u>115,785</u>	<u>95,185</u>	<u>83,249</u>	<u>66,859</u>	<u>116,537</u>	<u>231,738</u>	<u>199,432</u>
Total government-wide general revenues and transfers	<u>29,597,129</u>	<u>50,974,064</u>	<u>42,751,860</u>	<u>27,676,802</u>	<u>22,518,309</u>	<u>21,420,458</u>	<u>21,034,293</u>	<u>20,555,937</u>	<u>19,039,747</u>	<u>19,562,181</u>
Change in net position	<u>\$ 5,400,345</u>	<u>\$ 30,585,446</u>	<u>\$ 21,279,664</u>	<u>\$ 3,346,135</u>	<u>\$ 1,920,464</u>	<u>\$ 2,114,622</u>	<u>\$ 705,684</u>	<u>\$ 337,749</u>	<u>\$ (1,587,071)</u>	<u>\$ (715,732)</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
FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

Financial Trends
Schedule 4

	<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>	<u>2008</u>
General Fund:										
Non-spendable	\$ 39,984	\$ 35,807	\$ 38,082	\$ 33,187	\$ 32,531	\$ 28,256	\$ 27,797	\$ 29,828	\$ 31,797	\$ 37,744
Restricted—Stabilization by State Statute	148,271	146,060	199,640	186,514	128,223	138,553	187,726	313,718	537,212	635,599
Assigned	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	1,900,000
Unassigned	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	2,326,390
Total General Fund	<u>\$ 7,913,760</u>	<u>\$ 7,020,892</u>	<u>\$ 6,523,477</u>	<u>\$ 6,196,210</u>	<u>\$ 6,442,124</u>	<u>\$ 5,233,137</u>	<u>\$ 3,812,781</u>	<u>\$ 4,156,638</u>	<u>\$ 4,436,551</u>	<u>\$ 4,899,733</u>
All other governmental funds:										
Restricted—Stabilization by State Statute	\$ 869,040	\$ 836,069	\$ 1,084,178	\$ 982,770	\$ 1,161,832	\$ 911,754	\$ 815,694	\$ 578,609	\$ 16,209	\$ 15,559
Restricted—School capital outlay	3,336,780	2,194,235	902,135	1,194,346	588,343	730,539	670,873	1,329,522	2,166,806	2,173,881
Restricted—Individual schools activities	711,872	742,864	664,546	538,069	395,850	483,834	383,366	351,181	320,806	296,085
Assigned—Special programs	1,373,473	1,383,769	1,138,951	1,029,201	1,215,303	670,384	64,058	-	-	-
Total all other governmental funds	<u>\$ 6,291,165</u>	<u>\$ 5,156,937</u>	<u>\$ 3,789,810</u>	<u>\$ 3,744,386</u>	<u>\$ 3,361,328</u>	<u>\$ 2,796,511</u>	<u>\$ 1,933,991</u>	<u>\$ 2,259,312</u>	<u>\$ 2,503,821</u>	<u>\$ 2,485,525</u>

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

Financial Trends
Schedule 5

	<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>	<u>2008</u>
Revenues:										
Intergovernmental:										
State of North Carolina	\$ 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	\$ 22,214,646
U. S. Government	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	5,162,624
Buncombe County - General Fund appropriation	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	6,548,327
Buncombe County - capital outlay	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	1,440,998
Supplemental city school tax	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	7,596,032
Local option sales tax	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	2,999,131
Charges for services	606,442	514,387	418,756	434,276	492,668	467,284	577,132	675,457	680,918	581,236
Miscellaneous	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	2,009,219
Total revenues	<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>	<u>48,552,213</u>
Expenditures:										
Current:										
Instructional programs	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	36,336,671
Support services	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	9,158,220
Other	1,305,765	1,207,686	1,247,840	1,054,626	884,179	1,180,820	1,439,111	901,992	860,673	516,897
Capital Outlay	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	1,276,337
Debt service:										
Principal	315,132	121,048	-	-	97,772	97,777	279,388	247,136	227,578	124,185
Total expenditures	<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>	<u>47,412,310</u>
Revenues over (under) expenditures	<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>	<u>1,139,903</u>
Other financing sources (uses):										
Transfers from other funds	178,399	189,436	138,343	122,100	131,500	120,500	124,247	253,156	270,674	264,786
Transfers to other funds	(766,162)	(314,992)	(243,777)	(237,885)	(224,736)	(203,577)	(191,039)	(369,203)	(502,292)	(462,503)
Installment purchase obligations issued	509,214	242,097	-	-	-	-	-	391,105	682,733	-
Total other financing sources (uses)	<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>	<u>(197,717)</u>
Net change in fund balances	<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>	<u>\$ 942,186</u>
Debt service as a percentage of non-capital expenditures	0.59%	0.24%	0.00%	0.00%	0.20%	0.20%	0.57%	0.51%	0.46%	0.27%

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)**

Fiscal Year	Actual Value - Asheville City School District				Direct Tax Rate
	Real Property	Personal Property	Public Service Companies	Total Taxable Value	
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
2008	4,461,149	479,873	103,974	5,044,996	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>	
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
2008	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	2017			2008		
		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	\$ 104,574	1	1.82%			
New Belgium Brewing Company Inc	Brewery	95,308	3	1.66%			
Duke Energy Progress	Electric Utility	79,159	2	1.38%			
Nesbitt Asheville Venture LLC	Hotels/Convention Services	29,047	4	0.51%	20,373	4	0.40%
BellSouth Telephone Co	Communications Service	17,704	5	0.31%	48,169	3	0.95%
Ingles Markets Inc	Supermarkets	16,681	6	0.29%			
Pulliam Spake LLC	Real Estate/Commercial	14,589	7	0.25%			
HP Asheville LLC	Real Estate Development	14,462	8	0.25%			
FRIC Westgate LLC	Real Estate	14,104	9	0.25%			
Campus Crest at Asheville	Hotels/Convention Services	14,104	10	0.25%			
Jack Tar/Grove Park Inn	Hotels/Convention Services				102,511	1	2.03%
Progress Energy	Electric Utility				85,106	2	1.69%
Power Development	Real Estate Development				19,093	5	0.38%
Sea Nic Enterprises	Real Estate/Rentals				18,779	6	0.37%
Public Services Company of NC	Gas Utility				18,616	7	0.37%
Grove Park Inn Resort Inc	Hotels/Convention Services				17,908	8	0.35%
Country Club of Asheville	Real Estate/Private Golf Club				15,093	9	0.30%
CT Rental LLC	Real Estate/Rentals				14,636	10	0.29%
	Totals	<u>\$ 399,732</u>		<u>6.97%</u>	<u>\$ 360,284</u>		<u>7.13%</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
2017	\$ 8,622	\$ 8,619	99.97%	-	\$ 8,619	99.97%
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%
2008	7,557	7,516	99.46%	41	7,557	100.00%

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

Fiscal Year	Estimated Population (in thousands)	Personal Income (in thousands)	Per Capita Personal Income	Estimated Median Age	County-wide School Enrollment	Unemployment Rate
2017	258	Unavailable	Unavailable	41.1	31,966	4.1
2016	254	Unavailable	Unavailable	41.0	30,232	3.5
2015	251	\$ 10,378,772	\$ 41,305	40.1	29,198	4.8
2014	252	9,552,676	37,908	40.8	30,535	6.3
2013	249	9,282,566	37,290	40.7	29,451	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
2008	233	8,136,349	34,948	41.0	28,894	4.9

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**

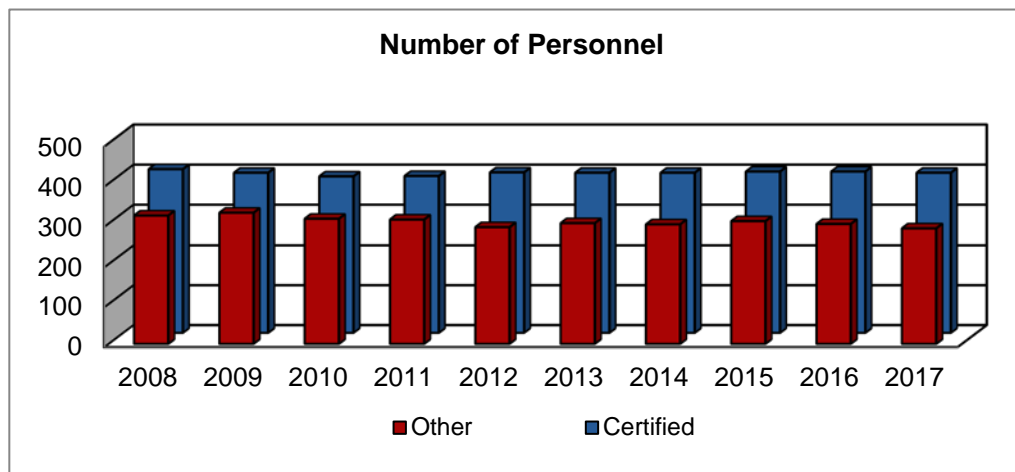
<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Mission Health System and Hospital	3,000+	1	2.27%	6,990	1	6.04%
Buncombe County Public Schools	3,000+	2	2.27%	4,000	2	3.46%
Asheville-Buncombe Technical Community College	1,000-2,999	3	0.75%-2.26%			
The Biltmore Company	1,000-2,999	4	0.75%-2.26%	1,580	5	1.37%
Buncombe County Government	1,000-2,999	5	0.75%-2.26%	1,670	4	1.44%
City of Asheville	1,000-2,999	6	0.75%-2.26%	1,000	8	0.86%
Ingles Markets, Inc.	1,000-2,999	7	0.75%-2.26%	3,050	3	2.64%
Omni Grove Park Inn	1,000-2,999	8	0.75%-2.26%	1,100	7	0.95%
VA Medical Center - Asheville	1,000-2,999	9	0.75%-2.26%	1,140	6	0.99%
CarePartners	750-999	10	0.57%-0.75%	750	9	0.65%
Asheville City Schools				730	10	0.63%
Total	<u>13,750-21,992</u>		<u>10.4%-16.6%</u>			

Source: Buncombe County Finance Department

Notes: Labor Force Estimate for 2017 per NCESC: 136,244

Labor Force Estimate for 2008 per NCESC: 123,597

**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>
2008	408	320	728	3,683	9.0
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

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.

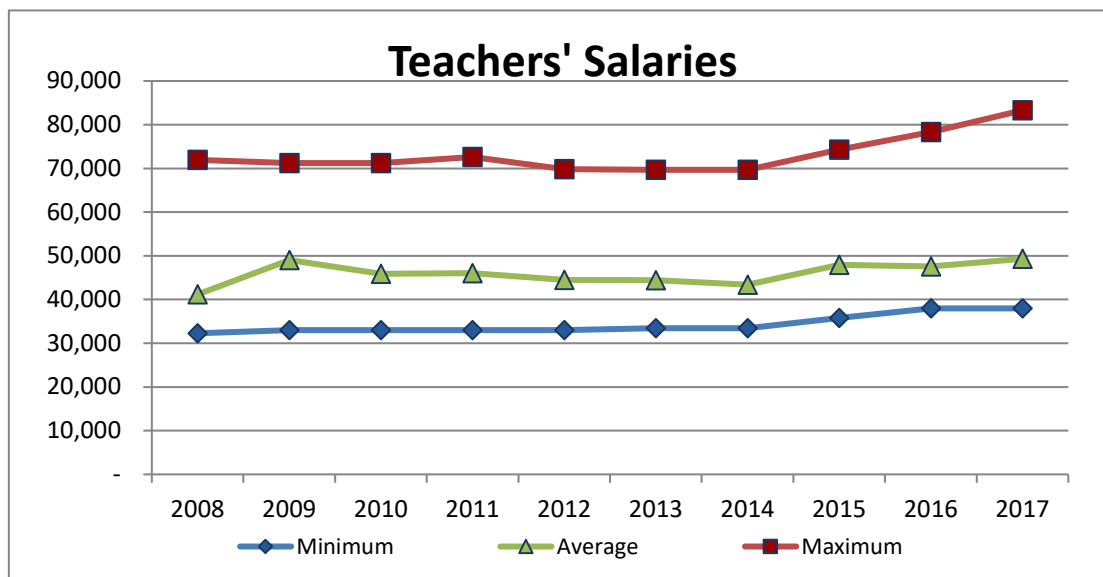
**ASHEVILLE CITY SCHOOLS
OPERATING STATISTICS
Last Ten Fiscal Years**

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
2017	4,421	4,183	\$ 11,588	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%
2008	3,683	3,477	12,209	Third	51.5%	42.1%	51.2%	6.7%

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>
2008	32,279	71,962	41,169
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

Source: Asheville City Schools Business and Financial Services.

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

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

School	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Elementary:										
Claxton:										
Square feet	81,193	81,193	81,193	81,193	81,193	81,193	81,193	81,193	81,193	81,193
Capacity	480	480	480	480	480	480	480	480	480	480
First month membership	493	478	469	450	439	455	431	419	418	412
Dickson (see below):										
Square feet	77,169	56,819	56,819	75,926	75,926	75,926	75,926	75,926	75,926	75,926
Capacity	550	582	582	582	449	449	449	449	449	449
First month membership	525	508	488	465	470	445	423	419	417	412
Hall Fletcher:										
Square Feet	88,205	88,205	88,205	88,205	88,205	88,205	88,205	88,205	88,205	88,205
Capacity	455	455	455	455	455	455	455	455	455	455
First month membership	347	392	349	347	302	302	306	309	306	301
Jones:										
Square Feet	85,730	85,730	85,730	85,730	85,730	85,730	85,730	85,162	85,162	85,162
Capacity	450	450	450	450	450	450	450	450	450	450
First month membership	501	498	482	444	415	390	405	376	382	356
Vance:										
Square Feet	70,665	70,665	70,665	70,665	70,665	70,665	69,965	69,965	69,965	69,965
Capacity	447	447	447	447	447	447	422	422	422	422
First month membership	470	467	464	462	459	441	405	379	368	352

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

School	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Middle:										
Asheville Middle:										
Square Feet	174,695	170,418	170,418	170,418	170,418	170,418	170,418	170,418	170,418	170,418
Capacity	1,000	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064
First month membership	796	704	721	747	787	766	719	661	672	666
Middle/High:										
Montford School, Formerly Randolph Learning Center/William Randolph School:										
Square Feet	See below	See below	See below	See below	56,819	56,819	56,819	56,819	56,819	56,819
Capacity	See below	See below	See below	See below	582	582	582	582	582	582
First month membership	See below	See below	See below	See below	See below	See below	48	84	73	57
Asheville High/SILSA:										
Square Feet	367,803	367,803	367,803	367,803	365,441	365,441	365,441	365,441	365,441	365,441
Capacity	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
First month membership	1,372	1,376	1,385	1,332	1,273	1,228	1,135	1,111	1,101	1,150

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 marks the beginning of new school buildings for Dickson Elementary School and Asheville Middle School.



ASHEVILLE CITY SCHOOLS

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