

ASHEVILLE CITY SCHOOLS

ASHEVILLE, NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Comprehensive Annual Financial Report
of the
Asheville City Schools

Asheville, North Carolina
For the Fiscal Year Ended June 30, 2015



ASHEVILLE CITY SCHOOLS

Learn. Discover. Thrive.

Prepared by Finance Department
Donna W. Watson, CPA, Executive Director of Finance
Christy Wilson, Director of Financial and Data Services



ASHEVILLE CITY SCHOOLS

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INTRODUCTORY SECTION

INTRODUCTORY SECTION



LETTER OF TRANSMITTAL

November 20, 2015

**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, 2015, 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 2015, 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 2014-15 school year was 4,295 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. The Board's annual budget resolution authorizes expenditures by purpose or function on a modified accrual basis. For internal management purposes, the budget is allocated by line item within each purpose or function. The Board also uses a purchase order encumbrance system that records encumbrances outstanding against each line item of expenditure. Outstanding encumbrances at the end of the fiscal year related to normal operations are considered to be continuing contracts and are transferred at the end of the fiscal year to appropriations in future years.

ECONOMIC CONDITION AND OUTLOOK

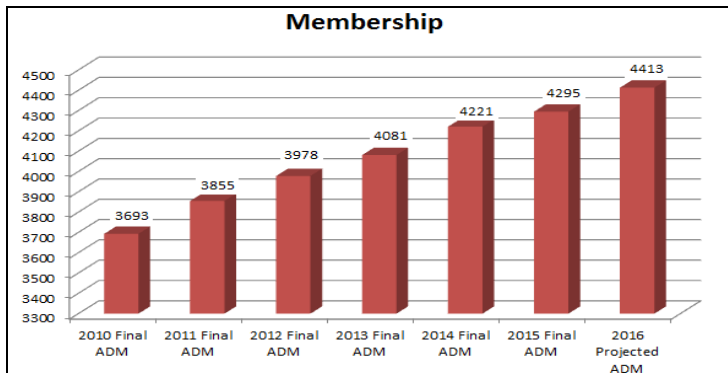
Asheville City Schools operates within Buncombe County, the most populous county in Western North Carolina. With approximately 251,000 residents, Buncombe County accounts for over half of the population in the four county Asheville Metropolitan Area and serves as the region's economic and service center. 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 2015 was 4.8%, among the lowest in North Carolina. Further, the metro area added over 5,400 jobs during the past year, an increase of 3.1%.

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 2015, county general appropriation funding increased 5.5%, from \$8,526,806 to \$8,997,929. This trend continued into fiscal year 2016 with a 6.2% increase, bringing the total county general appropriation to over \$9.5 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 2015. Both schools are slated to open 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.

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 2015 and funding budgeted for fiscal year 2016. Following is a graph comparing final average daily membership for fiscal years 2010 through 2015 and projected average daily membership for fiscal year 2016.



MAJOR ACCOMPLISHMENTS AND INITIATIVES

As the 2014-15 school year began, Dr. Pamela Baldwin became Superintendent of Asheville City Schools and initiated both a ninety-day entry plan focused on Excellence with Equity and the process of developing a dynamic new strategic plan for the district. Following input from hundreds of stakeholders, the five-year plan was published, centered on three key areas: Early Childhood, Academic Achievement and The Whole Child. Peggy Dalman became Chairman of the Board of Education and Shaunda Sandford and Martha Geitner were appointed to four-year terms on the Board. By year's end, Superintendent Baldwin had also assembled an experienced and talented Leadership Team and had restructured how Central Office serves both external and internal customers.

- For the second year in a row, district students exceeded the state's averages on End-of-Grade exams in math, reading and science, grades 3-8.
- Asheville High and SILSA students outpaced both the state and nation on the SATs for the eighteenth consecutive year. The district posted a combined math, critical reading and writing, SAT of 1552 with a 69% participation rate, one of the best performances in North Carolina.
- Throughout the year the district continued to integrate its new logo and tagline into a wide variety of communication tools. The tagline, Learn. Discover. Thrive. illustrates the educational achievement path each child travels while served by Asheville City Schools. That journey is championed by a vibrant community of teachers, parents, mentors, staff and fellow students.
- Parent U continued to offer resource-rich programs designed around three strands: academic support, health and wellness and social issues. Hundreds of parents and family members attended the forty-plus offerings during the calendar year.

- Claxton teacher, Darcy Grimes, was selected as one of twenty educators from across the nation to attend the Microsoft Innovative Educator Expert Global Exchange in Washington State, where participants honed their professional development skills and collaborated with other exchange experts from around the world.
 - The Advancement Via Individual Determination Program (AVID) graduated its tenth class and again, as in every other year, every graduate was extended an offer at either a college or university or military service. Several AVID students received major scholarship offers. The program is being expanded across the district.
 - The School of Inquiry and Life Sciences at Asheville (SILSA) swept all three awards in our community's Junior Achievement Ethics Essay Contest. The three award winning scholars addressed the hard-hitting issues of "Raising the Bar on NC's Dropout Rate", "The Promise of a Free Education" and "Is Tracking in Schools on the Right Track?"
 - The Asheville City Schools Career Technical Education program had a banner year! Eleven students from Asheville High and seven from SILSA earned Workeys, platinum and gold level National Career Readiness certificates. The certificates translate to a 90% plus readiness rate for a wide range of profiled jobs.
 - Five district students were accepted to Governor's School for the summer of 2015. French, Natural Science, Social Science and Spanish were the areas where the students enrolled and excelled.
 - Asheville City Schools was among a handful of districts who actively participated in NC's year-long celebration of the State's 175th Birthday of Public Schools as well as the ongoing Every Child's Chance, Every Communities Future public relations and advocacy campaign. A special feature on the history of integration of public schools in our state featured a Claxton 5th grader as the narrator.
- Both the Asheville Preschool and the Asheville High Child Care Center received renewals of their 5-Star licenses, while providing some of the best educational services to our youngest students.
 - Asheville City Schools joined sister-district, Buncombe County Schools, to nominate the Buncombe County Commissioners for the North Carolina School Board Associations Annual Commissioners of the Year award. Based on our Commissioners outstanding support to both operating budgets and new facilities construction, they won the award.
 - Based on points earned in seven different parameters, Asheville City Schools received the North Carolina State Board of Education's Award for Excellence in Financial Management for fiscal year 2013-14.
 - As previously mentioned, construction continued on two new schools, the system's first new schools in over 27 years.

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, 2015, 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, 2015, 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 twenty-eight 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, 2015.

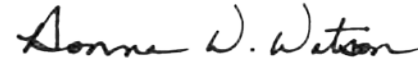
ACKNOWLEDGMENTS

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. Pamela Baldwin
Superintendent



Donna W. Watson, CPA
Executive Director of Finance



Christy L. Wilson
Director of Financial and Data Services

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Asheville City Schools

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

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 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO
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

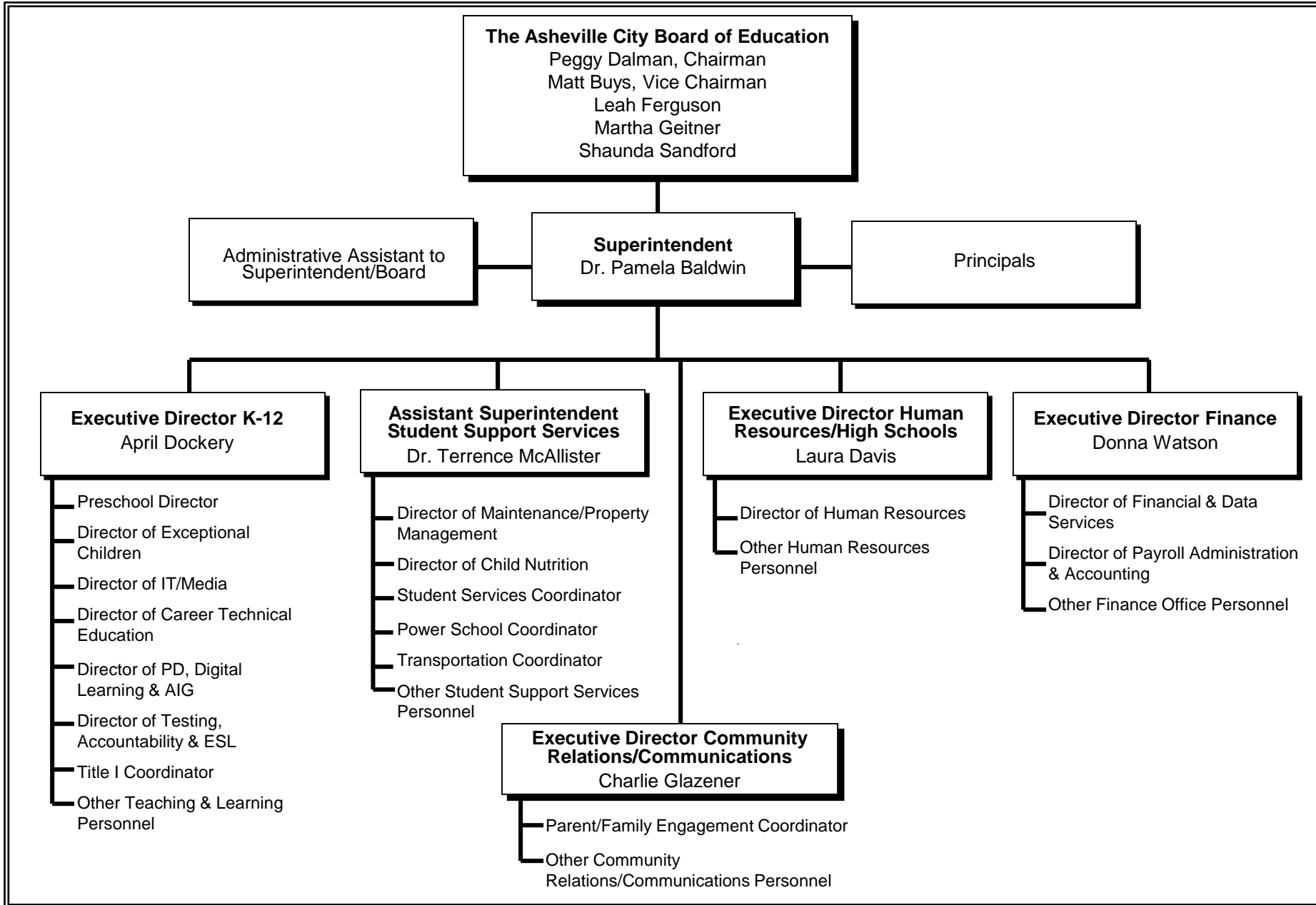
**Asheville City Schools
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

ASHEVILLE CITY SCHOOLS ORGANIZATIONAL CHART





FINANCIAL SECTION

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the 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, 2015, 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, 2015, 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.

Emphasis of Matter

As discussed in Note 9 to the financial statements, beginning balances were restated due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (an Amendment of GASB Statement No. 27)*, in 2015. Our opinion is not modified with respect to these changes.

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 41-42, 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.

Report on 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 20, 2015 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 20, 2015**



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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, 2015. 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 \$64,132,439.
- The Board's total net position increased by \$21,279,664.
- As of the close of the current fiscal year, the Board's governmental funds reported combined ending fund balances of \$10,313,287, an increase of \$372,691.
- The Board enjoyed an increase of 74 students (1.8%) when comparing average daily membership for fiscal year 2015 to the previous year.
- Construction continued to replace two of the system's aging facilities, Dickson Elementary School and Asheville Middle School. Both new schools are expected to open 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 \$64,132,439 as of June 30, 2015, an increase of \$21,279,664 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 \$65,446,361 (102.1%) at June 30, 2015, an increase of \$19,259,080 compared to June 30, 2014. Restricted net position accounted for \$2,850,499 (4.4%) of net position, a decrease of \$51,200. There was a deficit of unrestricted net position at year-end totaling \$4,164,421 (-6.5%), an improvement of \$2,071,784 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, 2015 and 2014

	2015			2014, as adjusted		
	Governmental Activities	Business-type Activities	Total Government-wide	Governmental Activities	Business-type Activities	Total Government-wide
Current assets	\$ 11,858,176	\$ 364,478	\$ 12,222,654	\$ 12,197,247	\$ 317,824	\$ 12,515,071
Capital assets	65,327,482	118,879	65,446,361	46,045,342	141,939	46,187,281
Total assets	<u>77,185,658</u>	<u>483,357</u>	<u>77,669,015</u>	<u>58,242,589</u>	<u>459,763</u>	<u>58,702,352</u>
Deferred outflows of resources	2,739,494	38,306	2,777,800	2,403,400	33,606	2,437,006
Current liabilities	1,744,889	23,780	1,768,669	2,456,651	20,803	2,477,454
Long-term liabilities	4,982,647	54,141	5,036,788	15,598,056	211,073	15,809,129
Total liabilities	<u>6,727,536</u>	<u>77,921</u>	<u>6,805,457</u>	<u>18,054,707</u>	<u>231,876</u>	<u>18,286,583</u>
Deferred inflows of resources	9,377,791	131,128	9,508,919	-	-	-
Net investment in capital assets	65,327,482	118,879	65,446,361	46,045,342	141,939	46,187,281
Restricted net position	2,850,499	-	2,850,499	2,901,699	-	2,901,699
Unrestricted net position (deficit)	(4,358,156)	193,735	(4,164,421)	(6,355,759)	119,554	(6,236,205)
Total net position	<u>\$ 63,819,825</u>	<u>\$ 312,614</u>	<u>\$ 64,132,439</u>	<u>\$ 42,591,282</u>	<u>\$ 261,493</u>	<u>\$ 42,852,775</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, 2015 and 2014

	2015			2014, as adjusted		
	Governmental Activities	Business-type Activities	Total Government-wide	Governmental Activities	Business-type Activities	Total Government-wide
Revenues:						
Program revenues:						
Charges for services	\$ 1,704,321	\$ 321,557	\$ 2,025,878	\$ 1,641,396	\$ 364,834	\$ 2,006,230
Operating grants and contributions	29,085,274	1,234,519	30,319,793	28,058,038	1,265,815	29,323,853
Capital grants and contributions	28,187	-	28,187	200,196	-	200,196
General revenues:						
U.S. Government	65,162	-	65,162	46,421	-	46,421
Buncombe County	31,560,831	-	31,560,831	16,551,153	-	16,551,153
Supplemental city school tax	8,136,173	-	8,136,173	8,142,348	-	8,142,348
Local option sales tax	2,495,436	-	2,495,436	2,540,159	-	2,540,159
Other revenues	489,960	4,298	494,258	396,721	-	396,721
Total revenues	<u>73,565,344</u>	<u>1,560,374</u>	<u>75,125,718</u>	<u>57,576,432</u>	<u>1,630,649</u>	<u>59,207,081</u>
Expenses:						
Governmental activities:						
Instructional programs	38,968,670	-	38,968,670	39,284,689	-	39,284,689
Support services	10,094,897	-	10,094,897	11,875,229	-	11,875,229
Ancillary services	417,199	-	417,199	397,484	-	397,484
Non-programmed charges	871,890	-	871,890	699,311	-	699,311
Unallocated depreciation expense	1,878,711	-	1,878,711	1,846,895	-	1,846,895
Business-type activities:						
Child Nutrition	-	1,614,687	1,614,687	-	1,757,338	1,757,338
Total expenses	<u>52,231,367</u>	<u>1,614,687</u>	<u>53,846,054</u>	<u>54,103,608</u>	<u>1,757,338</u>	<u>55,860,946</u>
Revenues over (under) expenses	21,333,977	(54,313)	21,279,664	3,472,824	(126,689)	3,346,135
Transfers in (out)	(105,434)	105,434	-	(115,785)	115,785	-
Change in net position	21,228,543	51,121	21,279,664	3,357,039	(10,904)	3,346,135
Net position—beginning, adjusted	<u>42,591,282</u>	<u>261,493</u>	<u>42,852,775</u>	<u>39,234,243</u>	<u>272,397</u>	<u>39,506,640</u>
Net position—ending	<u>\$ 63,819,825</u>	<u>\$ 312,614</u>	<u>\$ 64,132,439</u>	<u>\$ 42,591,282</u>	<u>\$ 261,493</u>	<u>\$ 42,852,775</u>

Governmental activities generated revenues of \$73.6 million for fiscal year 2015 compared to \$57.6 million for the previous year. Governmental activities expenses totaled \$52.2 million for fiscal year 2015 compared to \$54.1 million for the previous year. After transfers to the business-type activities, the increase in net position stands at \$21,228,543 at June 30, 2015 compared to \$3,357,039 in 2014.

County funding increased from 28.7% of total governmental revenues in fiscal year 2014 to 42.9% in fiscal year 2015, largely due to construction funding for two new school facilities. Although the amount of the Asheville City Schools supplemental city school tax received remained fairly constant for both fiscal years, that revenue source dropped from 14.1% of total governmental revenues to 11.1% mostly due to the large influx of County funding for construction. Much of the

remaining governmental revenues consist of restricted state and federal money. Instructional expenses comprised 74.6% of total governmental expenses for fiscal year 2015 compared to 72.6% for fiscal year 2014. Support services accounted for 19.3% and 21.9% of expenses in fiscal years 2015 and 2014, respectively.

Business-type activities generated revenues of \$1.56 million for fiscal year 2015 and \$1.63 million for fiscal year 2014. At the same time, expenses for the business-type activities were \$1.61 million for fiscal year 2015 compared to \$1.76 million for fiscal year 2014. Thus, net position increased in the business-type activities by \$51,121, after transfers in from the governmental activities of \$105,434.

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, 2015 and 2014 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, 2015 and 2014**

	2015					2014				
	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	\$ 38,082	\$ -	\$ -	\$ -	\$ 38,082	\$ 33,187	\$ -	\$ -	\$ -	\$ 33,187
Restricted	199,640	480,010	1,506,303	664,546	2,850,499	186,514	529,394	1,647,722	538,069	2,901,699
Assigned	1,219,032	1,138,951	-	-	2,357,983	1,300,000	1,029,201	-	-	2,329,201
Unassigned	5,066,723	-	-	-	5,066,723	4,676,509	-	-	-	4,676,509
Total	\$6,523,477	\$1,618,961	\$ 1,506,303	\$ 664,546	\$10,313,287	\$6,196,210	\$1,558,595	\$ 1,647,722	\$ 538,069	\$ 9,940,596

The Capital Outlay Fund was the only fund that experienced an excess of expenditures and other financing uses over revenues and other financing sources. This was due to the Board’s decision to appropriate fund balance for the Dickson Elementary School construction project to offset unexpected debris issues encountered during site preparation. The General Fund, the Other Specific Revenue 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 \$372,691 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, both revenues and expenditures recorded within the governmental funds increased \$16 million when compared to the prior year. Construction of a new Dickson Elementary School and a new Asheville Middle School accounted for \$14.3 million of the increase in revenues and \$14.9 million of the increase in expenditures. State funding received through the State Public School also contributed \$676,332 to the increase in both revenues and expenditures. This increase was due to both student population growth and salary and benefit increases for all employees including an average 7.91% salary increase enjoyed by the Board’s

certified employees. Likewise, the Buncombe County general appropriation increased \$471,123 due to both an increase in the Board's proportionate share of the county-wide appropriation and also due to an increase in the overall county-wide appropriation mostly to assist with salary and benefit increases.

Proprietary Fund: The Board's proprietary fund reflected an increase in net position of \$51,121 for 2015 compared to a decrease of \$10,904 for 2014. Participation and food sales continued to decline following the implementation of the Healthy Hunger Free Kids Act (the Act) since the higher nutrition standards required by the Act results in meals and other food choices that are not as popular with students. However, the Director of Child Nutrition was able to effectively manage and lower both food and salary costs resulting in the 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. The Board also approved the appropriation of additional fund balance to lease space following the unexpected relocation of the Board's Maintenance Department.

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 \$327,267 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, 2015 and 2014**

	2015			2014		
	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	1,174,500	-	1,174,500	1,223,675	-	1,223,675
Buildings	31,991,917	-	31,991,917	33,935,588	-	33,935,588
Construction in progress	29,535,403	-	29,535,403	8,086,235	-	8,086,235
Equipment and furniture	821,180	118,879	940,059	825,318	141,939	967,257
Vehicles	496,906	-	496,906	666,950	-	666,950
Total	\$ 65,327,482	\$ 118,879	\$ 65,446,361	\$ 46,045,342	\$ 141,939	\$ 46,187,281

Capital assets increased \$19,259,080 or 41.7% over the previous year. This was largely due to the construction of two new schools, Dickson Elementary School and Asheville Middle 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 2015, the Board's outstanding debt was composed of 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 \$90.3 million total budget for fiscal year 2016, a decrease of \$19.6 million compared to the final fiscal year 2015 budget. The following factors were considered when developing the 2016 budget:

- The North Carolina General Assembly increased the annual salary for all teachers with up to four years teaching experience from \$33,000 to \$35,000. Ninety-four Asheville City Schools' teachers received this 6% salary increase. Additionally, all eligible certified employees received an experience step on the 6-tier certified salary schedule set by the North Carolina General Assembly. This resulted in a salary increase ranging from 6.9% to 10.6% for an additional fifty-eight employees of the Board.
- The North Carolina General Assembly approved a one-time \$750 bonus to be paid to all permanent staff employed on November 1, 2015.
- The retirement matching rate as set by the North Carolina General Assembly increased from 15.21% to 15.32%.
- The annual cost of employer provided hospitalization insurance increased from \$5,378 to \$5,471, per employee.
- The Asheville City Schools supplemental tax rate remained unchanged at 15 cents per \$100 of assessed valuation. Projected collections of the tax increased \$218,114 (2.7%).
- The Buncombe County general appropriation for education increased \$2.2 million County-wide. As a result of this increase and the increase in Asheville City Schools' proportionate share of the County-wide appropriation from 14.90% to 15.26%, the Buncombe County general appropriation increased \$558,233 (6.2%).
- The Capital Outlay Fund budget decreased from \$55.6 million to \$37.1 million as construction continued on the multi-year construction projects to build a new Dickson Elementary School and a new Asheville Middle School. Both schools are expected to be completed in 2016.

Requests for Information

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

Donna Watson, CPA, Executive Director of Finance
Asheville City Schools
Post Office Box 7347
Asheville, NC 28802



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, 2015**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 10,532,922	\$ 224,106	\$ 10,757,028
Due from other governments	1,234,021	66,068	1,300,089
Accounts receivable (net)	53,151	1,534	54,685
Inventories	-	72,770	72,770
Prepays	38,082	-	38,082
Capital assets:			
Land and construction in progress	30,842,979	-	30,842,979
Other capital assets, net of depreciation	34,484,503	118,879	34,603,382
Total capital assets	<u>65,327,482</u>	<u>118,879</u>	<u>65,446,361</u>
Total assets	<u>77,185,658</u>	<u>483,357</u>	<u>77,669,015</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,739,494</u>	<u>38,306</u>	<u>2,777,800</u>
LIABILITIES			
Accounts payable	1,468,145	2,310	1,470,455
Accrued salaries and wages payable	70,229	-	70,229
Unearned revenue	6,515	17,470	23,985
Long-term liabilities:			
Due in one year	200,000	4,000	204,000
Due in more than one year	4,982,647	54,141	5,036,788
Total liabilities	<u>6,727,536</u>	<u>77,921</u>	<u>6,805,457</u>
DEFERRED INFLOWS OF RESOURCES	<u>9,377,791</u>	<u>131,128</u>	<u>9,508,919</u>
NET POSITION			
Investment in capital assets	65,327,482	118,879	65,446,361
Restricted for:			
Stabilization by State Statute	1,283,818	-	1,283,818
School capital outlay	902,135	-	902,135
Individual school activities	664,546	-	664,546
Unrestricted	<u>(4,358,156)</u>	<u>193,735</u>	<u>(4,164,421)</u>
Total net position	<u>\$ 63,819,825</u>	<u>\$ 312,614</u>	<u>\$ 64,132,439</u>

See accompanying notes.

**ASHEVILLE CITY SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

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	\$ 20,488,154	\$ 161,052	\$ 14,990,772	\$ 17,300	\$ (5,319,030)	\$ -	\$ (5,319,030)
Special populations	5,619,932	-	4,985,162	-	(634,770)	-	(634,770)
Alternative programs	4,661,152	193,229	3,753,187	-	(714,736)	-	(714,736)
School leadership	2,496,612	-	1,149,311	-	(1,347,301)	-	(1,347,301)
Co-curricular	1,775,438	1,285,565	210,121	-	(279,752)	-	(279,752)
School-based support	3,927,382	-	1,938,979	-	(1,988,403)	-	(1,988,403)
System-wide support services:							
Support and development	228,368	-	71,700	-	(156,668)	-	(156,668)
Special populations support and development	196,143	-	55,878	-	(140,265)	-	(140,265)
Alternative programs and services support and development	525,097	22,150	293,320	-	(209,627)	-	(209,627)
Technology support	771,150	-	51,258	-	(719,892)	-	(719,892)
Operational support	5,483,156	10,739	707,554	10,887	(4,753,976)	-	(4,753,976)
Financial and human resource accountability	1,113,239	-	305,181	-	(808,058)	-	(808,058)
System-wide pupil support	334,733	-	5,142	-	(329,591)	-	(329,591)
Policy, leadership and public relations	1,328,541	-	495,157	-	(833,384)	-	(833,384)
Ancillary services	417,199	31,586	72,552	-	(313,061)	-	(313,061)
Non-programmed charges	871,890	-	-	-	(871,890)	-	(871,890)
Unallocated depreciation* expense	1,878,711	-	-	-	(1,878,711)	-	(1,878,711)
Total governmental activities	<u>52,231,367</u>	<u>1,704,321</u>	<u>29,085,274</u>	<u>28,187</u>	<u>(21,413,585)</u>	<u>-</u>	<u>(21,413,585)</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	\$ 1,614,687	\$ 321,557	\$ 1,234,519	\$ -	\$ -	\$ (58,611)	\$ (58,611)
Total government-wide	<u>\$ 53,846,054</u>	<u>\$ 2,025,878</u>	<u>\$ 30,319,793</u>	<u>\$ 28,187</u>	<u>(21,413,585)</u>	<u>(58,611)</u>	<u>(21,472,196)</u>
General revenues:							
U.S. Government					65,162	-	65,162
Buncombe County					31,560,831	-	31,560,831
Supplemental city school tax					8,136,173	-	8,136,173
Local option sales tax					2,495,436	-	2,495,436
Interest earned on investments					42,152	-	42,152
Other revenues					447,808	4,298	452,106
Transfers					(105,434)	105,434	-
Total general revenues and transfers					<u>42,642,128</u>	<u>109,732</u>	<u>42,751,860</u>
Change in net position					21,228,543	51,121	21,279,664
Net position—beginning, as adjusted					<u>42,591,282</u>	<u>261,493</u>	<u>42,852,775</u>
Net position—ending					<u>\$ 63,819,825</u>	<u>\$ 312,614</u>	<u>\$ 64,132,439</u>

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

See accompanying notes.

**ASHEVILLE CITY SCHOOLS
BALANCE SHEET—GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<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	\$ 6,556,545	\$ -	\$ 1,143,503	\$ 2,168,328	\$ 664,546	\$ 10,532,922
Due from other governments	149,640	110	476,859	604,168	3,244	1,234,021
Accounts receivable (net)	50,000	-	3,151	-	-	53,151
Prepays	38,082	-	-	-	-	38,082
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 6,794,267</u>	<u>\$ 110</u>	<u>\$ 1,623,513</u>	<u>\$ 2,772,496</u>	<u>\$ 667,790</u>	<u>\$ 11,858,176</u>
LIABILITIES						
Accounts payable	\$ 200,757	\$ -	\$ 1,195	\$ 1,266,193	\$ -	\$ 1,468,145
Accrued salaries and wages payable	70,033	-	196	-	-	70,229
Unearned revenue	-	110	3,161	-	3,244	6,515
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>270,790</u>	<u>110</u>	<u>4,552</u>	<u>1,266,193</u>	<u>3,244</u>	<u>1,544,889</u>

FUND BALANCES	Major Funds					Total Governmental Funds
	General	State Public School	Other Specific Revenue	Capital Outlay	Non-major Funds	
Non-spendable:						
Prepays	\$ 38,082	\$ -	\$ -	\$ -	\$ -	\$ 38,082
Restricted:						
Stabilization by State Statute	199,640	-	480,010	604,168	-	1,283,818
School capital outlay	-	-	-	902,135	-	902,135
Individual school activities	-	-	-	-	664,546	664,546
Assigned:						
Special programs	-	-	1,138,951	-	-	1,138,951
Subsequent year's budget	1,219,032	-	-	-	-	1,219,032
Unassigned	5,066,723	-	-	-	-	5,066,723
Total fund balances	<u>6,523,477</u>	<u>-</u>	<u>1,618,961</u>	<u>1,506,303</u>	<u>664,546</u>	<u>10,313,287</u>
Total liabilities and fund balances	<u>\$ 6,794,267</u>	<u>\$ 110</u>	<u>\$ 1,623,513</u>	<u>\$ 2,772,496</u>	<u>\$ 667,790</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	65,327,482
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	2,688,657
Pension related deferrals	50,837
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	(9,377,791)
Liabilities for long-term debt are not payable with current financial resources and therefore are not reported in the funds:	
Net pension liability	(2,596,483)
Compensated absences	(2,586,164)
Net position of governmental activities	<u>\$ 63,819,825</u>

See accompanying notes.

ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	<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	\$ -	\$ 23,185,311	\$ 537,354	\$ 10,887	\$ -	\$ 23,733,552
U.S. Government	-	-	1,499,639	-	3,755,172	5,254,811
Buncombe County	8,997,929	-	-	22,562,902	-	31,560,831
Supplemental city school tax	8,036,173	-	-	100,000	-	8,136,173
Local option sales tax	-	-	2,495,436	-	-	2,495,436
Charges for services	-	-	418,756	-	-	418,756
Miscellaneous	154,711	-	323,242	148,056	1,495,686	2,121,695
	<u>17,188,813</u>	<u>23,185,311</u>	<u>5,274,427</u>	<u>22,821,845</u>	<u>5,250,858</u>	<u>73,721,254</u>
Total revenues						
EXPENDITURES						
Current:						
Instructional services:						
Regular instructional	4,338,389	14,666,307	1,547,322	137,359	255,601	20,944,978
Special populations	352,450	3,372,206	605,881	-	1,374,646	5,705,183
Alternative programs	783,141	565,929	1,785,820	-	1,677,852	4,812,742
School leadership	1,302,343	1,149,311	176,698	-	-	2,628,352
Co-curricular	217,959	-	-	-	1,475,066	1,693,025
School-based support	1,188,684	1,862,522	244,726	589,898	32,489	3,918,319
System-wide support services:						
Support and development	148,793	71,238	15,228	-	462	235,721
Special populations support and development	134,800	531	11,155	-	55,347	201,833
Alternative programs and services support and development	214,084	82,447	115,501	-	133,467	545,499
Technology support	698,191	51,258	36,873	8,394	-	794,716
Operational support	4,422,162	564,810	313,083	98,992	-	5,399,047
Financial and human resource	784,930	235,726	52,909	-	69,455	1,143,020
Accountability	110,359	-	8,875	-	-	119,234
System-wide pupil support	320,940	5,142	25,968	-	-	352,050
Policy, leadership and public relations	805,674	485,332	90,060	-	-	1,381,066

	Major Funds					Total Governmental Funds
	General	State Public School	Other Specific Revenue	Capital Outlay	Non-major Funds	
EXPENDITURES						
Current, continued:						
Ancillary services	\$ 34,657	\$ 1,478	\$ 183,905	\$ -	\$ -	\$ 220,040
Non-programmed charges:						
Payments to charter schools	871,890	-	-	-	-	871,890
Other	-	-	57	-	155,853	155,910
Capital outlay	-	-	-	22,120,504	-	22,120,504
Total expenditures	<u>16,729,446</u>	<u>23,114,237</u>	<u>5,214,061</u>	<u>22,955,147</u>	<u>5,230,238</u>	<u>73,243,129</u>
Revenues over (under) expenditures	<u>459,367</u>	<u>71,074</u>	<u>60,366</u>	<u>(133,302)</u>	<u>20,620</u>	<u>478,125</u>
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	-	-	-	16,243	122,100	138,343
Transfers to other funds	(132,100)	(71,074)	-	(24,360)	(16,243)	(243,777)
Total other financing sources (uses)	<u>(132,100)</u>	<u>(71,074)</u>	<u>-</u>	<u>(8,117)</u>	<u>105,857</u>	<u>(105,434)</u>
Net change in fund balances	327,267	-	60,366	(141,419)	126,477	372,691
Fund balances--beginning	<u>6,196,210</u>	<u>-</u>	<u>1,558,595</u>	<u>1,647,722</u>	<u>538,069</u>	<u>9,940,596</u>
Fund balances--ending	<u>\$ 6,523,477</u>	<u>\$ -</u>	<u>\$ 1,618,961</u>	<u>\$ 1,506,303</u>	<u>\$ 664,546</u>	<u>\$ 10,313,287</u>

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

Net changes in fund balances--total governmental funds	\$ 372,691
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	(3,023,145)
Capital outlay	22,307,587
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities	2,688,657
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	9,896
Pension expense	(1,124,841)
Loss on disposal of assets	(2,302)
Total changes in net position of governmental activities	<u>\$ 21,228,543</u>

See accompanying notes.

ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
REVENUES				
Intergovernmental:				
Buncombe County	\$ 8,997,929	\$ 8,997,929	\$ 8,997,929	\$ -
Supplemental city school tax	7,909,775	7,909,775	8,036,173	126,398
Miscellaneous	125,000	125,000	154,711	29,711
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	17,032,704	17,032,704	17,188,813	156,109
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current:				
Instructional services:				
Regular instructional	4,792,808	4,775,682	4,338,389	437,293
Special populations	369,147	369,147	352,450	16,697
Alternative programs	835,519	842,584	783,141	59,443
School leadership	1,400,183	1,400,183	1,302,343	97,840
Co-curricular	243,018	243,018	217,959	25,059
School based support	1,250,423	1,250,423	1,188,684	61,739
System-wide support services:				
Support and development	140,429	149,375	148,793	582
Special populations support and development	136,389	136,389	134,800	1,589
Alternative programs and services support and development	215,832	215,832	214,084	1,748
Technology support	733,712	733,712	698,191	35,521
Operational support	4,717,121	4,742,871	4,422,162	320,709
Financial and human resource	912,866	912,866	784,930	127,936
Accountability	110,092	111,207	110,359	848
System-wide pupil support	350,454	350,454	320,940	29,514
Policy, leadership and public relations	894,638	894,638	805,674	88,964

	General Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
EXPENDITURES				
Current, continued:				
Ancillary services	\$ 13,179	\$ 34,658	\$ 34,657	\$ 1
Non-programmed charges:				
Payments to charter schools	962,130	962,130	871,890	90,240
Total expenditures	<u>18,077,940</u>	<u>18,125,169</u>	<u>16,729,446</u>	<u>1,395,723</u>
Revenues over (under) expenditures	<u>(1,045,236)</u>	<u>(1,092,465)</u>	<u>459,367</u>	<u>1,551,832</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(204,764)	(183,285)	(132,100)	51,185
Appropriated fund balance	1,300,000	1,325,750	-	(1,325,750)
Contingency	(50,000)	(50,000)	-	50,000
Total other financing sources (uses)	<u>1,045,236</u>	<u>1,092,465</u>	<u>(132,100)</u>	<u>(1,224,565)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>327,267</u>	<u>\$ 327,267</u>
Fund balance—beginning of year			<u>6,196,210</u>	
Fund balance—end of year			<u>\$ 6,523,477</u>	

See accompanying notes.



ASHEVILLE CITY SCHOOLS

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ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL
STATE PUBLIC SCHOOL FUND
YEAR ENDED JUNE 30, 2015

	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	\$ 23,398,502	\$ 23,818,555	\$ 23,185,311	\$ (633,244)
EXPENDITURES				
Current:				
Instructional services:				
Regular instructional	14,949,299	15,120,211	14,666,307	453,904
Special populations	3,364,132	3,391,012	3,372,206	18,806
Alternative programs	575,972	624,526	565,929	58,597
School leadership	1,162,107	1,162,107	1,149,311	12,796
School based support	1,893,863	1,910,629	1,862,522	48,107
System-wide support services:				
Support and development	74,457	75,525	71,238	4,287
Special populations support and development	-	532	531	1
Alternative programs	89,961	89,961	82,447	7,514
Technology support	-	51,258	51,258	-
Operational support	483,745	582,685	564,810	17,875
Financial and human resource	236,640	236,640	235,726	914
System-wide pupil support	-	5,143	5,142	1
Policy, leadership and public relations	490,243	490,243	485,332	4,911
Ancillary services	7,008	7,008	1,478	5,530
Total expenditures	<u>23,327,427</u>	<u>23,747,480</u>	<u>23,114,237</u>	<u>633,243</u>
Revenues over expenditures	71,075	71,075	71,074	(1)
OTHER FINANCING USES				
Transfers to other funds	(71,075)	(71,075)	(71,074)	1
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.

ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL
OTHER SPECIFIC REVENUE FUND
YEAR ENDED JUNE 30, 2015

	<u>Other Specific Revenue Fund</u>			Positive (Negative) Variance
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Intergovernmental:				
State of North Carolina	\$ 523,496	\$ 526,196	\$ 537,354	\$ 11,158
U.S. Government	1,438,834	1,586,292	1,499,639	(86,653)
Local option sales tax	2,531,960	2,531,960	2,495,436	(36,524)
Charges for services	383,663	383,663	418,756	35,093
Miscellaneous	333,367	335,367	323,242	(12,125)
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	5,211,320	5,363,478	5,274,427	(89,051)
EXPENDITURES				
Current:				
Instructional services:				
Regular instructional	1,589,238	1,590,511	1,547,322	43,189
Special populations	459,993	607,451	605,881	1,570
Alternative programs	2,101,849	2,104,549	1,785,820	318,729
School leadership	186,747	186,747	176,698	10,049
School based support	262,844	262,844	244,726	18,118
System-wide support services:				
Support and development	14,501	15,228	15,228	-
Special populations support and development	11,156	11,156	11,155	1
Alternative programs	131,599	131,599	115,501	16,098
Technology support	38,679	38,679	36,873	1,806
Operational support	391,192	391,192	313,083	78,109
Financial and human resource	54,341	54,341	52,909	1,432
Accountability	8,876	8,876	8,875	1
System-wide pupil support	27,377	27,377	25,968	1,409
Policy, leadership and public relations	90,483	90,483	90,060	423

	Other Specific Revenue Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
EXPENDITURES				
Current, continued:				
Ancillary services	\$ 217,813	\$ 217,813	\$ 183,905	\$ 33,908
Non-programmed charges:				
Other	<u>57</u>	<u>57</u>	<u>57</u>	<u>-</u>
Total expenditures	<u>5,586,745</u>	<u>5,738,903</u>	<u>5,214,061</u>	<u>524,842</u>
Revenues over (under) expenditures	(375,425)	(375,425)	60,366	435,791
OTHER FINANCING SOURCES				
Appropriated fund balance	<u>375,425</u>	<u>375,425</u>	<u>-</u>	<u>(375,425)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	60,366	<u>\$ 60,366</u>
Fund balance—beginning of year			<u>1,558,595</u>	
Fund balance—end of year			<u>\$ 1,618,961</u>	

See accompanying notes.

**ASHEVILLE CITY SCHOOLS
STATEMENT OF NET POSITION—PROPRIETARY FUND
JUNE 30, 2015**

	Child Nutrition Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 224,106
Due from other governments	66,068
Accounts receivable (net)	1,534
Inventories	72,770
Total current assets	364,478
Non-current assets:	
Capital assets:	
Furniture and equipment, net	118,879
Total assets	483,357
DEFERRED OUTFLOWS OF RESOURCES	38,306
LIABILITIES	
Current liabilities:	
Accounts payable	2,310
Unearned revenue	17,470
Compensated absences, current portion	4,000
Total current liabilities	23,780
Non-current liabilities:	
Net pension liability	36,306
Compensated absences, less current portion	17,835
Total non-current liabilities	54,141
Total liabilities	77,921
DEFERRED INFLOWS OF RESOURCES	131,128
NET POSITION	
Investment in capital assets	118,879
Unrestricted	193,735
Total net position	\$ 312,614

See accompanying notes.

ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION—PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

	Child Nutrition Fund
OPERATING REVENUES	
Food sales	\$ 321,557
OPERATING EXPENSES	
Food cost	678,573
Salaries and benefits	799,103
Materials and supplies	79,835
Depreciation	30,661
Other	26,515
Total operating expenses	1,614,687
Operating loss	(1,293,130)
NON-OPERATING REVENUES	
Federal reimbursements and grants	1,025,778
Federal commodities	93,587
State reimbursements	115,154
Gain on disposal of assets	4,298
Total non-operating revenues	1,238,817
Loss before transfers	(54,313)
TRANSFERS FROM OTHER FUNDS	105,434
Change in net position	51,121
Total net position—beginning, as adjusted	261,493
Total net position—ending	\$ 312,614

See accompanying notes.

**ASHEVILLE CITY SCHOOLS
STATEMENT OF CASH FLOWS—PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015**

	Child Nutrition Fund
Cash flows from operating activities:	
Cash received from customers	\$ 328,495
Cash paid for goods and services	(674,780)
Cash paid to employees for services	(758,722)
	(1,105,007)
Net cash used for operating activities	
Cash flows from non-capital financing activities:	
State reimbursements	115,060
Federal reimbursements	1,020,659
	1,135,719
Net cash provided by non-capital financing activities	
Cash flows for capital and related financing activities:	
Proceeds from the disposal of assets	4,298
	35,010
Net increase in cash and cash equivalents	
Cash and cash equivalents, beginning of year	189,096
	\$ 224,106
Cash and cash equivalents, end of year	

	Child Nutrition Fund
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (1,293,130)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	30,661
Pension expense	15,728
Donated commodities consumed	93,587
Expenses paid by general fund	10,000
Salaries paid by special revenue fund	71,074
Expenses paid by capital outlay fund	16,759
Change in assets, deferred outflows of resources, and liabilities:	
Decrease in accounts receivable	4,128
Increase in inventories of food and supplies	(10,559)
Increase in deferred outflows of resources for pension plan contributions in current fiscal year	(37,595)
Increase in accounts payable and accrued salaries and wages payable	167
Increase in unearned revenue	2,810
Decrease in compensated absences	(8,637)
Net cash used for operating activities	<u>\$ (1,105,007)</u>
Non-cash investing, capital, and financing activities:	
Donated commodities received, reflected as a non-operating revenue and operating expense	<u>\$ 93,587</u>
Transfer for food purchases and salaries paid by the General Fund, reflected as a transfer in and operating expense	<u>\$ 10,000</u>
Transfer for salaries paid by the State Public School Fund, reflected as a transfer in and operating expense	<u>\$ 71,074</u>
Equipment purchased by the Capital Outlay Fund, reflected as a transfer in and an addition to capital assets	<u>\$ 7,601</u>
Non-capitalized equipment purchased by the Capital Outlay Fund, reflected as a transfer in and an operating expense	<u>\$ 16,759</u>

See accompanying notes.

ASHEVILLE CITY SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES—FIDUCIARY FUND
June 30, 2015

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ <u>178,184</u>
LIABILITIES	
Due to other sources	\$ <u>178,184</u>

See accompanying notes.

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. The General Fund consists of the Local Current Expense Fund.

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

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

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Board's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

BUDGETARY DATA

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the Individual Schools Fund, as required by the North Carolina General Statutes. No budget is required by State law for the Individual Schools Fund. All appropriations, except where construction project budgets have been approved in the Capital Outlay Fund or grants whose funding period does not coincide with the fiscal year end, lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The Board has authorized the Superintendent to move monies from one function to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by a cumulative total of plus or minus ten percent. All such amendments must be approved by the governing board. During the year, several amendments to the original budget ordinance were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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), an SEC-registered (2a-7) money market mutual fund; 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 Board's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund. Money market

investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

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

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

Prepays: Prepays are recorded using the purchases method and consist of 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: The Board's capital assets are recorded at original cost. Donated assets are listed at their estimated fair value at the date of donation or forfeiture. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

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, 2015, represents the value of accumulated unpaid vacation leave and salary related payments as of that date (See Table V).

The sick leave policy of the Board provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

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.

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 2015-2016 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 Finance Officer 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 Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board.

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, 2015, the Board had deposits with financial institutions with a carrying amount of \$1,806,558 and \$-0- with the State Treasurer. The bank balances with the financial institutions and the State Treasurer were \$6,688,107 and \$231,800, respectively. Of these balances, \$834,258 was covered by federal depository insurance, \$5,853,849 was covered by collateral under the Pooling Method, and \$231,800 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The Board's petty cash at June 30, 2015 was \$300.

Investments: At June 30, 2015, the Board had \$23,967 invested with the North Carolina Capital Management Trust's Term Portfolio which is unrated. The Board had \$331,725 invested with the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. There was \$8,772,662 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.5 years at June 30, 2015. 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, 2015, are summarized in Table I on the following page.

Table I							
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	\$ -	\$ 110	\$ 59,481	\$ 93,516	\$ 3,244	\$ 156,351	\$ 66,068
Federal government	-	-	7,096	-	-	7,096	-
Local governments	149,640	-	410,282	510,652	-	1,070,574	-
	<u>\$ 149,640</u>	<u>\$ 110</u>	<u>\$ 476,859</u>	<u>\$ 604,168</u>	<u>\$ 3,244</u>	<u>\$ 1,234,021</u>	<u>\$ 66,068</u>

Table II				
	CAPITAL ASSETS			
	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,307,576	\$ -	\$ -	\$ 1,307,576
Construction in progress	8,086,235	21,449,168	-	29,535,403
Total capital assets not being depreciated	<u>9,393,811</u>	<u>21,449,168</u>	<u>-</u>	<u>30,842,979</u>
Capital assets being depreciated:				
Buildings	69,823,119	489,309	-	70,312,428
Equipment and furniture	4,009,859	272,828	(50,984)	4,231,703
Vehicles	3,148,449	43,247	(22,745)	3,168,951
Land improvements	3,089,359	53,035	-	3,142,394
Total capital assets being depreciated	<u>80,070,786</u>	<u>858,419</u>	<u>(73,729)</u>	<u>80,855,476</u>
Less accumulated depreciation for:				
Buildings	(35,887,531)	(2,432,980)	-	(38,320,511)
Equipment and furniture	(3,184,541)	(274,664)	48,682	(3,410,523)
Vehicles	(2,481,499)	(213,291)	22,745	(2,672,045)
Land improvements	(1,865,684)	(102,210)	-	(1,967,894)
Total accumulated depreciation	<u>(43,419,255)</u>	<u>(3,023,145)</u>	<u>71,427</u>	<u>(46,370,973)</u>
Total capital assets being depreciated, net	<u>36,651,531</u>	<u>(2,164,726)</u>	<u>(2,302)</u>	<u>34,484,503</u>
Governmental activities capital assets, net	<u>\$ 46,045,342</u>	<u>\$ 19,284,442</u>	<u>\$ (2,302)</u>	<u>\$ 65,327,482</u>
Business-type activities:				
Child Nutrition Fund:				
Capital assets being depreciated:				
Equipment	\$ 647,311	\$ 7,601	\$ (32,326)	\$ 622,586
Less accumulated depreciation for:				
Equipment	(505,372)	(30,661)	32,326	(503,707)
Business-type activities capital assets, net	<u>\$ 141,939</u>	<u>\$ (23,060)</u>	<u>\$ -</u>	<u>\$ 118,879</u>

Capital Assets: Capital asset activity for the year ended June 30, 2015, is summarized in Table II on the following page.

Depreciation was charged to the governmental functions as follows:

Regular instructional	\$	288,406
Special populations		100,736
Alternative programs		2,361
School leadership		1,770
Co-curricular		88,841
School-based support		193,242
Technology support		15,035
Operational support		255,654
Policy, leadership and public relations		856
Ancillary		197,533
Unallocated		1,878,711
	\$	<u>3,023,145</u>

Construction Commitments: At June 30, 2015, the Board's commitment with contractors for school construction projects was approximately \$34,453,000.

Financing Commitments: Recent legislation permits the State Board of Education to finance the purchase of replacement school buses through installment purchases. The Board entered into an agreement to purchase three buses in this manner. The term of the financing cannot exceed three years and the Board must purchase the buses from vendors approved by the North Carolina Department of Public Instruction. The North Carolina Department of Public Instruction will make the payments to the lender on behalf of the Board out of funds allocated to the Board. Because future resources will be used to fund the payments under the installment agreement, no

encumbrance of fund balance at June 30, 2015 has been recorded.

The payments due in future years are as follows:

Total purchase price, 3 buses	\$242,097
Total payments due in fiscal year 2015-2016	\$121,049
Remaining payments due in subsequent years	\$121,048

DEFERRED OUTFLOWS OF RESOURCES

The Board reported deferred outflows of resources related to pensions in the amount of \$2,777,800 as of June 30, 2015.

LIABILITIES

Accounts Payable: The balance in accounts payable at June 30, 2015 is summarized in Table III.

Unearned Revenue: The balance in unearned revenue at June 30, 2015 is summarized in Table IV.

Table III					
ACCOUNTS PAYABLE					
	Governmental Activities				Business-type Activities
	General	Other Specific Revenue	Capital Outlay	Total	Child Nutrition
Vendors	\$ 139,895	\$ 1,195	\$ 1,266,193	\$ 1,407,283	\$ 2,310
Charter schools	60,862	-	-	60,862	-
	<u>\$ 200,757</u>	<u>\$ 1,195</u>	<u>\$ 1,266,193</u>	<u>\$ 1,468,145</u>	<u>\$ 2,310</u>

Table IV					
UNEARNED REVENUE					
	Governmental Activities				Business-type Activities
	State Public School	Other Specific Revenue	Non-Major	Total	Child Nutrition
Grants and contracts	\$ 110	\$ 3,161	\$ 3,244	\$ 6,515	\$ -
Prepaid lunch sales	-	-	-	-	17,470
	<u>\$ 110</u>	<u>\$ 3,161</u>	<u>\$ 3,244</u>	<u>\$ 6,515</u>	<u>\$ 17,470</u>

Long-Term Obligations: The summary of changes in the Board's long-term obligations for the year ended June 30, 2015, is shown in Table V.

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

DEFERRED INFLOWS OF RESOURCES

The Board reported deferred inflows of resources related to pensions in the amount of \$9,508,919 as of June 30, 2015.

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

Table V					
LONG-TERM OBLIGATIONS					
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due in One Year</u>
Governmental activities:					
Compensated absences	\$ 2,596,060	\$ 1,787,857	\$ (1,797,753)	\$ 2,586,164	\$ 200,000
Net pension liability	13,201,996	-	(10,605,513)	2,596,483	-
	<u>\$15,798,056</u>	<u>\$ 1,787,857</u>	<u>\$ (12,403,266)</u>	<u>\$ 5,182,647</u>	<u>\$ 200,000</u>
Business-type activities:					
Compensated absences	\$ 30,472	\$ 25,707	\$ (34,344)	\$ 21,835	\$ 4,000
Net pension liability	184,601	-	(148,295)	36,306	-
	<u>\$ 215,073</u>	<u>\$ 25,707</u>	<u>\$ (182,639)</u>	<u>\$ 58,141</u>	<u>\$ 4,000</u>

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, 2015, was 9.15% 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 \$2,726,252 for the year ended June 30, 2015.

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, 2015, the Board reported a liability of \$2,632,789 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 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, 2014 and at June 30, 2013, the Board's

proportion was 0.22456% and 0.22050%, respectively.

For the year ended June 30, 2015, the Board recognized pension expense of \$1,140,569. At June 30, 2015, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources described in Table VI.

An amount equal to \$2,726,252, 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, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	\$ (2,372,130)
2017	(2,372,130)
2018	(2,372,130)
2019	(2,340,981)
	<u>\$ (9,457,371)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 9.10 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, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Table VI 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	\$ -	\$ 613,689
Net difference between projected and actual earnings on pension plan investments	-	8,895,230
Changes in proportion and differences between Board contributions and proportionate share of contributions	51,548	-
Board contributions subsequent to the measurement date	2,726,252	-
	<u>\$2,777,800</u>	<u>\$9,508,919</u>

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, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	36.0%	2.5%
Global equity	40.5%	6.1%
Real estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation protection	4.5%	3.7%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment

policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

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/(Asset) 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:

	Board's Proportionate Share of the Net Pension Liability (Asset)	
1% Decrease (6.25%)	\$	18,899,983
Discount Rate (7.25%)	\$	2,632,789
1% Increase (8.25%)	\$	(11,102,487)

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.

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, 2015, 2014, and 2013, the Board paid all annual required contributions to the Plan for post-employment healthcare benefits of \$1,635,752, \$1,514,598, and \$1,489,652, respectively. These contributions represented 5.49%, 5.40%, and 5.30%, 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 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, 2015, 2014, and 2013, the Board paid all annual required contributions to the DIPNC for disability benefits of \$122,160, \$123,412, and \$123,669, respectively. These contributions represented 0.41%, 0.44%, and 0.44% 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 at June 30, 2015, consist of \$71,074 transferred from the State Public School Fund to the Child Nutrition Fund for administrative costs; \$10,000 transferred from the General Fund to the Child Nutrition Fund for food

purchases and salaries; \$24,360 transferred from the Capital Outlay Fund to the Child Nutrition Fund for capital assets and non-capitalized equipment; \$16,243 transferred from the non-major governmental fund for the individual schools to the Capital Outlay Fund construction-in-progress on an outdoor learning center; and \$122,100 transferred from the General Fund to the non-major governmental fund for the individual schools.

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.

CONTINGENT LIABILITIES

At June 30, 2015, the Board was a defendant to various lawsuits. In the opinion of the Board's management and the Board's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Board's financial position.

9. CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The Board implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Board to record beginning net pension liability and the effects on net position of contributions made by the Board during the measurement period (fiscal year 2014). As a result, net position for the governmental and business-type activities decreased by \$10,798,596 and \$150,995, respectively.



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SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

- Schedule of the Board's Proportionate Share of the Net Pension Liability – Teachers' and State Employees' Retirement System
 - Schedule of the Board's Contributions – Teachers' and State Employees' Retirement System
-



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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 TWO FISCAL YEARS***

	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (%)	0.22456%	0.22050%
Board's proportionate share of the net pension liability (\$)	\$ 2,632,789	\$ 13,386,597
Board's covered-employee payroll	\$ 29,795,108	\$ 28,048,113
Board's proportionate share of the net pension liability as a percentage of its covered-employee payroll	8.84%	47.73%
Plan fiduciary net position as a percentage of total pension liability	98.24%	90.60%

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

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

	2015	2014
Contractually required contribution	\$ 2,726,252	\$ 2,437,006
Contributions in relation to the contractually required contributions	2,726,252	2,437,006
Contribution deficiency (excess)	\$ -	\$ -
 Board's covered-employee payroll	 \$ 29,795,108	 \$ 28,048,113
 Contributions as a percentage of covered-employee payroll	 9.15%	 8.69%

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, 2015**

	<u>Federal Grants</u>	<u>Individual Schools</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 664,546	\$ 664,546
Due from other governments	3,244	-	3,244
Total assets	\$ 3,244	\$ 664,546	\$ 667,790
 LIABILITIES			
Unearned revenue	\$ 3,244	\$ -	\$ 3,244
 FUND BALANCES			
Restricted:			
Individual school activities	-	664,546	664,546
Total liabilities and fund balances	\$ 3,244	\$ 664,546	\$ 667,790

**ASHEVILLE CITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

	<u>Federal Grants</u>	<u>Individual Schools</u>	<u>Total</u>
REVENUES			
Intergovernmental:			
U.S. Government	\$ 3,755,172	\$ -	\$ 3,755,172
Miscellaneous	-	1,495,686	1,495,686
	<hr/>	<hr/>	<hr/>
Total revenues	3,755,172	1,495,686	5,250,858
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Instructional Services:			
Regular instructional	255,601	-	255,601
Special populations	1,374,646	-	1,374,646
Alternative programs	1,677,852	-	1,677,852
Co-curricular	-	1,475,066	1,475,066
School-based support	32,489	-	32,489
System-wide Support Services:			
Support and development	462	-	462
Special populations support and development	55,347	-	55,347
Alternative programs and services support and development	133,467	-	133,467
Financial and human resource	69,455	-	69,455
Non-programmed charges:			
Other	155,853	-	155,853
	<hr/>	<hr/>	<hr/>
Total expenditures	3,755,172	1,475,066	5,230,238
	<hr/>	<hr/>	<hr/>
Revenues over expenditures	-	20,620	20,620
	<hr/>	<hr/>	<hr/>

	<u>Federal Grants</u>	<u>Individual Schools</u>	<u>Total</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	\$ -	\$ 122,100	\$ 122,100
Transfers to other funds	-	(16,243)	(16,243)
Total other financing sources (uses)	<u>-</u>	<u>105,857</u>	<u>105,857</u>
Net change in fund balances	-	126,477	126,477
Fund balances—beginning	<u>-</u>	<u>538,069</u>	<u>538,069</u>
Fund balances—ending	<u>\$ -</u>	<u>\$ 664,546</u>	<u>\$ 664,546</u>

**ASHEVILLE CITY SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL
FEDERAL GRANTS FUND
YEAR ENDED JUNE 30, 2015**

	<u>Federal Grants Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
REVENUES			
Intergovernmental:			
U.S. Government	\$ 4,599,303	\$ 3,755,172	\$ (844,131)
EXPENDITURES			
Current:			
Instructional services:			
Regular instructional	309,789	255,601	54,188
Special populations	1,688,414	1,374,646	313,768
Alternative programs	1,816,116	1,677,852	138,264
School-based support	33,307	32,489	818
System-wide support services:			
Support and development	462	462	-
Special populations support and development	55,417	55,347	70
Alternative programs and services support and development	135,157	133,467	1,690
Operational support	4,000	-	4,000
Financial and human resource	73,336	69,455	3,881
Non-programmed charges:			
Unbudgeted federal grants	306,118	-	306,118
Other	177,187	155,853	21,334
Total expenditures	<u>4,599,303</u>	<u>3,755,172</u>	<u>844,131</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance—beginning of year		-	
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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
REVENUES			
Intergovernmental:			
State of North Carolina	\$ 10,887	\$ 10,887	\$ -
Buncombe County	54,454,645	22,562,902	(31,891,743)
Supplemental city school tax	100,000	100,000	-
Miscellaneous	217,867	148,056	(69,811)
Total revenues	<u>54,783,399</u>	<u>22,821,845</u>	<u>(31,961,554)</u>
EXPENDITURES			
Current:			
Instructional Services:			
Regular instructional	151,608	137,359	14,249
School-based support	600,000	589,898	10,102
System-wide Support Services:			
Technology support	15,000	8,394	6,606
Operational support	99,511	98,992	519
Capital outlay	54,695,208	22,120,504	32,574,704
Total expenditures	<u>55,561,327</u>	<u>22,955,147</u>	<u>32,606,180</u>
Revenues under expenditures	<u>(777,928)</u>	<u>(133,302)</u>	<u>644,626</u>

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	\$ 796,685	\$ -	\$ (796,685)
Transfers from other funds	16,243	16,243	-
Transfers to other funds	(25,000)	(24,360)	640
Contingency	(10,000)	-	10,000
Total other financing sources (uses)	<u>777,928</u>	<u>(8,117)</u>	<u>(786,045)</u>
Net change in fund balance	<u>\$ -</u>	<u>(141,419)</u>	<u>\$ (141,419)</u>
Fund balance:			
Beginning of year, July 1		<u>1,647,722</u>	
End of year, June 30		<u>\$ 1,506,303</u>	



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CHILD NUTRITION FUND

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

ASHEVILLE CITY SCHOOLS
SCHEDULE OF REVENUES AND EXPENDITURES—BUDGET AND ACTUAL (Non-GAAP)
CHILD NUTRITION FUND
YEAR ENDED JUNE 30, 2015

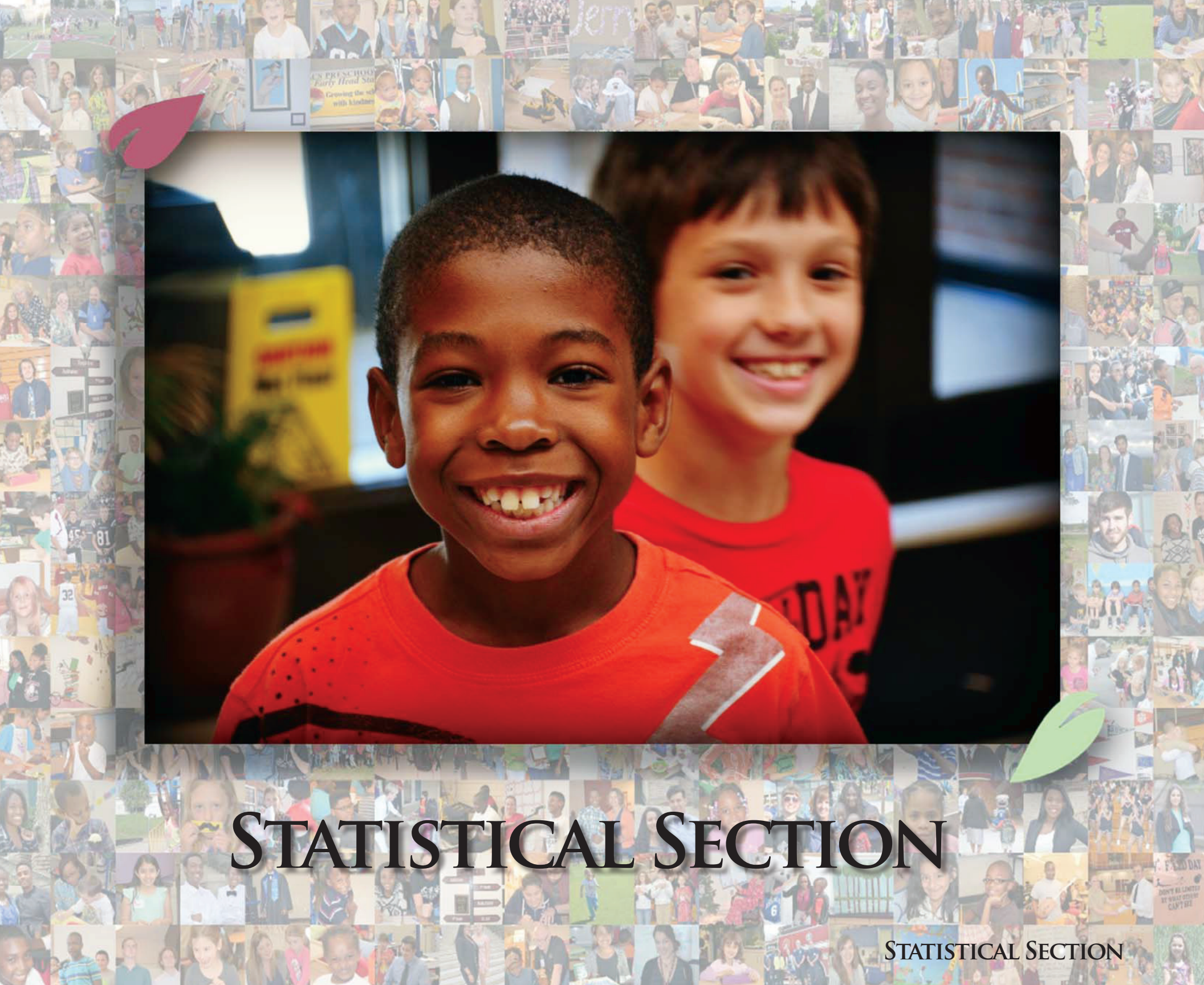
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Operating revenues:			
Food sales	\$ 347,372	\$ 324,367	\$ (23,005)
Operating expenditures:			
Purchase of food	780,931	688,504	92,427
Salaries and benefits	920,927	829,607	91,320
Materials and supplies	81,500	80,463	1,037
Other	29,968	26,515	3,453
Total operating expenditures	<u>1,813,326</u>	<u>1,625,089</u>	<u>188,237</u>
Operating loss	<u>(1,465,954)</u>	<u>(1,300,722)</u>	<u>165,232</u>
Non-operating revenues:			
Federal reimbursements	1,118,294	1,025,778	(92,516)
Federal commodities	84,292	93,587	9,295
State reimbursement	106,108	115,154	9,046
Proceeds from the disposal of assets	-	4,298	4,298
Total non-operating revenues	<u>1,308,694</u>	<u>1,238,817</u>	<u>(69,877)</u>
Revenues under expenditures before other financing sources	(157,260)	(61,905)	95,355
Other financing sources:			
Transfers from other funds	157,260	105,434	(51,826)
Revenues and other sources over expenditures	<u>\$ -</u>	<u>43,529</u>	<u>\$ 43,529</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(30,661)	
Contributions to the pension plan in current fiscal year		37,595	
Decrease in compensated absences		8,637	
Increase in inventories of food and supplies		10,559	
Increase in unearned revenue		(2,810)	
Pension expense		<u>(15,728)</u>	
Change in net position		<u>\$ 51,121</u>	

AGENCY FUND

The Agency Fund is used to account for assets held by the Board as an agent for the benefit of various scholarship and award funds and the Educational Access Channel Consortium.

**ASHEVILLE CITY SCHOOLS
 AGENCY FUND
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 YEAR ENDED JUNE 30, 2015**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
ASHEVILLE HIGH AWARDS:				
Assets:				
Cash and cash equivalents	<u>\$ 20,006</u>	<u>\$ 95</u>	<u>\$ 93</u>	<u>\$ 20,008</u>
Liabilities:				
Due to other sources	<u>\$ 20,006</u>	<u>\$ 95</u>	<u>\$ 93</u>	<u>\$ 20,008</u>
EDUCATIONAL ACCESS CHANNEL CONSORTIUM:				
Assets:				
Cash and cash equivalents	<u>\$ 161,776</u>	<u>\$ -</u>	<u>\$ 3,600</u>	<u>\$ 158,176</u>
Liabilities:				
Due to other sources	<u>\$ 161,776</u>	<u>\$ -</u>	<u>\$ 3,600</u>	<u>\$ 158,176</u>
TOTAL—AGENCY FUND:				
Assets:				
Cash and cash equivalents	<u>\$ 181,782</u>	<u>\$ 95</u>	<u>\$ 3,693</u>	<u>\$ 178,184</u>
Liabilities:				
Due to other sources	<u>\$ 181,782</u>	<u>\$ 95</u>	<u>\$ 3,693</u>	<u>\$ 178,184</u>



STATISTICAL SECTION

STATISTICAL SECTION

STATISTICAL SECTION

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

Demographic and Economic Information Schedules

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information Schedules

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

The schedule type or category is listed in the upper right-hand corner on each of the attached schedules. Unless otherwise noted, the information shown on the attached schedules was derived from the comprehensive annual financial reports for the relevant year.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental activities:										
Net investment in capital assets	\$ 65,327,482	\$ 46,045,342	\$ 42,654,073	\$ 42,221,159	\$ 42,016,915	\$ 40,720,471	\$ 39,831,882	\$ 40,742,273	\$ 42,579,373	\$ 43,180,650
Restricted	2,850,499	2,901,699	2,274,248	2,264,680	2,057,659	2,573,030	3,041,033	3,121,124	2,223,465	1,464,061
Unrestricted	(4,358,156)	(6,355,759)	5,104,518	3,624,664	1,652,123	1,803,925	1,889,585	2,527,733	2,365,479	2,528,870
Total governmental activities net position	<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>	<u>\$ 47,168,317</u>	<u>\$ 47,173,581</u>
Business-type activities:										
Net investment in capital assets	\$ 118,879	\$ 141,939	\$ 171,380	\$ 187,768	\$ 201,042	\$ 230,279	\$ 239,890	\$ 272,359	\$ 305,870	\$ 56,496
Unrestricted	193,735	119,554	252,012	237,496	168,156	62,506	50,072	(23,956)	(118,922)	20,275
Total business-type activities net position	<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>	<u>\$ 186,948</u>	<u>\$ 76,771</u>
Government-wide:										
Investment in capital assets	\$ 65,446,361	\$ 46,187,281	\$ 42,825,453	\$ 42,408,927	\$ 42,217,957	\$ 40,950,750	\$ 40,071,772	\$ 41,014,632	\$ 42,885,243	\$ 43,237,146
Restricted	2,850,499	2,901,699	2,274,248	2,264,680	2,057,659	2,573,030	3,041,033	3,121,124	2,223,465	1,464,061
Unrestricted	(4,164,421)	(6,236,205)	5,356,530	3,862,160	1,820,279	1,866,431	1,939,657	2,503,777	2,246,557	2,549,145
Total government-wide net position	<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>	<u>\$ 47,355,265</u>	<u>\$ 47,250,352</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. The amounts shown above have been restated beginning in 2014.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expenses:										
Governmental activities:										
Instructional programs	\$ 38,968,670	\$ 39,284,689	\$ 38,788,317	\$ 37,987,862	\$ 38,127,000	\$ 37,844,471	\$ 38,501,664	\$ 37,206,592	\$ 32,144,863	\$ 30,113,067
Support services	10,094,897	11,875,229	9,824,061	9,708,344	9,934,044	9,728,867	9,971,095	9,472,591	11,579,037	11,217,031
Unallocated depreciation expense	1,878,711	1,846,895	1,562,032	1,589,990	1,533,209	1,622,375	1,618,517	1,628,326	2,313,179	1,908,699
Other	1,289,089	1,096,795	942,551	1,252,726	1,422,066	875,589	788,107	713,959	624,887	603,596
Total governmental activities expenses	<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>	<u>46,661,966</u>	<u>43,842,393</u>
Business-type activities:										
Child nutrition	1,614,687	1,757,338	1,774,637	1,694,725	1,658,572	1,682,677	1,781,287	1,695,817	1,719,078	1,621,843
Total government-wide expenses	<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>	<u>48,381,044</u>	<u>45,464,236</u>
Program revenues:										
Governmental activities:										
Charges for services										
Instructional programs	1,639,846	1,562,955	1,569,289	1,607,598	1,469,840	1,520,984	1,452,988	1,343,434	1,436,419	1,357,411
Support programs	32,889	64,396	50,292	1,892	-	-	6,302	4,749	-	31,246
Ancillary services	31,586	14,045	17,300	5,604	2,015	4,465	8,178	6,424	6,628	6,401
Operating grants and contributions	29,085,274	28,058,038	28,601,518	28,736,584	28,669,673	28,054,706	28,623,511	27,475,326	25,468,050	24,621,723
Capital grants and contributions	28,187	200,196	377,774	908,591	536,628	386,673	351,765	51,599	5,588	23,345
Total governmental activities program revenues	<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>	<u>26,916,685</u>	<u>26,040,126</u>
Business-type activities:										
Charges for services	321,557	364,834	424,615	466,232	468,500	469,799	526,806	537,651	507,126	446,497
Operating grants and contributions	1,234,519	1,265,815	1,252,965	1,201,310	1,199,626	1,099,164	1,064,302	1,020,189	965,387	929,235
Total business-type activities program revenues	<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>	<u>1,472,513</u>	<u>1,375,732</u>
Total government-wide program revenues	<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>	<u>28,389,198</u>	<u>27,415,858</u>
Net (expense)	<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>	<u>\$ (19,991,846)</u>	<u>\$ (18,048,378)</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)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net (expense):										
Government-wide net (expense)	<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>	<u>\$ (19,991,846)</u>	<u>\$ (18,048,378)</u>
General revenues and transfers:										
Governmental activities:										
U.S. Government	65,162	46,421	59,184	65,869	72,516	-	-	-	-	-
State of North Carolina--construction	-	-	-	-	-	-	-	-	-	450,000
Buncombe County--General Fund appropriation	8,997,929	8,526,806	8,115,790	7,779,035	6,945,191	6,856,336	6,923,179	6,548,327	6,229,763	5,855,657
Buncombe County--capital outlay	22,562,902	8,024,347	3,539,607	2,917,618	3,262,842	3,220,867	1,031,366	1,440,998	2,457,534	8,004,091
Supplemental city school tax	8,136,173	8,142,348	8,104,621	8,093,877	8,053,018	7,816,953	7,735,552	7,596,032	7,402,672	6,677,152
Local option sales tax	2,495,436	2,540,159	2,364,755	2,228,877	2,273,028	2,162,868	2,652,714	2,999,131	3,125,067	2,848,259
Other revenues	489,960	396,721	332,403	335,010	427,631	498,423	696,816	975,978	879,904	526,718
Transfers (out)	(105,434)	(115,785)	(93,236)	(83,077)	(66,792)	(116,047)	(231,618)	(197,717)	(354,923)	(60,682)
Total governmental activities general revenues and transfers	<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>	<u>19,740,017</u>	<u>24,301,195</u>
Business-type activities:										
Other revenues	4,298	-	1,949	172	67	490	120	1,715	1,819	16,414
Transfers in	105,434	115,785	93,236	83,077	66,792	116,047	231,618	197,717	354,923	60,682
Total business-type activities general revenues and transfers	<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>	<u>356,742</u>	<u>77,096</u>
Total government-wide general revenues and transfers	<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>	<u>20,096,759</u>	<u>24,378,291</u>
Change in net position	<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>	<u>\$ 104,913</u>	<u>\$ 6,329,913</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)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund:										
Non-spendable	\$ 38,082	\$ 33,187	\$ 32,531	\$ 28,256	\$ 27,797	\$ 29,828	\$ 31,797	\$ 37,744	\$ 57,321	\$ 81,437
Restricted—Stabilization by State Statute	199,640	186,514	128,223	138,553	187,726	313,718	537,212	635,599	573,419	517,672
Assigned	1,219,032	1,300,000	1,301,415	625,000	227,000	1,900,000	1,900,000	1,900,000	2,018,000	2,249,000
Unassigned	<u>5,066,723</u>	<u>4,676,509</u>	<u>4,979,955</u>	<u>4,441,328</u>	<u>3,370,258</u>	<u>1,913,092</u>	<u>1,967,542</u>	<u>2,326,390</u>	<u>2,144,286</u>	<u>2,020,660</u>
Total General Fund	<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>	<u>\$ 4,793,026</u>	<u>\$ 4,868,769</u>
All other governmental funds:										
Restricted—Stabilization by State Statute	\$ 1,084,178	\$ 982,770	\$ 1,161,832	\$ 911,754	\$ 815,694	\$ 578,609	\$ 16,209	\$ 15,559	\$ 42,024	\$ 472,865
Restricted—School capital outlay	902,135	1,194,346	588,343	730,539	670,873	1,329,522	2,166,806	2,173,881	1,345,886	171,173
Restricted—Individual schools activities	664,546	538,069	395,850	483,834	383,366	351,181	320,806	296,085	262,136	302,351
Assigned—Special programs	<u>1,138,951</u>	<u>1,029,201</u>	<u>1,215,303</u>	<u>670,384</u>	<u>64,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<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>	<u>\$ 1,650,046</u>	<u>\$ 946,389</u>

Note: Asheville City Schools implemented GASB Statement No. 65 in 2013. The amounts shown above have been restated beginning in 2012.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues:										
Intergovernmental:										
State of North Carolina	\$ 23,733,552	\$ 23,219,272	\$ 23,355,556	\$ 22,403,838	\$ 21,339,952	\$ 20,262,065	\$ 22,453,531	\$ 22,214,646	\$ 20,987,659	\$ 20,654,243
U. S. Government	5,254,811	4,871,479	5,577,328	7,318,404	7,728,067	8,062,245	6,480,293	5,162,624	4,275,071	4,296,347
Buncombe County - General Fund appropriation	8,997,929	8,526,806	8,115,790	7,779,035	6,945,191	6,856,336	6,923,179	6,548,327	6,229,763	5,855,657
Buncombe County - capital outlay	22,562,902	8,024,347	3,539,607	2,917,618	3,262,842	3,220,867	1,031,366	1,440,998	2,457,534	8,004,091
Supplemental city school tax	8,136,173	8,142,348	8,104,621	8,093,877	8,053,018	7,816,953	7,735,552	7,596,032	7,402,672	6,677,152
Local option sales tax	2,495,436	2,540,159	2,364,755	2,228,877	2,273,028	2,162,868	2,652,714	2,999,131	3,125,067	2,848,259
Charges for services	418,756	434,276	492,668	467,284	577,132	675,457	680,918	581,236	670,006	579,510
Miscellaneous	2,121,695	1,947,461	1,693,743	1,895,776	1,722,931	1,636,721	1,649,736	2,009,219	1,967,886	1,632,689
Total revenues	<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>	<u>47,115,658</u>	<u>50,547,948</u>
Expenditures:										
Instructional programs	39,702,599	38,358,386	37,692,061	37,295,578	37,519,981	37,152,716	38,020,523	36,336,671	31,764,836	30,193,557
Support services	10,172,186	10,363,778	9,516,968	9,337,488	9,617,311	9,889,095	10,555,648	9,158,220	11,559,015	10,942,004
Capital Outlay	22,120,504	7,676,429	3,186,048	2,827,093	3,648,756	3,302,053	838,868	1,276,337	2,076,174	9,226,526
Other	1,247,840	1,054,626	981,951	1,278,597	1,718,499	1,149,128	1,088,251	641,082	732,796	679,620
Total expenditures	<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>	<u>46,132,821</u>	<u>51,041,707</u>
Revenues over (under) expenditures	<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>	<u>982,837</u>	<u>(493,759)</u>
Other financing sources (uses):										
Transfers from other funds	138,343	122,100	131,500	120,500	124,247	253,156	270,674	264,786	274,199	250,559
Transfers to other funds	(243,777)	(237,885)	(224,736)	(203,577)	(191,039)	(369,203)	(502,292)	(462,503)	(629,122)	(311,241)
Installment purchase obligations issued	-	-	-	-	-	391,105	682,733	-	-	-
Total other financing sources (uses)	<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>	<u>(354,923)</u>	<u>(60,682)</u>
Net change in fund balances	<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>	<u>\$ 627,914</u>	<u>\$ (554,441)</u>

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	
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
2007	4,370,104	486,341	88,824	4,945,269	0.15
2006	2,796,592	454,223	96,752	3,347,567	0.20

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>	
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
2007		0.1500	0.5300	0.4238	1.1038
2006		0.2000	0.5900	0.5300	1.3200

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 Nine Years Ago**

Taxpayer	Business	2015			2006		
		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	\$ 104,310	1	1.94%	\$ 101,700	1	3.04%
Duke Energy Progress	Electric Utility	64,647	2	1.20%			
Nesbitt Asheville Venture LLC	Hotels/Convention Services	29,047	3	0.54%	12,252	4	0.37%
BellSouth Telephone Co	Communications Service	20,637	4	0.38%	38,799	3	1.16%
Ingles Markets Inc	Supermarkets	14,396	5	0.27%	11,451	5	0.34%
Campus Crest at Asheville	Hotels/Convention Services	13,631	6	0.25%			
Grove Park Inn Resort Inc	Hotels/Convention Services	12,711	7	0.24%			
Hospitality Lodging Investors II	Hotels/Convention Services	12,680	8	0.24%			
FIRC Haywood Park Holdings LLC	Real Estate	12,655	9	0.23%			
MHG Tower LLC	Real Estate/Commercial Office	11,401	10	0.21%	8,986	7	0.27%
Carolina Power & Light	Electric Power Utility				46,960	2	1.40%
Park Terrace Properties LLC	Real Estate/Commercial Office				9,703	6	0.29%
Country Club of Asheville	Real Estate/Private Golf Club				8,799	8	0.26%
Pack Square Investors LLC	Real Estate/Commercial Office				8,644	9	0.26%
HGA Development LLC	Real Estate/Commercial Office				8,635	10	0.26%
	Totals	<u>\$ 296,115</u>		<u>5.50%</u>	<u>\$ 255,929</u>		<u>7.65%</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
2015	\$ 8,078	\$ 8,067	99.86%	\$ -	\$ 8,067	99.86%
2014	8,125	8,099	99.68%	17	8,116	99.89%
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%
2007	7,391	7,347	99.40%	43	7,390	99.99%
2006	6,668	6,618	99.25%	50	6,668	100.00%

Sources: Buncombe County Tax Department

Note: Property was revalued and effective January 1, 2006 and 2013.

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
2015	251	Unavailable	Unavailable	Unavailable	29,198	4.8
2014	252	Unavailable	Unavailable	40.8	30,535	6.3
2013	249	\$ 9,282,566	\$ 37,290	40.7	29,451	7.1
2012	245	8,884,892	36,209	41.1	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
2007	230	7,971,685	34,731	39.8	28,900	4.0
2006	225	7,522,066	33,422	39.6	29,211	4.0

Sources: Buncombe County Finance Department.

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

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

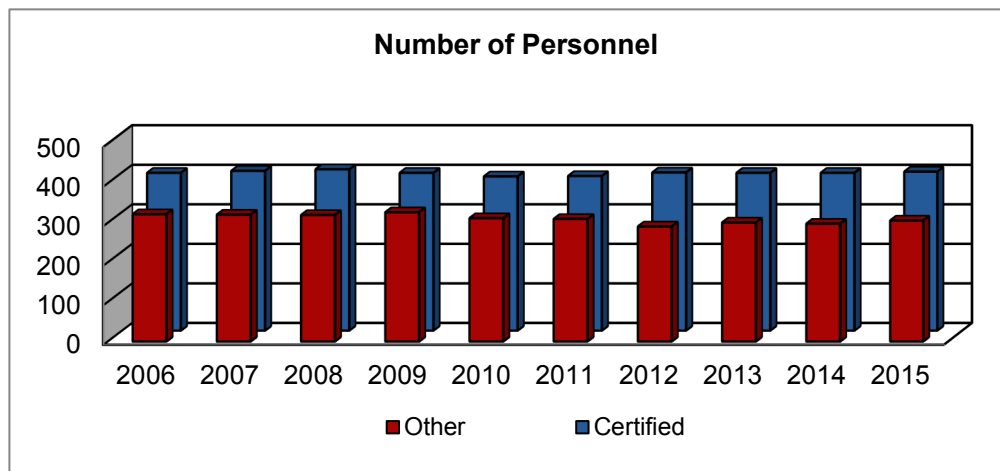
<u>Employer</u>	2015			2006		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Mission Health System and Hospital	6,994	1	5.37%	3000+	1	2.48%
Buncombe County Public Schools	4,000	2	3.07%	3000+	2	2.48%
The Biltmore Company	1,770	3	1.36%	1,000-2,999	7	0.8%-2.48%
VA Medical Center - Asheville	1,593	4	1.22%	1,000-2,999	6	0.8%-2.48%
Buncombe County Government	1,369	5	1.05%	1,000-2,999	4	0.8%-2.48%
Ingles Markets, Inc.	1,137	6	0.87%	1,000-2,999	3	0.8%-2.48%
Omni Grove Park Inn	1,100	7	0.85%	750-999	9	0.6%-0.8%
Asheville-Buncombe Technical Community College	1,019	8	0.78%	750-999	10	0.6%-0.8%
City of Asheville	1,000	9	0.77%	1,000-2,999	5	0.8%-2.48%
Asheville City Schools	708	10	0.52%			
CarePartners				1,000-2,999	8	0.8%-2.48%
Total	<u>20,690</u>		<u>15.86%</u>			

Source: Buncombe County Finance Department

Notes: Labor Force Estimate for 2015 per NCESC: 130,150

Labor Force Estimate for 2006 per NCESC: 121,000

**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>
2006	399	322	721	3,753	9.4
2007	404	321	725	3,730	9.2
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

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.

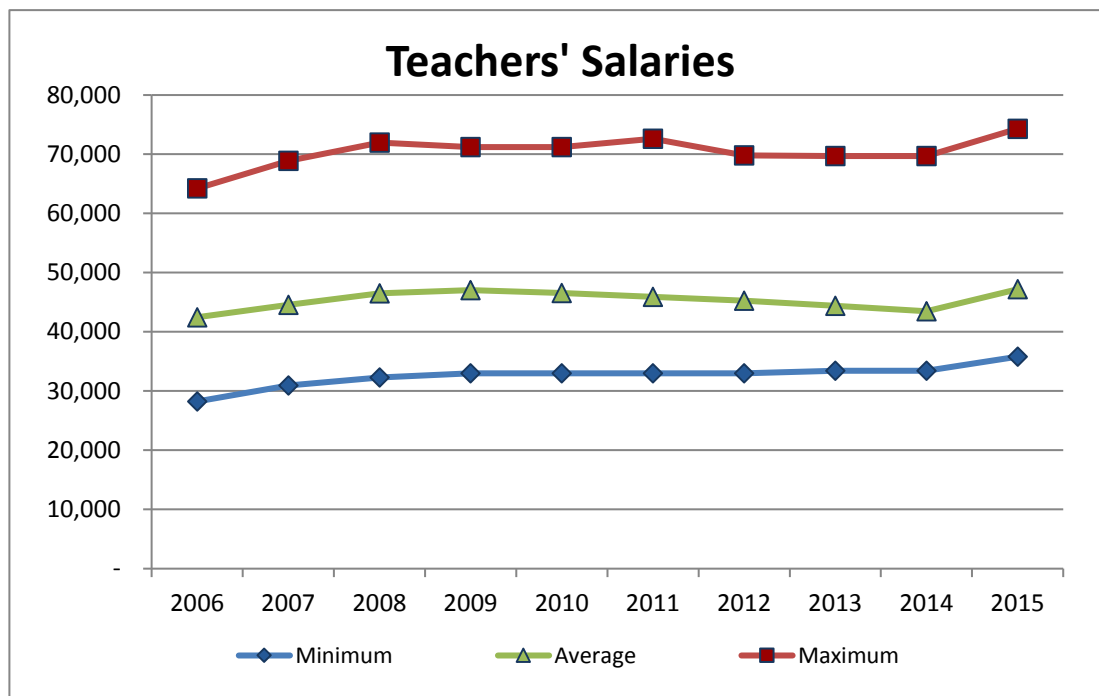
**ASHEVILLE CITY SCHOOLS
OPERATING STATISTICS
Last Ten Fiscal Years**

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
2015	4,295	4,076	\$ 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%
2007	3,730	3,546	11,506	Fourth	48.9%	42.4%	50.7%	6.9%
2006	3,753	3,543	10,856	Fourth	51.3%	43.5%	50.0%	6.5%

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>
2006	28,248	64,219	42,468
2007	30,933	68,904	44,543
2008	32,279	71,962	46,532
2009	33,017	71,225	47,042
2010	33,017	71,225	46,570
2011	33,017	72,611	45,927
2012	33,017	69,828	45,273
2013	33,418	69,674	44,380
2014	33,418	69,674	43,494
2015	35,805	74,306	47,198

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	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Elementary:										
Claxton:										
Square feet	81,193	81,193	81,193	81,193	81,193	81,193	81,193	81,193	81,193	78,711
Capacity	480	480	480	480	480	480	480	480	480	480
First month membership	469	450	439	455	431	419	418	412	386	387
Dickson/William Randolph School (see below):										
Square feet	56,819	56,819	75,926	75,926	75,926	75,926	75,926	75,926	75,926	75,926
Capacity	582	582	449	449	449	449	449	449	449	449
First month membership	488	465	470	445	423	419	417	412	388	413
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	349	347	302	302	306	309	306	301	292	286
Jones:										
Square Feet	85,730	85,730	85,730	85,730	85,730	85,162	85,162	85,162	85,162	85,162
Capacity	450	450	450	450	450	450	450	450	450	450
First month membership	482	444	415	390	405	376	382	356	356	379
Vance:										
Square Feet	70,665	70,665	70,665	70,665	69,965	69,965	69,965	69,965	69,965	69,965
Capacity	447	447	447	447	422	422	422	422	422	422
First month membership	464	462	459	441	405	379	368	352	353	317

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

School	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Middle:										
Asheville Middle:										
Square Feet	170,418	170,418	170,418	170,418	170,418	170,418	170,418	170,418	170,418	170,418
Capacity	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064
First month membership	721	747	787	766	719	661	672	666	648	654
Middle/High:										
Randolph Learning Center/ William Randolph School:										
Square Feet	See below	See below	56,819	56,819	56,819	56,819	56,819	56,819	56,819	56,819
Capacity	See below	See below	582	582	582	582	582	582	582	582
First month membership	See below	See below	See below	See below	48	84	73	57	132	176
High:										
Asheville High/SILSA:										
Square Feet	367,803	367,803	367,041	365,441	365,441	365,441	365,441	365,441	353,041	353,041
Capacity	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
First month membership	1,385	1,332	1,273	1,228	1,135	1,111	1,101	1,150	1,222	1,203

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.



ASHEVILLE CITY SCHOOLS

Learn. Discover. Thrive.

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MISSION

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

VISION

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