

# ASHEVILLE CITY SCHOOLS

## ASHEVILLE, NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

Asheville, North Carolina  
For the Fiscal Year Ended June 30, 2014



**ASHEVILLE CITY SCHOOLS**

*Learn. Discover. Thrive.*

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

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INTRODUCTORY SECTION







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## LETTER OF TRANSMITTAL

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**November 19, 2014**

**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, 2014, is herewith submitted. Responsibility for the accuracy, completeness, and clarity of the report rests with the Superintendent and the Chief Financial Officer.

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 2014, 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 2013-14 school year was 4,221 students.

Within the context of a strong system-wide curricular emphasis, Asheville City Schools offers parents a choice from among five elementary magnet schools. Each school has adopted a theme that guides instructional decisions and strategies. The themes are Arts and Humanities; Human Diversity and Ecology; 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**

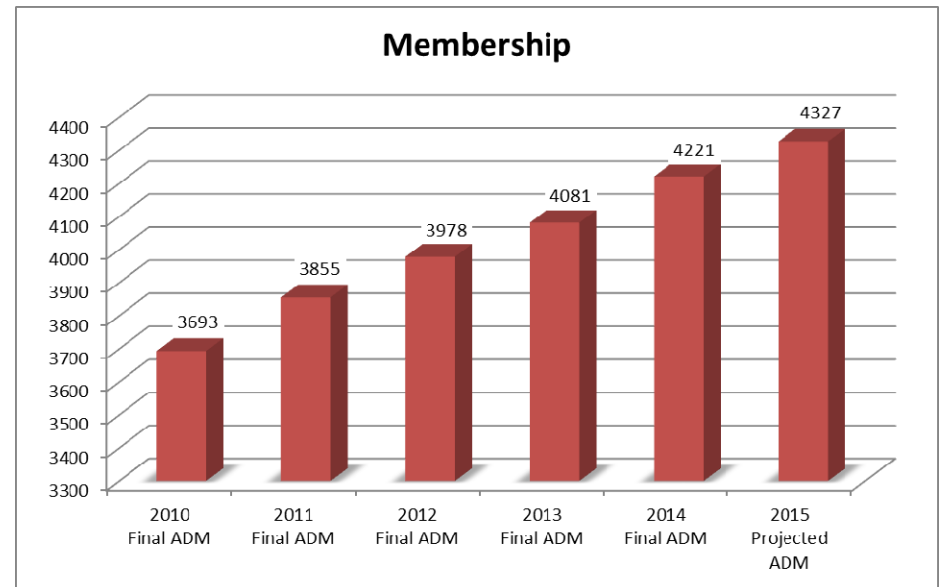
Asheville City Schools operates within Buncombe County, the most populous county in Western North Carolina. With approximately 252,000 residents, Buncombe County accounts for over half of the population in the four county Asheville Metropolitan Area and serves as the region's economic and service center. Its economy is supported by a robust healthcare system, a growing science and technology industry, a thriving art and culture industry, and a growing advanced manufacturing industry. The area's average unemployment rate for fiscal year 2014 was 6.3%, among the lowest in North Carolina. Further, the metro area added over 3,300 jobs during the past year, an increase of 2%.

While operating within the above economic environment, Asheville City Schools has continued to enjoy the commitment to quality education its citizens and the Buncombe County Commissions have demonstrated by their level of support and funding. For fiscal year 2014, county general appropriation funding increased 5.0%, from \$8,115,790 to \$8,526,806. This trend continued into fiscal year 2015

with a 5.5% increase, bringing the total county general appropriation to just under \$9 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. During fiscal year 2013, the Buncombe County Commissioners approved funding for architectural and other preconstruction costs for both schools. In fiscal year 2014, the Buncombe County Commissioners provided the balance of funding needed for the construction of both schools. The influx of over \$58 million for construction of the two new schools more than doubled Asheville City Schools' total budget. The system ended fiscal year 2014 with a total budget of \$115,485,166, the largest 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 both fiscal years 2014 and 2015. Following is a graph comparing final average daily membership for fiscal years 2010 through 2014 and projected average daily membership for fiscal year 2015.



## MAJOR ACCOMPLISHMENTS AND INITIATIVES

Led by interim superintendent, Dr. Bobbie Short, Asheville City Schools experienced a year of challenge and change as it focused on making increasing academic achievement its top priority. The Board spent many months conducting an intensive superintendent search before naming Dr. Pamela Baldwin as the leader to help the system achieve excellence with equity while helping each individual student reach his or her North Star. Here are some accomplishments and initiatives that occurred during school year 2014:

- District students exceeded the state's averages on End-of-Grade exams in math, reading and science, grades 3-8.
- Asheville City Schools achieved an 86.5% graduation rate in 2014, the highest rate ever.



- Asheville City Schools implemented a Parent U initiative in 2014, with a catalog of 24 courses designed to empower parents in three critical areas: academic support, health and wellness and social issues.
- Asheville High and SILSA students outpaced the State and nation on the SATs for the 17th consecutive year while posting one of the highest participation rates in both the state and the nation. The district posted a combined math, critical reading and writing SAT average score of 1,601 with a 71.3% participation rate.
- Asheville High School senior Liana Murray was named a Presidential Scholar in the Arts. The U.S. Presidential Scholars Program recognizes and honors up to 141 of the nation's most distinguished graduating high school seniors and is considered one of the nation's highest honors for high school students.
- The Asheville City Board of Education approved a year-round or balanced calendar initiative at Hall Fletcher Elementary School, with hopes that academic achievement for all participating students could be elevated. The calendar, which was implemented on July 16, 2014, revolves around nine-week academic blocks, normally followed with a three-week break. The first week of the September and March breaks will be programmed as bonus learning time with the hope that most, if not all students, will attend for both academic and cultural enrichment. The YMCA is partnering with the district to provide both afterschool and intercession programming.
- The district elevated 'summer school' programs from a remediation model to an enrichment program designed to expand achievement for all students. Middle School Magic has grown in five years from serving a student population of 40 to over 100. The 2014 program served rising 6th graders through 9th graders. The program focused on building strong and positive relationships between the students, teachers and community with offerings in Geometry in the Real World, Culinary Tour through Asheville Eateries, Indigenous Peoples culture and Cooking, Asheville and Life's Opportunities.
- The Asheville Middle School Battle of the Books Team competed against 12 other Western North Carolina teams and showcased the district's renewed emphasis on a variety of literacy skills with a first place finish for the Western Region of the state. This win marks the first time for Asheville City Schools in almost fourteen years as 'best in the region'.
- 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 2012-2013.
- As previously mentioned, construction began on two new schools, the systems 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, 2014, 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, 2014, 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-seven 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, 2014.

## **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  
Chief Financial Officer



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, 2013*

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



A handwritten signature in cursive script, reading 'Terrie S. Simmons'.

Terrie S. Simmons, RSBA, CSBO  
President

A handwritten signature in cursive script, reading 'John D. Musso'.

John D. Musso, CAE, RSBA  
Executive Director



Government Finance Officers Association

**Certificate of  
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for Excellence  
in Financial  
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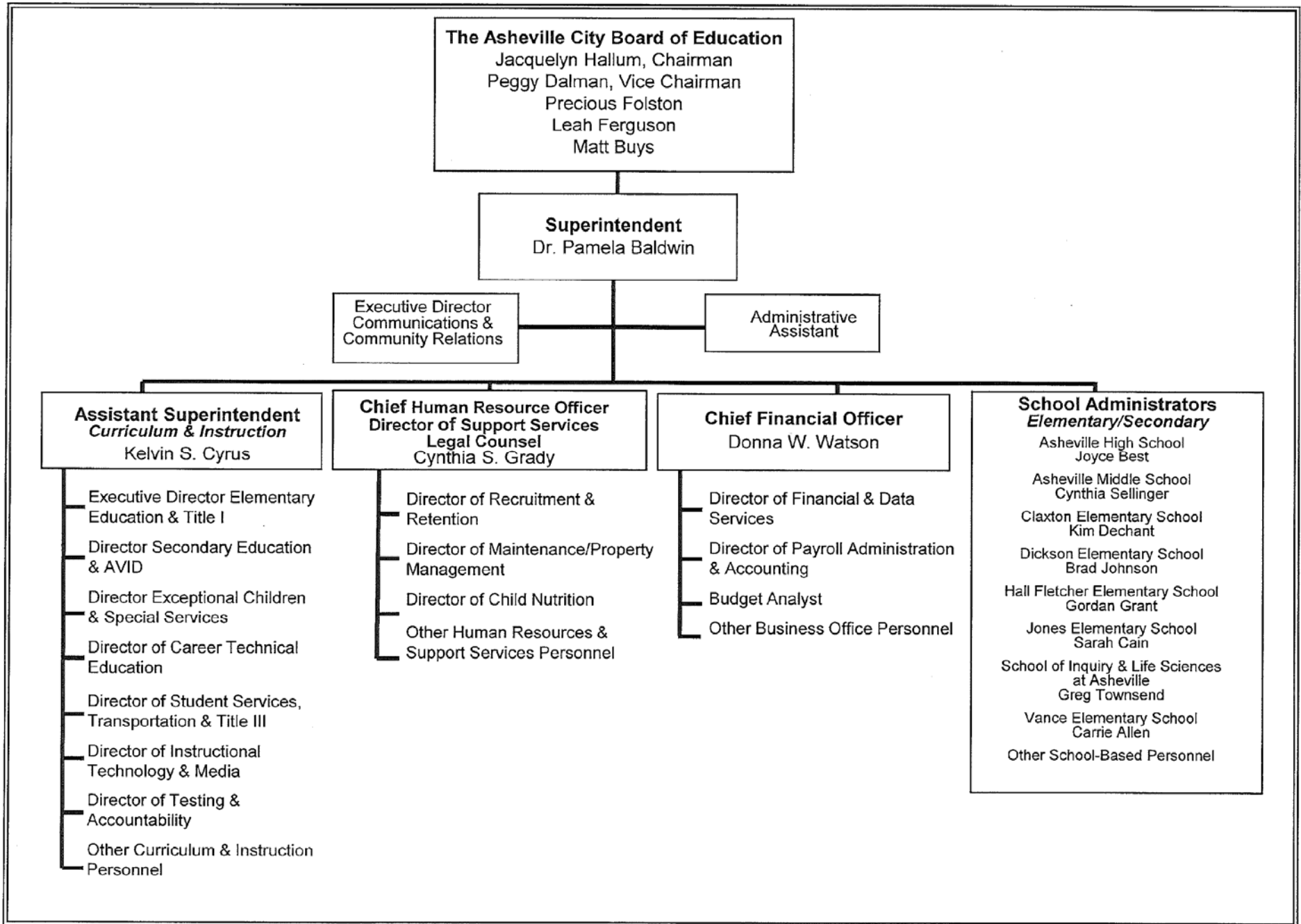
**Asheville City Schools  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# ASHEVILLE CITY SCHOOLS ORGANIZATIONAL CHART







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FINANCIAL SECTION





**DIXON HUGHES GOODMAN** LLP  
Certified Public Accountants and Advisors

## **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, 2014, 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, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the State Public School Fund, and the Other Specific Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2014, 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.

Asheville, North Carolina  
November 19, 2014

*Dixon Hughes Goodman LLP*

## 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, 2014. This information should be read in conjunction with the audited financial statements included in this report.

### Financial Highlights

- The assets of the Board exceeded its liabilities at the close of the fiscal year by \$53,802,366.
- The Board's total net position increased by \$3,346,135.
- As of the close of the current fiscal year, the Board's governmental funds reported combined ending fund balances of \$9,940,596, an increase of \$137,144.
- The Board enjoyed an increase of 140 students (3.4%) when comparing average daily membership for fiscal year 2014 to the previous year.
- Full funding was approved by Buncombe County to replace two of the system's aging facilities, Dickson Elementary School and Asheville Middle School. Due to the full construction budgets added for these two projects, the Board ended the fiscal year with its largest total budget ever, \$115,485,166.

### Overview of the Financial Statements

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

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *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 and liabilities. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The Statement of Activities summarizes the Board's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds, 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 and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Board's net position and how they have changed. Net position – the difference between the Board's assets and liabilities – is one way to measure the unit's financial health or position.

- Over time, increases or decreases in the Board's net 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 exceeded its liabilities by \$53,802,366 as of June 30, 2014, an increase of \$3,346,135 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 \$46,187,281 (85.8%) at June 30, 2014, an increase of \$3,361,828 compared to June 30, 2013. Restricted net position accounted for \$2,901,699 (5.4%) of net position, an increase of \$627,451. Unrestricted net position at year-end totaled \$4,713,386 (8.8%), a decrease of \$643,144 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, 2014 and 2013**

	2014			2013		
	Governmental Activities	Business-type Activities	Total Government-wide	Governmental Activities	Business-type Activities	Total Government-wide
Current assets	\$ 12,197,247	\$ 317,824	\$ 12,515,071	\$ 10,366,662	\$ 299,963	\$ 10,666,625
Capital assets	46,045,342	141,939	46,187,281	42,654,073	171,380	42,825,453
Total assets	<u>58,242,589</u>	<u>459,763</u>	<u>58,702,352</u>	<u>53,020,735</u>	<u>471,343</u>	<u>53,492,078</u>
Current liabilities	2,456,651	20,803	2,477,454	763,210	18,094	781,304
Long-term liabilities	2,396,060	26,472	2,422,532	2,224,686	29,857	2,254,543
Total liabilities	<u>4,852,711</u>	<u>47,275</u>	<u>4,899,986</u>	<u>2,987,896</u>	<u>47,951</u>	<u>3,035,847</u>
Net investment in capital assets	46,045,342	141,939	46,187,281	42,654,073	171,380	42,825,453
Restricted net position	2,901,699	-	2,901,699	2,274,248	-	2,274,248
Unrestricted net position	4,442,837	270,549	4,713,386	5,104,518	252,012	5,356,530
Total net position	<u>\$ 53,389,878</u>	<u>\$ 412,488</u>	<u>\$ 53,802,366</u>	<u>\$ 50,032,839</u>	<u>\$ 423,392</u>	<u>\$ 50,456,231</u>



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

**Table 2**  
**Condensed Statement of Activities**  
**For the Years Ended June 30, 2014 and 2013**

	2014			2013		
	Governmental Activities	Business-type Activities	Total Government-wide	Governmental Activities	Business-type Activities	Total Government-wide
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,641,396	\$ 364,834	\$ 2,006,230	\$ 1,636,881	\$ 424,615	\$ 2,061,496
Operating grants and contributions	28,058,038	1,265,815	29,323,853	28,601,518	1,252,965	29,854,483
Capital grants and contributions	200,196	-	200,196	377,774	-	377,774
General revenues:						
U.S. Government	46,421	-	46,421	59,184	-	59,184
Buncombe County	16,551,153	-	16,551,153	11,655,397	-	11,655,397
Supplemental city school tax	8,142,348	-	8,142,348	8,104,621	-	8,104,621
Local option sales tax	2,540,159	-	2,540,159	2,364,755	-	2,364,755
Other revenues	396,721	-	396,721	332,403	1,949	334,352
Total revenues	<u>57,576,432</u>	<u>1,630,649</u>	<u>59,207,081</u>	<u>53,132,533</u>	<u>1,679,529</u>	<u>54,812,062</u>
<b>Expenses:</b>						
Governmental activities:						
Instructional programs	39,284,689	-	39,284,689	38,788,317	-	38,788,317
Support services	11,875,229	-	11,875,229	9,824,061	-	9,824,061
Ancillary services	397,484	-	397,484	278,303	-	278,303
Non-programmed charges	699,311	-	699,311	664,248	-	664,248
Unallocated depreciation expense	1,846,895	-	1,846,895	1,562,032	-	1,562,032
Business-type activities:						
Child Nutrition	-	1,757,338	1,757,338	-	1,774,637	1,774,637
Total expenses	<u>54,103,608</u>	<u>1,757,338</u>	<u>55,860,946</u>	<u>51,116,961</u>	<u>1,774,637</u>	<u>52,891,598</u>
Revenues over (under) expenses	3,472,824	(126,689)	3,346,135	2,015,572	(95,108)	1,920,464
Transfers in (out)	(115,785)	115,785	-	(93,236)	93,236	-
Change in net position	3,357,039	(10,904)	3,346,135	1,922,336	(1,872)	1,920,464
Net position—beginning	50,032,839	423,392	50,456,231	48,110,503	425,264	48,535,767
Net position—ending	<u>\$ 53,389,878</u>	<u>\$ 412,488</u>	<u>\$ 53,802,366</u>	<u>\$ 50,032,839</u>	<u>\$ 423,392</u>	<u>\$ 50,456,231</u>

Governmental activities generated revenues of \$57.6 million for fiscal year 2014 compared to \$53.1 million for the previous year. Governmental activities expenses totaled \$54.1 million for fiscal year 2014 compared to \$51.1 million for the previous year. After transfers to the business-type activities, the increase in net position stands at \$3,357,039 at June 30, 2014 compared to \$1,922,336 in 2013.

The Asheville City Schools supplemental city school tax comprised 14.1% of total governmental revenues for fiscal year 2014 compared to 15.3% for fiscal year 2013. County funding increased from 21.9% in 2013 to 28.7% in 2014, largely due to construction funding for two new school facilities. Much of the remaining

governmental revenues consist of restricted state and federal money. Instructional expenses comprised 72.6% of total governmental expenses for fiscal year 2014 compared to 75.9% for fiscal year 2013. Support services accounted for 21.9% and 19.2% of expenses in fiscal years 2014 and 2013, respectively.

Business-type activities generated revenues of \$1.6 million in fiscal year 2014 compared to \$1.7 million in fiscal year 2013, and had expenses of \$1.8 million in both fiscal years 2014 and 2013. Net position decreased in the business-type activities by \$10,904, after transfers in from the governmental activities of \$115,785.

### 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, 2014 and 2013 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, 2014 and 2013**

	2014					2013				
	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	\$ 33,187	\$ -	\$ -	\$ -	\$ 33,187	\$ 32,531	\$ -	\$ -	\$ -	\$ 32,531
Restricted	186,514	529,394	1,647,722	538,069	2,901,699	128,223	472,097	1,278,078	395,850	2,274,248
Assigned	1,300,000	1,029,201	-	-	2,329,201	1,301,415	1,215,303	-	-	2,516,718
Unassigned	4,676,509	-	-	-	4,676,509	4,979,955	-	-	-	4,979,955
Total	<u>\$6,196,210</u>	<u>\$ 1,558,595</u>	<u>\$ 1,647,722</u>	<u>\$ 538,069</u>	<u>\$ 9,940,596</u>	<u>\$6,442,124</u>	<u>\$1,687,400</u>	<u>\$ 1,278,078</u>	<u>\$ 395,850</u>	<u>\$ 9,803,452</u>

The Capital Outlay Fund and the Non-Major Fund for individual schools ended the year with a surplus of revenues over expenditures and other financing uses. Expenditures exceeded revenues and other financing sources in the General Fund and the Other Specific Revenue Fund. Thus, at June 30, 2014, the governmental funds of Asheville City Schools reported a combined fund balance of \$9,940,596, a \$137,144 net increase compared to the prior year.

Overall, revenues recorded within the governmental funds increased a net \$4,462,080 and expenditures and other financing uses increased a net \$6,098,740 when compared to the prior year. Construction of a new Dickson Elementary School and a new Asheville Middle School accounted for just under \$5 million of the increase in both revenues and expenditures. Increased salary and benefit costs also contributed to \$.95 million in additional expenditures.

Proprietary Fund: The Board's proprietary fund reflected a decrease in net position of \$10,904 for 2014 compared to a decrease of \$1,872 for 2013. Participation and food sales declined following the implementation of the Healthy Hunger Free Kids Act (Act) since the higher nutrition standards required by the Act resulted in meals and other food choices that were not as popular with students. This trend is expected to continue and worsen in coming years as more requirements of the Act go into effect.

## 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 turnover, higher than expected unemployment costs and other minor adjustments to the budget.

Actual General Fund revenues fell short of budgeted amounts due to less than projected growth of the supplemental tax base following revaluation. 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 only a \$245,914 decrease 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, 2014 and 2013**

	2014			2013		
	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	1,223,675	-	1,223,675	1,423,149	-	1,423,149
Buildings	33,935,588	-	33,935,588	28,473,321	-	28,473,321
Construction in progress	8,086,235	-	8,086,235	9,609,787	-	9,609,787
Equipment and furniture	825,318	141,939	967,257	983,445	171,380	1,154,825
Vehicles	666,950	-	666,950	856,795	-	856,795
<b>Total</b>	<b>\$ 46,045,342</b>	<b>\$ 141,939</b>	<b>\$ 46,187,281</b>	<b>\$ 42,654,073</b>	<b>\$ 171,380</b>	<b>\$ 42,825,453</b>

Capital assets increased \$3,361,828 or 7.9% 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 33 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 2014, the Board's outstanding debt was composed of the liability for compensated absences to be paid from governmental and proprietary funds. 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 34 of the report.

### **Economic Factors Affecting Next Year's Budget**

The Board has approved a \$109.2 million total budget for fiscal year 2015, a decrease of \$6.25 million compared to the final fiscal year 2014 budget. The following factors were considered when developing the 2015 budget:

- The North Carolina General Assembly approved a new teacher salary schedule with salary increases for teachers ranging from .29% to 18.5%. The average increase projected for Asheville City Schools' teachers is 7.91%. Additionally, the North Carolina General Assembly approved salary increases for school administrators which are expected to average 4.55% for Asheville City Schools' staff, while all other employees are to receive an annual \$500 salary increase.
- The retirement matching rate as set by the North Carolina General Assembly increased from 14.69% to 15.21%.
- The annual cost of employer provided hospitalization insurance increased from \$5,285 to \$5,378, per employee.
- The North Carolina General Assembly reduced the State Public School Fund allotment for teacher assistants \$105 million statewide. As a result, Asheville City Schools lost ten state-funded teacher assistant positions. Five teacher assistant positions were transferred from the State Public School Fund to the General Fund and one vacant teacher assistant position was cut at each of the five elementary schools following the loss of funding.
- The Asheville City Schools supplemental tax rate remained unchanged at 15 cents per \$100 of assessed valuation. Projected collections of the tax decreased \$325,223 (3.9%) to better reflect the County revaluation effective January 1, 2013.
- The Buncombe County general appropriation for education increased \$3.1 million County-wide. As a result of this increase and the slight increase in Asheville City Schools' proportionate share of the County-wide appropriation from 14.89% to 14.90%, the Buncombe County general appropriation increased \$471,123 (5.5%).
- The Capital Outlay Fund budget decreased significantly 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 complete 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, Chief Financial Officer  
Asheville City Schools  
Post Office Box 7347  
Asheville, NC 28802

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## **BASIC FINANCIAL STATEMENTS**

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**ASHEVILLE CITY SCHOOLS**  
**STATEMENT OF NET POSITION**  
**June 30, 2014**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 10,992,403	\$ 189,096	\$ 11,181,499
Due from other governments	1,106,545	60,652	1,167,197
Accounts receivable (net)	65,112	5,865	70,977
Inventories	-	62,211	62,211
Prepays	33,187	-	33,187
Capital assets:			
Land and construction in progress	9,393,811	-	9,393,811
Other capital assets, net of depreciation	36,651,531	141,939	36,793,470
Total capital assets	<u>46,045,342</u>	<u>141,939</u>	<u>46,187,281</u>
Total assets	<u>58,242,589</u>	<u>459,763</u>	<u>58,702,352</u>
<b>Liabilities:</b>			
Accounts payable	1,953,925	1,954	1,955,879
Accrued salaries and wages payable	71,056	189	71,245
Unearned revenue	231,670	14,660	246,330
Long-term liabilities:			
Due in one year	200,000	4,000	204,000
Due in more than one year	2,396,060	26,472	2,422,532
Total liabilities	<u>4,852,711</u>	<u>47,275</u>	<u>4,899,986</u>
<b>Net position:</b>			
Investment in capital assets	46,045,342	141,939	46,187,281
Restricted for:			
Stabilization by State Statute	1,169,284	-	1,169,284
School capital outlay	1,194,346	-	1,194,346
Individual school activities	538,069	-	538,069
Unrestricted	4,442,837	270,549	4,713,386
Total net position	<u>\$ 53,389,878</u>	<u>\$ 412,488</u>	<u>\$ 53,802,366</u>

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



**ASHEVILLE CITY SCHOOLS  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities:							
Instructional services:							
Regular instructional	\$ 20,558,284	\$ 180,233	\$ 14,566,725	\$ -	\$ (5,811,326)	\$ -	\$ (5,811,326)
Special populations	5,600,217	-	4,380,787	-	(1,219,430)	-	(1,219,430)
Alternative programs	4,330,067	175,602	3,475,692	-	(678,773)	-	(678,773)
School leadership	2,864,163	-	1,173,671	-	(1,690,492)	-	(1,690,492)
Co-curricular	1,695,717	1,207,120	208,154	-	(280,443)	-	(280,443)
School-based support	4,236,241	-	2,361,765	-	(1,874,476)	-	(1,874,476)
System-wide support services:							
Support and development	222,849	-	19,468	-	(203,381)	-	(203,381)
Special populations support and development	201,283	-	54,305	-	(146,978)	-	(146,978)
Alternative programs and services support and development	360,068	46,226	206,438	-	(107,404)	-	(107,404)
Technology support	850,612	-	63,146	-	(787,466)	-	(787,466)
Operational support	7,007,510	18,170	605,020	200,196	(6,184,124)	-	(6,184,124)
Financial and human resource accountability	1,173,029	-	302,648	-	(870,381)	-	(870,381)
System-wide pupil support	352,637	-	-	-	(352,637)	-	(352,637)
Policy, leadership and public relations	1,589,453	-	558,334	-	(1,031,119)	-	(1,031,119)
Ancillary services	397,484	14,045	81,885	-	(301,554)	-	(301,554)
Non-programmed charges	699,311	-	-	-	(699,311)	-	(699,311)
Unallocated depreciation* expense	1,846,895	-	-	-	(1,846,895)	-	(1,846,895)
Total governmental activities	<u>54,103,608</u>	<u>1,641,396</u>	<u>28,058,038</u>	<u>200,196</u>	<u>(24,203,978)</u>	<u>-</u>	<u>(24,203,978)</u>

(continued)

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Business-type activities:							
Child Nutrition	\$ 1,757,338	\$ 364,834	\$ 1,265,815	\$ -	\$ -	\$ (126,689)	\$ (126,689)
Total government-wide	<u>\$ 55,860,946</u>	<u>\$ 2,006,230</u>	<u>\$ 29,323,853</u>	<u>\$ 200,196</u>	<u>(24,203,978)</u>	<u>(126,689)</u>	<u>(24,330,667)</u>
General revenues:							
U.S. Government					46,421	-	46,421
Buncombe County					16,551,153	-	16,551,153
Supplemental city school tax					8,142,348	-	8,142,348
Local option sales tax					2,540,159	-	2,540,159
Interest earned on investments					32,971	-	32,971
Other revenues					363,750	-	363,750
Transfers					(115,785)	115,785	-
Total general revenues and transfers					<u>27,561,017</u>	<u>115,785</u>	<u>27,676,802</u>
Change in net position					3,357,039	(10,904)	3,346,135
Net position—beginning					<u>50,032,839</u>	<u>423,392</u>	<u>50,456,231</u>
Net position—ending					<u>\$ 53,389,878</u>	<u>\$ 412,488</u>	<u>\$ 53,802,366</u>

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

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

**ASHEVILLE CITY SCHOOLS  
BALANCE SHEET—GOVERNMENTAL FUNDS  
June 30, 2014**

	<u>Major Funds</u>					<u>Total Governmental Funds</u>
	<u>General</u>	<u>State Public School</u>	<u>Other Specific Revenue</u>	<u>Capital Outlay</u>	<u>Non-major Funds</u>	
<b>Assets:</b>						
Cash and cash equivalents	\$ 6,223,900	\$ -	\$ 1,044,302	\$ 3,183,184	\$ 541,017	\$ 10,992,403
Due from other funds	-	-	2,948	-	-	2,948
Due from other governments	123,762	1,224	524,421	453,041	4,097	1,106,545
Accounts receivable (net)	62,752	-	2,025	335	-	65,112
Prepays	33,187	-	-	-	-	33,187
	<u>6,443,601</u>	<u>1,224</u>	<u>1,573,696</u>	<u>3,636,560</u>	<u>545,114</u>	<u>12,200,195</u>
Total assets	<u>\$ 6,443,601</u>	<u>\$ 1,224</u>	<u>\$ 1,573,696</u>	<u>\$ 3,636,560</u>	<u>\$ 545,114</u>	<u>\$ 12,200,195</u>
<b>Liabilities:</b>						
Accounts payable	\$ 177,956	\$ -	\$ 2,403	\$ 1,773,566	\$ -	\$ 1,953,925
Accrued salaries and wages payable	69,435	-	1,621	-	-	71,056
Unearned revenue	-	1,224	11,077	215,272	4,097	231,670
Due to other funds	-	-	-	-	2,948	2,948
	<u>247,391</u>	<u>1,224</u>	<u>15,101</u>	<u>1,988,838</u>	<u>7,045</u>	<u>2,259,599</u>
Total liabilities	<u>247,391</u>	<u>1,224</u>	<u>15,101</u>	<u>1,988,838</u>	<u>7,045</u>	<u>2,259,599</u>

(continued)

	<u>Major Funds</u>					<u>Total Governmental Funds</u>
	<u>General</u>	<u>State Public School</u>	<u>Other Specific Revenue</u>	<u>Capital Outlay</u>	<u>Non-major Funds</u>	
<b>Fund balances:</b>						
Non-spendable:						
Prepays	\$ 33,187	\$ -	\$ -	\$ -	\$ -	\$ 33,187
Restricted:						
Stabilization by State Statute	186,514	-	529,394	453,376	-	1,169,284
School capital outlay	-	-	-	1,194,346	-	1,194,346
Individual school activities	-	-	-	-	538,069	538,069
Assigned:						
Special programs	-	-	1,029,201	-	-	1,029,201
Subsequent year's budget	1,300,000	-	-	-	-	1,300,000
Unassigned	4,676,509	-	-	-	-	4,676,509
Total fund balances	<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>
Total liabilities and fund balances	<u>\$ 6,443,601</u>	<u>\$ 1,224</u>	<u>\$ 1,573,696</u>	<u>\$ 3,636,560</u>	<u>\$ 545,114</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

46,045,342

Liabilities for long-term debt are not payable with current financial resources and therefore are not reported in the funds:

Compensated absences

(2,596,060)

Net position of governmental activities

\$ 53,389,878

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

**ASHEVILLE CITY SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2014**

	<u>Major Funds</u>					<u>Total Governmental Funds</u>
	<u>General</u>	<u>State Public School</u>	<u>Other Specific Revenue</u>	<u>Capital Outlay</u>	<u>Non-major Funds</u>	
<b>Revenues:</b>						
State of North Carolina	\$ -	\$ 22,508,979	\$ 520,293	\$ 190,000	\$ -	\$ 23,219,272
U.S. Government	-	-	1,272,446	10,196	3,588,837	4,871,479
Local:						
Buncombe County	8,526,806	-	-	8,024,347	-	16,551,153
Supplemental city school tax	7,522,848	-	-	619,500	-	8,142,348
Local option sales tax	-	-	2,540,159	-	-	2,540,159
Other local revenues	130,257	-	745,223	90,983	1,415,274	2,381,737
Total revenues	<u>16,179,911</u>	<u>22,508,979</u>	<u>5,078,121</u>	<u>8,935,026</u>	<u>5,004,111</u>	<u>57,706,148</u>
<b>Expenditures:</b>						
Current:						
Instructional services:						
Regular instructional	4,093,300	14,204,262	1,483,673	135,026	269,142	20,185,403
Special populations	369,499	3,157,503	794,212	-	1,135,777	5,456,991
Alternative programs	685,940	503,438	1,647,284	-	1,501,210	4,337,872
School leadership	1,434,669	1,170,253	191,051	-	3,418	2,799,391
Co-curricular	210,345	-	-	-	1,395,155	1,605,500
School-based support	797,941	1,992,780	213,800	646,742	321,966	3,973,229
System-wide support services:						
Support and development	185,391	19,468	13,774	-	-	218,633
Special populations support and development	127,527	-	10,159	-	54,305	191,991
Alternative programs and services support and development	92,159	13,965	120,526	-	121,721	348,371
Technology support	719,514	63,146	37,373	10,096	-	830,129
Operational support	4,617,481	499,314	312,450	72,288	-	5,501,533
Financial and human resource	817,450	249,806	51,698	-	52,842	1,171,796
Accountability	108,545	-	8,777	-	-	117,322
System-wide pupil support	328,049	-	27,081	-	-	355,130
Policy, leadership and public relations	991,265	553,159	84,449	-	-	1,628,873

(continued)

	<b>Major Funds</b>					<b>Total Governmental Funds</b>
	<b><u>General</u></b>	<b><u>State Public School</u></b>	<b><u>Other Specific Revenue</u></b>	<b><u>Capital Outlay</u></b>	<b><u>Non-major Funds</u></b>	
<b>Expenditures, continued:</b>						
Current:						
Ancillary services	\$ 4,443	\$ 11,797	\$ 209,359	\$ -	\$ -	\$ 225,599
Non-programmed charges:						
Payments to charter schools	699,311	-	-	-	-	699,311
Other	-	-	1,260	-	128,456	129,716
Capital outlay	-	-	-	7,676,429	-	7,676,429
Total expenditures	<u>16,282,829</u>	<u>22,438,891</u>	<u>5,206,926</u>	<u>8,540,581</u>	<u>4,983,992</u>	<u>57,453,219</u>
Revenues over (under) expenditures	<u>(102,918)</u>	<u>70,088</u>	<u>(128,805)</u>	<u>394,445</u>	<u>20,119</u>	<u>252,929</u>
<b>Other financing sources (uses):</b>						
Transfers from other funds	-	-	-	-	122,100	122,100
Transfers to other funds	<u>(142,996)</u>	<u>(70,088)</u>	<u>-</u>	<u>(24,801)</u>	<u>-</u>	<u>(237,885)</u>
Total other financing sources (uses)	<u>(142,996)</u>	<u>(70,088)</u>	<u>-</u>	<u>(24,801)</u>	<u>122,100</u>	<u>(115,785)</u>
Net change in fund balances	(245,914)	-	(128,805)	369,644	142,219	137,144
Fund balances--beginning	<u>6,442,124</u>	<u>-</u>	<u>1,687,400</u>	<u>1,278,078</u>	<u>395,850</u>	<u>9,803,452</u>
Fund balances--ending	<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>
Amounts reported for governmental activities in the Statement of Activities are different because:						
Net changes in fund balances--total governmental funds						\$ 137,144
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						(3,004,431)
Capital outlays						7,673,707
Book value of capital assets disposed						(1,278,007)
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						<u>(171,374)</u>
Total changes in net position of governmental activities						<u>\$ 3,357,039</u>

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



**ASHEVILLE CITY SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended June 30, 2014**

	<b>General Fund</b>			
	<b><u>Original Budget</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Positive (Negative) Variance</u></b>
<b>Revenues:</b>				
Local	\$ 16,372,304	\$ 16,372,304	\$ 16,179,911	\$ (192,393)
Total revenues	<u>16,372,304</u>	<u>16,372,304</u>	<u>16,179,911</u>	<u>(192,393)</u>
<b>Expenditures:</b>				
Current:				
Instructional services:				
Regular instructional	4,519,503	4,494,003	4,093,300	400,703
Special populations	381,092	381,092	369,499	11,593
Alternative programs	704,592	704,592	685,940	18,652
School leadership	1,500,171	1,500,171	1,434,669	65,502
Co-curricular	241,709	241,709	210,345	31,364
School based support	882,145	882,145	797,941	84,204
System-wide support services:				
Support and development	194,478	194,478	185,391	9,087
Special populations support and development	137,590	137,590	127,527	10,063
Alternative programs and services support and development	113,816	113,816	92,159	21,657
Technology support	734,880	734,880	719,514	15,366
Operational support	4,897,704	4,897,668	4,617,481	280,187
Financial and human resource	846,540	871,540	817,450	54,090
Accountability	109,575	109,575	108,545	1,030
System-wide pupil support	350,995	350,995	328,049	22,946
Policy, leadership and public relations	1,126,904	1,127,098	991,265	135,833

(continued)

	<b>General Fund</b>			
	<b><u>Original Budget</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Positive (Negative) Variance</u></b>
<b>Expenditures:</b>				
Current, continued:				
Ancillary services	\$ -	\$ 4,446	\$ 4,443	\$ 3
Non-programmed charges:				
Payments to charter schools	734,925	734,925	699,311	35,614
Total expenditures	<u>17,476,619</u>	<u>17,480,723</u>	<u>16,282,829</u>	<u>1,197,894</u>
Revenues over (under) expenditures	<u>(1,104,315)</u>	<u>(1,108,419)</u>	<u>(102,918)</u>	<u>1,005,501</u>
<b>Other financing sources (uses):</b>				
Transfers to other funds	(147,100)	(142,996)	(142,996)	-
Appropriated fund balance	1,301,415	1,301,415	-	(1,301,415)
Contingency	(50,000)	(50,000)	-	50,000
Total other financing sources (uses)	<u>1,104,315</u>	<u>1,108,419</u>	<u>(142,996)</u>	<u>(1,251,415)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(245,914)</u>	<u>\$ (245,914)</u>
Fund balance—beginning of year			<u>6,442,124</u>	
Fund balance—end of year			<u>\$ 6,196,210</u>	

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

**ASHEVILLE CITY SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL**  
**STATE PUBLIC SCHOOL FUND**  
**For the Year Ended June 30, 2014**

	<u>State Public School Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues:</b>				
State of North Carolina	\$ 22,809,740	\$ 22,964,360	\$ 22,508,979	\$ (455,381)
<b>Expenditures:</b>				
Current:				
Instructional services:				
Regular instructional	14,452,421	14,401,695	14,204,262	197,433
Special populations	3,164,838	3,212,627	3,157,503	55,124
Alternative programs	576,027	623,569	503,438	120,131
School leadership	1,241,902	1,186,368	1,170,253	16,115
School based support	1,965,595	2,034,341	1,992,780	41,561
System-wide support services:				
Support and development	24,730	25,730	19,468	6,262
Alternative programs	-	13,966	13,965	1
Technology support	-	63,146	63,146	-
Operational support	465,994	511,700	499,314	12,386
Financial and human resource	252,358	252,358	249,806	2,552
Policy, leadership and public relations	589,264	556,643	553,159	3,484
Ancillary services	6,527	12,129	11,797	332
Total expenditures	<u>22,739,656</u>	<u>22,894,272</u>	<u>22,438,891</u>	<u>455,381</u>
Revenues over expenditures	70,084	70,088	70,088	-
<b>Other financing uses:</b>				
Transfers to other funds	<u>(70,084)</u>	<u>(70,088)</u>	<u>(70,088)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance—beginning of year			<u>-</u>	
Fund balance—end of year			<u>\$ -</u>	

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

**ASHEVILLE CITY SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL**  
**OTHER SPECIFIC REVENUE FUND**  
**For the Year Ended June 30, 2014**

	<b>Other Specific Revenue Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Positive (Negative) Variance</b>
<b>Revenues:</b>				
State of North Carolina	\$ 496,175	\$ 515,844	\$ 520,293	\$ 4,449
U.S. Government	1,333,342	1,437,433	1,272,446	(164,987)
Local	3,038,845	3,054,611	3,285,382	230,771
Total revenues	<u>4,868,362</u>	<u>5,007,888</u>	<u>5,078,121</u>	<u>70,233</u>
<b>Expenditures:</b>				
Current:				
Instructional services:				
Regular instructional	1,555,969	1,555,969	1,483,673	72,296
Special populations	887,866	950,518	794,212	156,306
Alternative programs	1,905,584	1,926,019	1,647,284	278,735
School leadership	198,191	198,191	191,051	7,140
School based support	242,838	242,838	213,800	29,038
System-wide support services:				
Support and development	13,975	14,014	13,774	240
Special populations support and development	10,976	10,976	10,159	817
Alternative programs	118,337	121,885	120,526	1,359
Technology support	38,310	38,347	37,373	974
Operational support	356,697	392,465	312,450	80,015
Financial and human resource	50,075	52,035	51,698	337
Accountability	8,777	8,777	8,777	-
System-wide pupil support	26,995	27,082	27,081	1
Policy, leadership and public relations	80,810	95,810	84,449	11,361
Ancillary services	239,117	239,117	209,359	29,758
Non-programmed charges:				
Other	1,514	1,514	1,260	254
Total expenditures	<u>5,736,031</u>	<u>5,875,557</u>	<u>5,206,926</u>	<u>668,631</u>
Revenues under expenditures	(867,669)	(867,669)	(128,805)	738,864

(continued)

	<b>Other Specific Revenue Fund</b>			
	<b><u>Original Budget</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Positive (Negative) Variance</u></b>
<b>Other financing sources:</b>				
Appropriated fund balance	867,669	867,669	-	(867,669)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(128,805)	<u>\$ (128,805)</u>
Fund balance—beginning of year			1,687,400	
Fund balance—end of year			<u>\$ 1,558,595</u>	

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

**ASHEVILLE CITY SCHOOLS**  
**STATEMENT OF NET POSITION—PROPRIETARY FUND**  
**June 30, 2014**

	<b>Child Nutrition Fund</b>
<b>Assets:</b>	
Current assets:	
Cash and cash equivalents	\$ 189,096
Due from other governments	60,652
Accounts receivable (net)	5,865
Inventories	62,211
Total current assets	317,824
Non-current assets:	
Capital assets:	
Furniture and equipment, net	141,939
Total assets	459,763
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	1,954
Accrued salaries and wages payable	189
Unearned revenue	14,660
Compensated absences, current portion	4,000
Total current liabilities	20,803
Non-current liabilities:	
Compensated absences, less current portion	26,472
Total liabilities	47,275
<b>Net Position:</b>	
Investment in capital assets	141,939
Unrestricted	270,549
Total net position	\$ 412,488

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

**ASHEVILLE CITY SCHOOLS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION—PROPRIETARY FUND**  
**For the Year Ended June 30, 2014**

	<b>Child Nutrition Fund</b>
<b>Operating revenues:</b>	
Food sales	<u>\$ 364,834</u>
<b>Operating expenses:</b>	
Food cost	738,681
Salaries and benefits	883,073
Materials and supplies	78,747
Depreciation	29,441
Other	27,396
Total operating expenses	<u>1,757,338</u>
Operating loss	<u>(1,392,504)</u>
<b>Non-operating revenues:</b>	
Federal reimbursements and grants	1,057,177
Federal commodities	96,105
State reimbursements	112,533
Total non-operating revenues	<u>1,265,815</u>
Loss before transfers	(126,689)
<b>Transfers from other funds</b>	<u>115,785</u>
Change in net position	(10,904)
Total net position—beginning	<u>423,392</u>
Total net position—ending	<u><u>\$ 412,488</u></u>

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

**ASHEVILLE CITY SCHOOLS**  
**STATEMENT OF CASH FLOWS—PROPRIETARY FUND**  
**For the Year Ended June 30, 2014**

	<b>Child Nutrition Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 369,315
Cash paid for goods and services	(704,016)
Cash paid to employees for services	(816,181)
Net cash used for operating activities	<u>(1,150,882)</u>
 <b>Cash flows from non-capital financing activities:</b>	
State reimbursements	108,105
Federal reimbursements	1,149,323
Net cash provided by non-capital financing activities	<u>1,257,428</u>
Net increase in cash and cash equivalents	106,546
Cash and cash equivalents, beginning of year	<u>82,550</u>
Cash and cash equivalents, end of year	<u>\$ 189,096</u>

(continued)



	<b>Child Nutrition Fund</b>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (1,392,504)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	29,441
Donated commodities consumed	96,105
Expenses paid by general fund	20,896
Salaries paid by special revenue fund	70,088
Expenses paid by capital outlay fund	24,801
Change in assets and liabilities:	
Decrease in accounts receivable	3,436
Increase in inventories of food and supplies	(2,469)
Increase in accounts payable and accrued salaries and wages payable	1,664
Decrease in compensated absences	(3,385)
Increase in unearned revenue	1,045
	<hr/>
Net cash used for operating activities	<u>\$ (1,150,882)</u>
Non-cash investing, capital, and financing activities:	
Donated commodities received, reflected as a non-operating revenue and operating expense	<u>\$ 96,105</u>
Transfer for food purchases and salaries paid by the General Fund, reflected as a transfer in and operating expense	<u>\$ 20,896</u>
Transfer for salaries paid by the State Public School Fund, reflected as a transfer in and operating expense	<u>\$ 70,088</u>
Non-capitalized equipment purchased by the Capital Outlay Fund, reflected as a transfer in and an operating expense	<u>\$ 24,801</u>

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

**ASHEVILLE CITY SCHOOLS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES—FIDUCIARY FUND**  
**June 30, 2014**

	<b>Agency Fund</b>
<b>Assets:</b>	
Cash and cash equivalents	<u>\$ 181,782</u>
<b>Liabilities:</b>	
Due to other sources	<u>\$ 181,782</u>

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

## NOTES TO FINANCIAL STATEMENTS

### 1. REPORTING ENTITY

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Asheville City Schools (the Board) is a Local Education Agency empowered by North Carolina ("State") law, [Chapter 115C of the North Carolina

General Statutes, hereafter referred to as G.S. or State Statute] with the responsibility to oversee and control all activities related to public school education in Asheville, North Carolina. The Board receives state, local, and federal government funding and must adhere to the legal requirements of each funding entity.

#### BASIS OF PRESENTATION

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

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Board and for each function of the Board's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting

the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

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

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

The Board reports the following major governmental funds:

- ✓ **General Fund:** The General Fund is the general operating fund of the Board. The General Fund consists of the Local Current Expense Fund.

## NOTES TO FINANCIAL STATEMENTS

- ✓ **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.

## NOTES TO FINANCIAL STATEMENTS

### **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, LIABILITIES, 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

## NOTES TO FINANCIAL STATEMENTS

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.

**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, 2014, represents the value of accumulated unpaid vacation leave and salary related payments as of that date (See Table V).

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

**Net 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 2014-2015 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

## NOTES TO FINANCIAL STATEMENTS

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 AND LIABILITIES

#### 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, 2014, the Board had deposits with financial institutions with a carrying amount of \$3,051,879 and \$-0- with the State Treasurer. The bank balances with the financial institutions and the State Treasurer were \$3,641,677 and \$127,231, respectively. Of these balances, \$779,286 was covered by federal depository insurance, \$2,862,391 was covered by collateral under the Pooling Method, and \$127,231 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The Board's petty cash at June 30, 2014, was \$300.

**Investments:** At June 30, 2014, the Board had \$23,946 invested with the North Carolina Capital Management Trust's Term Portfolio which is unrated. The Board had \$331,665 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 \$7,955,491 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2014. 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, 2014, are summarized in Table I on the following page.

**Capital Assets:** Capital asset activity for the year ended June 30, 2014, is summarized in Table II on the following page.

Depreciation was charged to the governmental functions as follows:

Regular instructional	\$ 292,273
Special populations	101,484
Alternative programs	2,360
School leadership	2,253
Co-curricular	90,217
School-based support	199,166
Technology support	19,348
Operational support	282,375
Policy, leadership and public relations	856
Ancillary	167,204
Unallocated	1,846,895
	\$ 3,004,431

**Construction Commitments:** At June 30, 2014, the Board's commitment with contractors for school construction projects was approximately \$47,961,000.

**NOTES TO FINANCIAL STATEMENTS**

	DUE FROM OTHER GOVERNMENTS						Business-type Activities
	Governmental Activities					Child Nutrition	
	General	State Public School	Other Specific Revenue	Capital Outlay	Non-major		
State government	\$ -	\$ 1,224	\$ 39,450	\$ 32,437	\$ 4,097	\$ 77,208	\$ 60,652
Federal government	-	-	8,365	-	-	8,365	-
Local governments	123,762	-	476,606	420,604	-	1,020,972	-
	<u>\$ 123,762</u>	<u>\$ 1,224</u>	<u>\$ 524,421</u>	<u>\$ 453,041</u>	<u>\$ 4,097</u>	<u>\$ 1,106,545</u>	<u>\$ 60,652</u>

	CAPITAL ASSETS				
	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,307,576	\$ -	\$ -	\$ -	\$ 1,307,576
Construction in progress	9,609,787	6,521,140	-	(8,044,692)	8,086,235
Total capital assets not being depreciated	10,917,363	6,521,140	-	(8,044,692)	9,393,811
Capital assets being depreciated:					
Buildings	63,834,030	949,518	(3,005,121)	8,044,692	69,823,119
Equipment and furniture	4,174,965	96,841	(261,947)	-	4,009,859
Vehicles	3,111,554	36,895	-	-	3,148,449
Land improvements	3,788,973	69,313	(768,927)	-	3,089,359
Total capital assets being depreciated	74,909,522	1,152,567	(4,035,995)	8,044,692	80,070,786
Less accumulated depreciation for:					
Buildings	(35,360,709)	(2,436,082)	1,909,260	-	(35,887,531)
Equipment and furniture	(3,191,520)	(230,576)	237,555	-	(3,184,541)
Vehicles	(2,254,759)	(226,740)	-	-	(2,481,499)
Land improvements	(2,365,824)	(111,033)	611,173	-	(1,865,684)
Total accumulated depreciation	(43,172,812)	(3,004,431)	2,757,988	-	(43,419,255)
Total capital assets being depreciated, net	31,736,710	(1,851,864)	(1,278,007)	8,044,692	36,651,531
Governmental activity capital assets, net	<u>\$ 42,654,073</u>	<u>\$ 4,669,276</u>	<u>\$ (1,278,007)</u>	<u>\$ -</u>	<u>\$ 46,045,342</u>
Business-type activities:					
Child Nutrition Fund:					
Capital assets being depreciated:					
Equipment	\$ 647,311	\$ -	\$ -	\$ -	\$ 647,311
Less accumulated depreciation for:					
Equipment	(475,931)	(29,441)	-	-	(505,372)
Business-type activities capital assets, net	<u>\$ 171,380</u>	<u>\$ (29,441)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,939</u>



## NOTES TO FINANCIAL STATEMENTS

### LIABILITIES

**Accounts Payable:** The balance in accounts payable at June 30, 2014 is summarized in Table III.

**Unearned Revenue:** The balance in unearned revenue at June 30, 2014 is summarized in Table IV.

**Long-Term Obligations:** The summary of changes in the Board's long-term obligations for the year ended June 30, 2014, is shown in Table V.

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

#### 4. EMPLOYEE BENEFITS

##### Pension Plan Obligations:

✓ **TEACHERS AND STATE EMPLOYEES' RETIREMENT SYSTEM PLAN DESCRIPTION.** The Board contributes to the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State. TSERS provides retirement benefits to plan members and beneficiaries. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Teachers' and State Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for TSERS.

Table III ACCOUNTS PAYABLE					
	Governmental Activities				Business-type Activities
	General	Other Specific Revenue	Capital Outlay	Total	Child Nutrition
Vendors	\$ 124,239	\$ 2,403	\$ 1,773,566	\$ 1,900,208	\$ 1,954
Charter schools	53,717	-	-	53,717	-
	<u>\$ 177,956</u>	<u>\$ 2,403</u>	<u>\$ 1,773,566</u>	<u>\$ 1,953,925</u>	<u>\$ 1,954</u>

Table IV UNEARNED REVENUE						
	Governmental Activities				Business-type Activities	
	State Public School	Other Specific Revenue	Capital Outlay	Non-Major	Total	Child Nutrition
Grants and contracts	\$ 1,224	\$ 11,077	\$ 215,272	\$ 4,097	\$ 231,670	-
Prepaid lunch sales	-	-	-	-	-	14,660
	<u>\$ 1,224</u>	<u>\$ 11,077</u>	<u>\$ 215,272</u>	<u>\$ 4,097</u>	<u>\$ 231,670</u>	<u>\$ 14,660</u>

Table V LONG-TERM OBLIGATIONS					
	Beginning Balances	Increases	Decreases	Ending Balances	Due in One Year
Governmental activities:					
Compensated absences	\$ 2,424,686	\$ 1,662,142	\$(1,490,768)	\$ 2,596,060	\$ 200,000
Business-type activities:					
Compensated absences	\$ 33,857	\$ 29,685	\$ (33,070)	\$ 30,472	\$ 4,000

That report may be obtained by writing to the office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

✓ **FUNDING POLICY.** Plan members are required to contribute six percent of their annual covered salary and the Board is required to contribute at an actuarially determined rate. For the fiscal year ended June 30, 2014, the Board was required to

## NOTES TO FINANCIAL STATEMENTS

contribute 8.69% of annual covered payroll to TSERS. The contribution requirements of plan members and the Board are established and may be amended by the North Carolina General Assembly. The Board's contributions to TSERS for the years ended June 30, 2014, 2013, and 2012 were \$2,437,381, \$2,341,284, and \$2,075,485, respectively, equal to the required contributions for each year.

### 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, 2014, 2013, and 2012, the Board paid all annual required contributions to the Plan for post-employment healthcare benefits of \$1,514,598, \$1,489,652, and \$1,394,815, respectively. These contributions represented 5.40%, 5.30%, and 5.00%, 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.

## NOTES TO FINANCIAL STATEMENTS

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, 2014, 2013, and 2012, the Board paid all annual required contributions to the DIPNC for disability benefits of \$123,412, \$123,669, and \$145,061, respectively. These contributions represented .44%, .44%, and .52% of covered payroll each year, respectively.

## NOTES TO FINANCIAL STATEMENTS

### 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 BALANCES AND ACTIVITY

#### TRANSFERS TO/FROM OTHER FUNDS

Transfers to/from other funds at June 30, 2014, consist of \$70,088 transferred from the State Public School Fund to the Child Nutrition Fund for administrative costs; \$20,896 transferred from the General Fund to the Child Nutrition Fund for food purchases and salaries; \$24,801 transferred from the Capital Outlay Fund to the Child Nutrition Fund for non-capitalized equipment; and \$122,100 transferred from the General Fund to the non-major governmental fund for the individual schools.

#### DUE TO/FROM OTHER FUNDS

At June 30, 2014, the amount due from the non-major governmental fund for the individual schools to the Other Specific Revenue Fund for salaries and benefits was \$2,948.

## NOTES TO FINANCIAL STATEMENTS

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### **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, 2014, 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.





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SUPPLEMENTARY INFORMATION

## **NON-MAJOR GOVERNMENTAL FUNDS**

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Asheville City Schools has two non-major special revenue funds: the Federal Grants Fund and the Individual Schools Fund. Both of these funds are accounted for using the modified accrual basis of accounting. However, Asheville City Schools is only legally required to adopt an annual budget for the Federal Grants Fund. The Federal Grants Fund accounts for appropriations for the expenditure of federal categorical grants made available from the North Carolina Department of Public Instruction. The Individual Schools Fund accounts for contributions from the local parent and booster organizations, fund-raising activities, funds held on behalf of various clubs and organizations, and school athletic teams and events.

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**ASHEVILLE CITY SCHOOLS**  
**COMBINING BALANCE SHEET–NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2014**

	<u>Federal Grants</u>	<u>Individual Schools</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ -	\$ 541,017	\$ 541,017
Due from other governments	4,097	-	4,097
Total assets	\$ 4,097	\$ 541,017	\$ 545,114
 <b>Liabilities:</b>			
Unearned revenue	\$ 4,097	\$ -	\$ 4,097
Due to other funds	-	2,948	2,948
Total liabilities	4,097	2,948	7,045
 <b>Fund balances:</b>			
Restricted:			
Individual school activities	-	538,069	538,069
Total liabilities and fund balances	\$ 4,097	\$ 541,017	\$ 545,114



**ASHEVILLE CITY SCHOOLS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2014**

	<u>Federal</u> <u>Grants</u>	<u>Individual</u> <u>Schools</u>	<u>Total</u>
<b>Revenues:</b>			
U.S. Government	\$ 3,588,837	\$ -	\$ 3,588,837
Local	-	1,415,274	1,415,274
Total revenues	3,588,837	1,415,274	5,004,111
<b>Expenditures:</b>			
Current:			
Instructional Services:			
Regular instructional	269,142	-	269,142
Special populations	1,135,777	-	1,135,777
Alternative programs	1,501,210	-	1,501,210
School leadership	3,418	-	3,418
Co-curricular	-	1,395,155	1,395,155
School-based support	321,966	-	321,966
System-wide Support Services:			
Special populations support and development	54,305	-	54,305
Alternative programs and services support and development	121,721	-	121,721
Financial and human resource	52,842	-	52,842
Non-programmed charges:			
Other	128,456	-	128,456
Total expenditures	3,588,837	1,395,155	4,983,992
Revenues over expenditures	-	20,119	20,119

(continued)

	<b><u>Federal Grants</u></b>	<b><u>Individual Schools</u></b>	<b><u>Total</u></b>
<b>Other financing sources:</b>			
Transfers from other funds	\$ -	\$ 122,100	\$ 122,100
Total other financing sources	<u>-</u>	<u>122,100</u>	<u>122,100</u>
Net change in fund balances	-	142,219	142,219
Fund balances—beginning	<u>-</u>	<u>395,850</u>	<u>395,850</u>
Fund balances—ending	<u><u>\$ -</u></u>	<u><u>\$ 538,069</u></u>	<u><u>\$ 538,069</u></u>

**ASHEVILLE CITY SCHOOLS  
FEDERAL GRANTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL  
For the Year Ended June 30, 2014**

	<u>Federal Grants Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues:</b>			
U.S. Government	\$ 4,968,434	\$ 3,588,837	\$ (1,379,597)
<b>Expenditures:</b>			
Current:			
Instructional services:			
Regular instructional	318,113	269,142	48,971
Special populations	1,613,270	1,135,777	477,493
Alternative programs	1,679,830	1,501,210	178,620
School leadership	7,691	3,418	4,273
School-based support	337,955	321,966	15,989
System-wide support services:			
Support and development	854	-	854
Special populations support and development	55,411	54,305	1,106
Alternative programs and services support and development	138,976	121,721	17,255
Operational support	6,000	-	6,000
Financial and human resource	59,984	52,842	7,142
Non-programmed charges:			
Unbudgeted federal grants	590,489	-	590,489
Other	159,861	128,456	31,405
Total expenditures	<u>4,968,434</u>	<u>3,588,837</u>	<u>1,379,597</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance—beginning of year		<u>-</u>	
Fund balance—end of year		<u>\$ -</u>	

## **CAPITAL OUTLAY FUND**

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

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**ASHEVILLE CITY SCHOOLS  
CAPITAL OUTLAY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL  
For the Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues:</b>			
State of North Carolina	\$ 190,000	\$ 190,000	\$ -
U.S. Government	10,196	10,196	-
Local:			
Buncombe County	60,776,925	8,024,347	(52,752,578)
Supplemental city school tax	619,500	619,500	-
Other local sources	79,910	90,983	11,073
Total revenues	<u>61,676,531</u>	<u>8,935,026</u>	<u>(52,741,505)</u>
<b>Expenditures:</b>			
Current:			
Instructional Services:			
Regular instructional	144,300	135,026	9,274
School-based support	654,200	646,742	7,458
System-wide Support Services:			
Technology support	20,000	10,096	9,904
Operational support	72,809	72,288	521
Capital outlay	<u>61,250,222</u>	<u>7,676,429</u>	<u>53,573,793</u>
Total expenditures	<u>62,141,531</u>	<u>8,540,581</u>	<u>53,600,950</u>
Revenues over (under) expenditures	<u>(465,000)</u>	<u>394,445</u>	<u>859,445</u>

(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Other financing sources (uses):</b>			
Appropriated fund balance	\$ 500,000	\$ -	\$ (500,000)
Transfers	(25,000)	(24,801)	199
Contingency	(10,000)	-	10,000
Total other financing sources (uses)	<u>465,000</u>	<u>(24,801)</u>	<u>(489,801)</u>
Net change in fund balance	<u>\$ -</u>	369,644	<u>\$ 369,644</u>
Fund balance:			
Beginning of year, July 1		<u>1,278,078</u>	
End of year, June 30		<u>\$ 1,647,722</u>	

## **CHILD NUTRITION FUND**

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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.

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**ASHEVILLE CITY SCHOOLS  
CHILD NUTRITION FUND  
SCHEDULE OF REVENUES AND EXPENDITURES—BUDGET AND ACTUAL (Non-GAAP)  
For the Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Operating revenues:</b>			
Food sales	\$ 438,880	\$ 365,879	\$ (73,001)
<b>Operating expenditures:</b>			
Purchase of food	767,290	740,935	26,355
Salaries and benefits	933,988	886,458	47,530
Materials and supplies	93,486	78,962	14,524
Other	31,800	27,396	4,404
Total operating expenditures	<u>1,826,564</u>	<u>1,733,751</u>	<u>92,813</u>
Operating loss	<u>(1,387,684)</u>	<u>(1,367,872)</u>	<u>19,812</u>
<b>Non-operating revenues:</b>			
Federal reimbursements	1,082,382	1,057,177	(25,205)
Federal commodities	89,095	96,105	7,010
State reimbursement	96,097	112,533	16,436
Interest earned	22	-	(22)
Total non-operating revenues	<u>1,267,596</u>	<u>1,265,815</u>	<u>(1,781)</u>
Revenues under expenditures before other financing sources	(120,088)	(102,057)	18,031
<b>Other financing sources:</b>			
Transfers from other funds	120,088	115,785	(4,303)
Revenues and other sources over expenditures	<u>\$ -</u>	<u>13,728</u>	<u>\$ 13,728</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(29,441)	
Decrease in compensated absences		3,385	
Increase in inventories of food and supplies		2,469	
Increase in unearned revenue		<u>(1,045)</u>	
Change in net position		<u>\$ (10,904)</u>	



## **AGENCY FUND**

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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.

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**ASHEVILLE CITY SCHOOLS  
 AGENCY FUND  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 For the Year Ended June 30, 2014**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>ASHEVILLE HIGH AWARDS:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 20,006</u>	<u>\$ 87</u>	<u>\$ 87</u>	<u>\$ 20,006</u>
Liabilities:				
Due to other sources	<u>\$ 20,006</u>	<u>\$ 87</u>	<u>\$ 87</u>	<u>\$ 20,006</u>
<b>EDUCATIONAL ACCESS CHANNEL CONSORTIUM:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 165,483</u>	<u>\$ -</u>	<u>\$ 3,707</u>	<u>\$ 161,776</u>
Liabilities:				
Due to other sources	<u>\$ 165,483</u>	<u>\$ -</u>	<u>\$ 3,707</u>	<u>\$ 161,776</u>
<b>TOTAL—AGENCY FUND:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 185,489</u>	<u>\$ 87</u>	<u>\$ 3,794</u>	<u>\$ 181,782</u>
Liabilities:				
Due to other sources	<u>\$ 185,489</u>	<u>\$ 87</u>	<u>\$ 3,794</u>	<u>\$ 181,782</u>



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STATISTICAL SECTION

## STATISTICAL SECTION

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

### Financial Trends Schedules

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

### Revenue Capacity Schedules

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

### Debt Capacity Schedules

*No schedules for debt capacity are included since the Board's long-term obligations are limited to compensated absences to be paid from governmental and proprietary funds, 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.

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

	<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>	<u>2005</u>
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 36,145,142
Restricted	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	1,751,429
Unrestricted	4,442,837	5,104,518	3,624,664	1,652,123	1,803,925	1,889,585	2,527,733	2,365,479	2,528,870	2,778,082
Total governmental activities net position	<u>\$ 53,389,878</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>	<u>\$ 40,674,653</u>
Business-type activities:										
Net investment in capital assets	\$ 141,939	\$ 171,380	\$ 187,768	\$ 201,042	\$ 230,279	\$ 239,890	\$ 272,359	\$ 305,870	\$ 56,496	\$ 83,170
Unrestricted	270,549	252,012	237,496	168,156	62,506	50,072	(23,956)	(118,922)	20,275	162,616
Total business-type activities net position	<u>\$ 412,488</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>	<u>\$ 245,786</u>
Government-wide:										
Net investment in capital assets	\$ 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	\$ 36,228,312
Restricted	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	1,751,429
Unrestricted	4,713,386	5,356,530	3,862,160	1,820,279	1,866,431	1,939,657	2,503,777	2,246,557	2,549,145	2,940,698
Total government-wide net position	<u>\$ 53,802,366</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>	<u>\$ 40,920,439</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**  
**EXPENSES, PROGRAM REVENUES AND NET (EXPENSE)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<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>	<u>2005</u>
Expenses:										
Governmental activities:										
Instructional programs	\$ 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	\$ 28,747,566
Support services	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	10,601,184
Unallocated depreciation expense	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	1,632,260
Other	1,096,795	942,551	1,252,726	1,422,066	875,589	788,107	713,959	624,887	603,596	555,921
Total governmental activities expenses	<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>	<u>41,536,931</u>
Business-type activities:										
Child nutrition	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	1,589,636
Total government-wide expenses	<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>	<u>43,126,567</u>
Program revenues:										
Governmental activities:										
Charges for services										
Instructional programs	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	1,347,313
Support programs	64,396	50,292	1,892	-	-	6,302	4,749	-	31,246	17,610
Ancillary services	14,045	17,300	5,604	2,015	4,465	8,178	6,424	6,628	6,401	35,570
Operating grants and contributions	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	23,449,502
Capital grants and contributions	200,196	377,774	908,591	536,628	386,673	351,765	51,599	5,588	23,345	16,779
Total governmental activities program revenues	<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>	<u>24,866,774</u>
Business-type activities:										
Charges for services	364,834	424,615	466,232	468,500	469,799	526,806	537,651	507,126	446,497	492,729
Operating grants and contributions	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	919,137
Total business-type activities program revenues	<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>	<u>1,411,866</u>
Total government-wide program revenues	<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>	<u>26,278,640</u>
Net (expense)	<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>	<u>\$ (16,847,927)</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**  
**GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<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>	<u>2005</u>
Net (expense):										
Government-wide net (expense)	<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>	<u>\$ (16,847,927)</u>
General revenues and transfers:										
Governmental activities:										
U.S. Government	46,421	59,184	65,869	72,516	-	-	-	-	-	-
State of North Carolina--construction	-	-	-	-	-	-	-	-	450,000	213,738
Buncombe County--General Fund appropriation	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	5,645,833
Buncombe County--capital outlay	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	3,386,865
Supplemental city school tax	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	6,441,256
Local option sales tax	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	2,554,471
Other revenues	396,721	332,403	335,010	427,631	498,423	696,816	975,978	879,904	526,718	602,189
Transfers (out)	<u>(115,785)</u>	<u>(93,236)</u>	<u>(83,077)</u>	<u>(66,792)</u>	<u>(116,047)</u>	<u>(231,618)</u>	<u>(197,717)</u>	<u>(354,923)</u>	<u>(60,682)</u>	<u>(79,353)</u>
Total governmental activities general revenues and transfers	<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>	<u>18,764,999</u>
Business-type activities:										
Other revenues	-	1,949	172	67	490	120	1,715	1,819	16,414	6,553
Transfers in	<u>115,785</u>	<u>93,236</u>	<u>83,077</u>	<u>66,792</u>	<u>116,047</u>	<u>231,618</u>	<u>197,717</u>	<u>354,923</u>	<u>60,682</u>	<u>79,353</u>
Total business-type activities general revenues and transfers	<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>	<u>85,906</u>
Total government-wide general revenues and transfers	<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>	<u>18,850,905</u>
Change in net position	<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>	<u>\$ 2,002,978</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  
FUND BALANCES - GOVERNMENTAL FUNDS  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	<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>	<u>2005</u>
General Fund:										
Non-spendable	\$ 33,187	\$ 32,531	\$ 28,256	\$ 27,797	\$ 29,828	\$ 31,797	\$ 37,744	\$ 57,321	\$ 81,437	\$ 54,900
Restricted—Stabilization by State Statute	186,514	128,223	138,553	187,726	313,718	537,212	635,599	573,419	517,672	557,334
Assigned	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	2,291,500
Unassigned	<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>	<u>2,271,770</u>
Total General Fund	<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>	<u>\$ 5,175,504</u>
All other governmental funds:										
Restricted—Stabilization by State Statute	\$ 982,770	\$ 1,161,832	\$ 911,754	\$ 815,694	\$ 578,609	\$ 16,209	\$ 15,559	\$ 42,024	\$ 472,865	\$ 325,047
Restricted—school capital outlay	1,194,346	588,343	730,539	670,873	1,329,522	2,166,806	2,173,881	1,345,886	171,173	637,812
Restricted—individual schools activities	538,069	395,850	483,834	383,366	351,181	320,806	296,085	262,136	302,351	231,236
Assigned—special programs	<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>	<u>-</u>
Total all other governmental funds	<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>	<u>\$ 1,194,095</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>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>	<u>2005</u>
Revenues:										
State of North Carolina	\$ 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	\$ 19,360,866
U. S. Government	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	4,130,198
Local sources:										
Buncombe County - General Fund appropriation	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	5,645,833
Buncombe County - capital outlay	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	3,386,865
Supplemental city school tax	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	6,441,256
Local option sales tax	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	2,554,471
Other local revenues	2,381,737	2,186,411	2,363,060	2,300,063	2,312,178	2,330,654	2,590,455	2,637,892	2,212,199	2,349,424
Total revenues	<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>	<u>43,868,913</u>
Expenditures:										
Instructional programs	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	28,740,482
Support services	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	10,353,467
Capital Outlay	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	4,076,464
Other	1,054,626	981,951	1,278,597	1,718,499	1,149,128	1,088,251	641,082	732,796	679,620	625,273
Total expenditures	<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>	<u>43,795,686</u>
Revenues over (under) expenditures	<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>	<u>73,227</u>
Other financing sources (uses):										
Transfers from other funds	122,100	131,500	120,500	124,247	253,156	270,674	264,786	274,199	250,559	251,073
Transfers to other funds	(237,885)	(224,736)	(203,577)	(191,039)	(369,203)	(502,292)	(462,503)	(629,122)	(311,241)	(330,426)
Total other financing sources (uses)	<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>	<u>(79,353)</u>
Net change in fund balances	<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>	<u>\$ (6,126)</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)**

<b>Fiscal Year</b>	<b>Actual Value - Asheville City School District</b>				<b>Direct Tax Rate</b>
	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Companies</b>	<b>Total Taxable Value</b>	
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
2005	2,691,470	418,201	97,959	3,207,630	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**

<b>Fiscal Year</b>	<b>Direct</b>	<b>Overlapping Rates</b>		<b>Total Combined Rate</b>
	<b>Supplemental City School Tax</b>	<b>Buncombe County</b>	<b>City of Asheville</b>	
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
2005	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 Eight Years Ago**

Taxpayer	Business	2014			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	\$ 104,565	1	1.93%			
Progress Energy	Electric Utility	56,449	2	1.04%			
Nesbitt Asheville Venture LLC	Hotels/Convention Services	29,047	3	0.54%	\$ 12,252	4	0.37%
BellSouth Telephone Co	Communications Service	21,616	4	0.40%	38,799	3	1.16%
Mission Hospitals Inc	Hospital	18,598	5	0.34%			
Ingles Markets Inc	Supermarkets	16,617	6	0.31%	11,451	5	0.34%
Campus Crest at Asheville	Hotels/Convention Services	14,208	7	0.26%			
FIRC Haywood Park Holdings LLC	Real Estate	14,012	8	0.26%			
Grove Park Inn Resort Inc	Hotels/Convention Services	13,253	9	0.24%	101,700	1	3.04%
Hospitality Lodging Investors II	Hotels/Convention Services	12,680	10	0.23%			
Carolina Power & Light	Electric Power Utility				46,960	2	1.40%
Park Terrace Properties LLC	Real Estate/Commercial Office				9,703	6	0.29%
Tower Associates Inc	Real Estate/Commercial Office				8,986	7	0.27%
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>\$ 301,045</u>		<u>5.55%</u>	<u>\$ 255,929</u>		<u>7.65%</u>

Source: Buncombe County Tax Department.

Note: Asheville City Schools did not start reporting principal property tax payers until 2006.

**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
2014	\$ 8,125	\$ 8,099	99.68%	\$ -	\$ 8,099	99.68%
2013	8,099	8,052	99.42%	37	8,089	99.88%
2012	8,056	8,007	99.39%	41	8,048	99.90%
2011	8,000	7,926	99.08%	71	7,997	99.96%
2010	7,849	7,734	98.53%	113	7,847	99.97%
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%
2005	6,411	6,361	99.22%	50	6,411	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**

<b>Fiscal Year</b>	<b>Estimated Population (in thousands)</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Estimated Median Age</b>	<b>County-wide School Enrollment</b>	<b>Unemployment Rate</b>
2014	252	Unavailable	Unavailable	Unavailable	30,535	6.3
2013	249	Unavailable	Unavailable	40.7	29,451	7.1
2012	245	\$ 8,884,892	\$ 36,641	41.1	29,238	7.9
2011	244	8,459,317	35,024	40.7	29,113	8.2
2010	239	8,100,049	33,911	40.7	28,979	8.3
2009	236	7,955,053	33,658	40.6	29,346	9.0
2008	233	8,136,349	34,805	41.0	28,894	4.9
2007	230	7,971,685	34,544	39.8	28,900	4.0
2006	225	7,522,066	33,206	39.6	29,211	4.0
2005	219	6,895,776	31,112	40.0	28,766	4.6

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 Nine Years Ago**

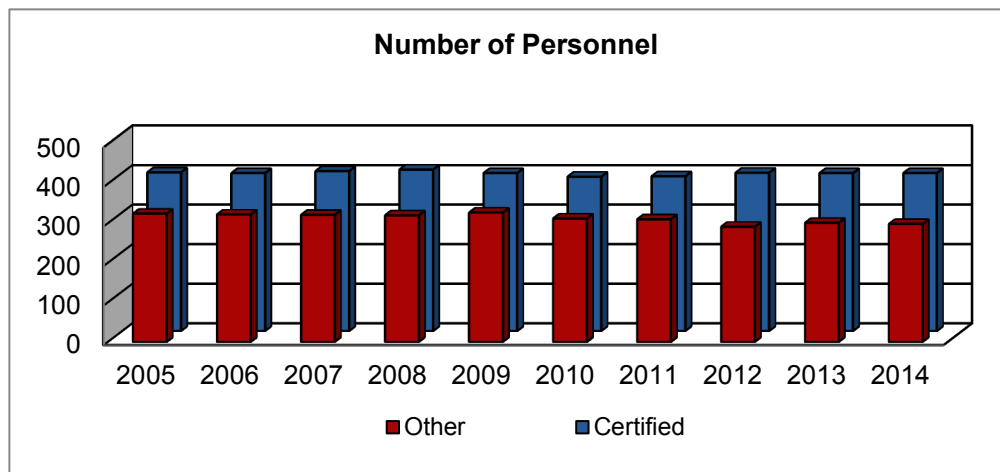
<u>Employer</u>	2014			2005		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Mission Health System and Hospital	6,994	1	5.42%	5,125	1	4.38%
Buncombe County Public Schools	4,000	2	3.10%	3,650	2	3.12%
The Biltmore Company	1,770	3	1.37%	1,057	7	0.90%
VA Medical Center - Asheville	1,593	4	1.24%	1,068	6	0.91%
Buncombe County Government	1,369	5	1.06%	1,959	4	1.67%
Ingles Markets, Inc.	1,137	6	0.88%	2,225	3	1.90%
The Grove Park Inn Resort & Spa	1,100	7	0.85%	1,000	8	0.85%
Asheville-Buncombe Technical Community College	1,019	8	0.79%			
City of Asheville	1,000	9	0.78%	1,245	5	1.06%
CarePartners	950	10	0.74%	1,000	9	0.85%
Asheville City Schools				725	10	0.62%
Total	<u>20,932</u>		<u>16.23%</u>	<u>19,054</u>		<u>16.26%</u>

Source: Buncombe County Finance Department

Notes: Labor Force Estimate for 2014 per NCESC: 128,950

Labor Force Estimate for 2005 per NCESC: 117,000

**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>
2005	401	324	725	3,789	9.4
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

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.



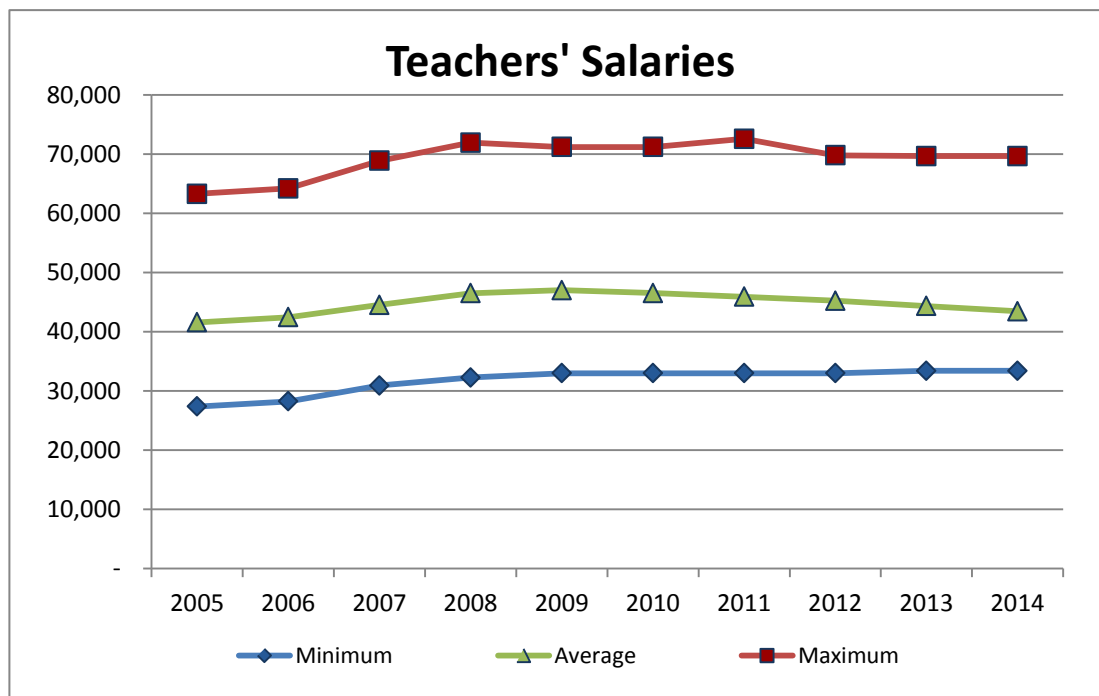
**ASHEVILLE CITY SCHOOLS  
OPERATING STATISTICS  
Last Ten Fiscal Years**

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
2014	4,221	4,002	\$ 11,199	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%
2005	3,789	3,560	10,210	Fourth	50.3%	43.7%	50.3%	6.0%

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

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

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



<u>Year Ended June 30:</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
2005	27,396	63,294	41,597
2006	28,248	64,219	42,465
2007	30,933	68,904	44,542
2008	32,279	71,962	46,519
2009	33,017	71,225	47,032
2010	33,017	71,225	46,557
2011	33,017	72,611	45,916
2012	33,017	69,828	45,259
2013	33,418	69,674	44,369
2014	33,418	69,674	43,475

Source: Asheville City Schools Business and Financial Services.

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

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

<b>School</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Elementary:</b>										
Claxton:										
Square feet	81,193	81,193	81,193	81,193	81,193	81,193	81,193	81,193	78,711	78,711
Capacity	480	480	480	480	480	480	480	480	480	480
First month membership	450	439	455	431	419	418	412	386	387	395
Dickson:										
Square feet	56,819	75,926	75,926	75,926	75,926	75,926	75,926	75,926	75,926	75,926
Capacity	582	449	449	449	449	449	449	449	449	449
First month membership	465	470	445	423	419	417	412	388	413	416
Hall Fletcher:										
Square Feet	88,205	88,205	88,205	88,205	88,205	88,205	88,205	88,205	88,205	88,205
Capacity	455	455	455	455	455	455	455	455	455	455
First month membership	347	302	302	306	309	306	301	292	286	290
Jones:										
Square Feet	85,730	85,730	85,730	85,730	85,162	85,162	85,162	85,162	85,162	85,162
Capacity	450	450	450	450	450	450	450	450	450	450
First month membership	444	415	390	405	376	382	356	356	379	368
Vance:										
Square Feet	69,965	69,965	69,965	69,965	69,965	69,965	69,965	69,965	69,965	69,965
Capacity	422	422	422	422	422	422	422	422	422	422
First month membership	462	459	441	405	379	368	352	353	317	328

(continued)

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

School	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Middle:</b>										
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	747	787	766	719	661	672	666	648	654	677
<b>Middle/High:</b>										
Randolph Learning Center/William Randolph School:										
Square Feet	See below	56,819	56,819	56,819	56,819	56,819	56,819	56,819	56,819	56,819
Capacity	See below	582	582	582	582	582	582	582	582	582
First month membership	See below	See below	See below	48	84	73	57	132	176	172
<b>High:</b>										
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	1,332	1,273	1,228	1,135	1,111	1,101	1,150	1,222	1,203	1,221

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.



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innovative and  
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and who are prepared  
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