

ASHE COUNTY BOARD OF EDUCATION

JEFFERSON, NORTH CAROLINA



Challenging young minds to soar.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDING JUNE 30, 2019**

**ASHE COUNTY BOARD OF EDUCATION
JEFFERSON, NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

PREPARED BY

PHYLLIS YATES

AND THE

FINANCE DEPARTMENT



Challenging young minds to soar.

ASHE COUNTY BOARD OF EDUCATION

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Introductory Section



Phyllis Yates, Superintendent • Charles B. Jones Jr., Chairman • Dr. Lee Beckworth, Vice-Chairman • Polly Jones • Keith McClure • Dianne Eldreth

December 9, 2019

To the Members of the Ashe County Board of Education and the Citizens of Ashe County, North Carolina:

In compliance with the Public School Laws of North Carolina, the Comprehensive Annual Financial Report (CAFR) of the Ashe County Board of Education, operating as the "Ashe County Schools", for the fiscal year ended June 30, 2019, is herewith submitted. Responsibility for the accuracy, completeness and clarity of the report rests with the Superintendent and the Finance Officer.

The report has been prepared by the Finance Department in accordance with the requirements and guidelines promulgated by the Governmental Accounting Standards Board (GASB). We believe the data presented is accurate in all material respects and that it is presented in a manner designated to fairly reflect the financial position and results of operations of the Board. All disclosures necessary to enable the reader to gain maximum understanding of the Board's financial activity have been included.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

REPORTING ENTITY

Ashe is a rural county located entirely in the Appalachian Mountain region in northwestern North Carolina, bordered by Tennessee and Virginia. The County has a total area of 429 square miles, a population of 27,418 (2017) plus a median household income of \$40,611 (in 2017 dollars) compared to the State's \$52,752. However, the per capita income in the past 12 months (in 2017 dollars) was \$35,707 compared to the State at \$46,802. Per the US Census website, the County poverty level in 2017 was 15.9 percent compared to the State at 14.7 percent. With traditions in agriculture and manufacturing, Ashe County has experienced a shift to a rural retirement and tourism community with emphasis on a strong arts culture but still enjoys a diversified economy. Businesses of all sizes and nature reside in Ashe County, but there is an understanding among the leaders of the community that small business seems to be the heart of Ashe's economic sector. During the past 20 years, the County's economy has become less reliant on its manufacturing base while jobs in the retail and service sectors have become an economic mainstay. Ashe County's Christmas tree industry is now the largest in the United States. On a positive note, Ashe County's unemployment rate is relatively stable. In June 2018, it was 4.1 percent and has remained close to 4% for the fiscal year.

Ashe County Schools is a small but progressive school system, enrolling approximately 2,973 plus students in grades K-12. Three elementary schools, one middle school, one high school and one early college makes up the system that provides general, special and career and technical educational services. Four preschool classrooms serve 72 four-year olds. Schools are housed in modern facilities, the newest of which opened in 2004. Ashe County Schools has a tradition of academic excellence, consistently scoring well on the North Carolina State Assessments. In 2018, Ashe County Schools ranked 7th in the State in proficiency. Out of 235 classroom teachers, our elementary schools average 51 percent in advanced degrees, the middle school has 19 percent and the high school has 25 percent. Our school system has 32 teachers with national board certification.

The Ashe County Board of Education (Board), elected by the citizens of Ashe County, is the level of government having oversight responsibility and control over activities related to the public schools in Ashe County, North Carolina. N.C. General Statutes empowers the Ashe County Board of Education with general control and supervision of all matters pertaining to the schools in the system. The school system receives local, State, and federal government funding and must comply with the legal requirements of each funding source. While the Board does receive local funding, the County is not entitled to share in any surplus nor is it required to finance any deficits. The Board has no tax levying or borrowing authority and is required to maintain accounting records according to a Uniform State format. The Board has final approval over the budget and primary accountability for fiscal matters. Accordingly, the Ashe County Board of Education is not included in any other reporting entity.

The Board is composed of five non-partisan members elected for staggered four-year terms. The chair and vice chair are elected by a majority vote of the Board each year. The Superintendent is selected by the Board and serves as the chief executive officer of the system. The Board is responsible for setting policy, while the Superintendent and administrative team are charged with managing the operations of the school system.

FINANCIAL AND BUDGETARY CONTROL

In order to meet the challenging learning experiences provided to the students attending Ashe County Schools, the Board must use a variety of funding resources, including local, State, federal and private grants while complying with legal requirements of each funding source. In doing so, the Board utilized fund accounting. The Board's funds are divided into governmental and proprietary funds. Each fund is a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities in accordance with legal requirements, generally accepted accounting principles, special regulations or other limitations. Governmental fund types include general, special revenue and capital projects. The enterprise fund is a proprietary fund type. The enterprise fund is presented on a full accrual basis, while the other funds are maintained on a modified accrual basis.

Internal accounting controls are given consideration in developing and improving the Board's accounting system. Internal controls are designed to provide reliability of financial records for preparing financial statements and maintaining accountability for assets and are to provide reasonable assurance regarding the safeguarding of assets from unauthorized use or disposition. The cost of a control should not exceed the benefits derived; therefore, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe that the Board's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

North Carolina General Statutes require all governmental units in the State to adopt a balanced budget by July 1 of each year. 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. The Board has the final approval over the budget and primary accountability for fiscal matters (including any deficits). The Board's annual Budget Resolution authorizes expenditures at the purpose level on a modified accrual basis. For internal management purposes, the budget is detailed and compared to expenditures and encumbrances by line item within each function and project. The budget amounts reflected in the accompanying financial statements represent the final budgets as amended for the fiscal year. The Board also uses a purchase order encumbrance system that records and shows encumbrances outstanding against each line item of expenditures. 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.

MAJOR INITIATIVES

The focus of the school system for the next several years will be in several areas:

- Recruit, train, support, and retain highly qualified employees
- Provide safe school environments
- Design and implement a curriculum and instructional program that engages a diverse student population and focuses on making all students college and career ready upon graduation
- Strive to meet accountability requirements as set forth by the US Department of Education and the NC Department of Public Instruction
- Use technology to support and enhance instruction in all curricular areas
- Allocate resources of time, people, space, funding, and information to support the teaching and learning process
- Encourage active participation and strong relationships with family, community, faith and business stakeholders
- Build strong partnerships with higher education partners
- Seek additional funding sources (i.e. grants, increase from local government, etc.) as the decline in federal and State funds is expected to continue

As required by the State Department of Public Instruction, Ashe County Schools maintains a ten-year facilities plan that has been submitted and approved by the County Commissioners and the State Department of Public Instruction.

ECONOMIC CONDITION AND OUTLOOK

The financial health of the Ashe County Board of Education is largely dependent upon the economic prospects of the State of North Carolina and Ashe County. Approximately 80 percent of the Board's revenue was received from State and County sources in 2019. The Board does not expect this percentage to change significantly in the near future. The State of North Carolina has felt the effects of the nationwide financial crisis that started in the second half of 2008. Even though the State economy has improved, the public schools' share of the State general fund continues to decrease. The Legislative body has further deregulated charter schools and increased the school voucher program. The Ashe County Board of Education fortunately enjoys a positive, collaborative relationship with the Ashe County Board of Commissioners. Despite harsh economic conditions in past years, the school system has continued to receive level-plus funding from the County. Going forward, the school system expects State funding to decrease overall and County funding to remain consistent with previous years.

INDEPENDENT AUDIT

North Carolina's Public School Budget and Fiscal Control Act mandates that financial statements be audited at the end of each fiscal year. Anderson Smith & Wike PLLC, an independent auditing firm approved by the State's Local Government Commission as qualified to audit local governments, was selected to audit the financial records and transactions of the Ashe County Board of Education for the year ended June 30, 2019. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of OMB Circular A-133 and the State Single Audit Implementation Act. The auditors' report is included in the financial section of this report.

FINANCIAL REPORTING AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Board for its comprehensive annual financial report for the years ended June 30, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, and 2018. In order to be awarded a Certificate of Achievement, the Board published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

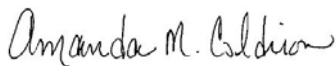
ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report in a timely manner could not have been accomplished without the efforts and dedication of the Superintendent's staff, Finance Department and our independent audit firm. We would like to express appreciation to all staff members who assisted in the preparation of this report.

Respectfully submitted,



Phyllis Yates
Superintendent



Amanda Coldiron
Finance Officer

**ASHE COUNTY BOARD OF EDUCATION
JEFFERSON, NORTH CAROLINA**

JULY 1, 2018 – JUNE 30, 2019

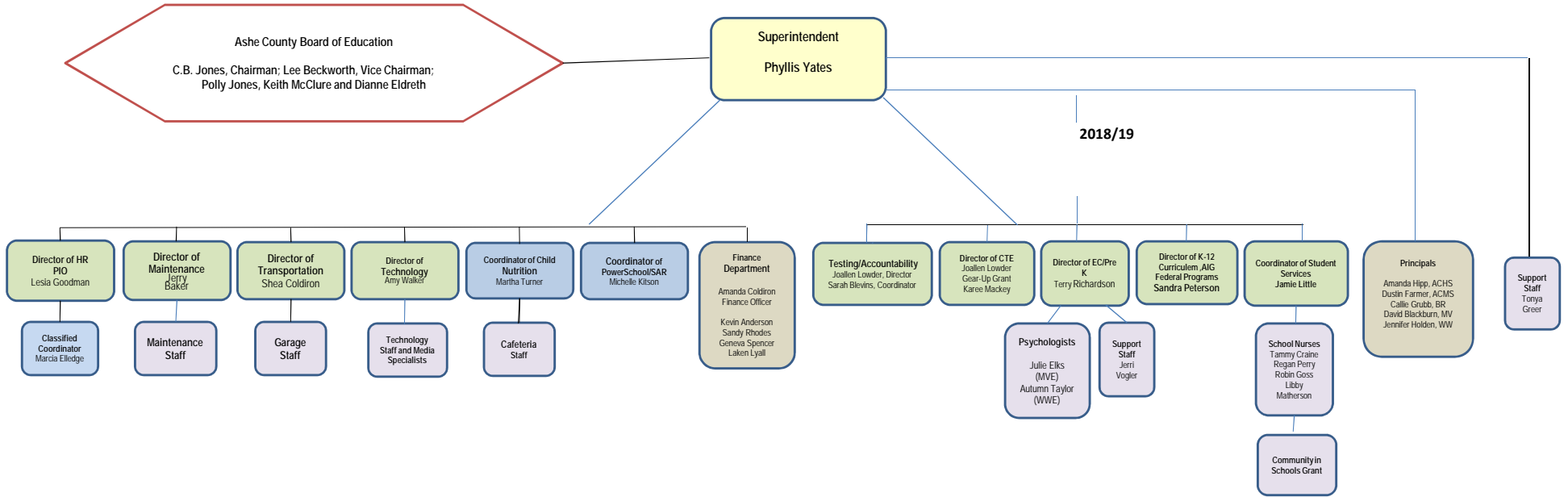
BOARD MEMBERS

**C.B. JONES, JR., CHAIRMAN
DR. LEE BECKWORTH, VICE CHAIRMAN
KEITH MCCLURE
POLLY JONES
DIANNE ELDTRETH**

PRINCIPAL OFFICERS

PHYLLIS YATES, SUPERINTENDENT

ASHE COUNTY SCHOOLS
 Administrative Organizational Structure
 2018/19





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Ashe County Board of Education
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



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Financial Section



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Ashe County Board of Education
Jefferson, 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 the Ashe County Board of Education, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the 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 misstatements, 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 of 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, business-type activities, each major fund, and the aggregate remaining fund information of the Ashe County Board of Education as of June 30, 2019, 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 Federal Grants 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 Management's Discussion and Analysis on pages 4 through 13 and the Schedule of the Proportionate Share of the Net Pension and OPEB Liabilities the Schedule of Board Contributions on pages 53 through 58, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Ashe County Board of Education's basic financial statements. The individual non-major fund financial statements and schedules, budgetary schedules and other schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual non-major fund financial statements, budgetary schedules, other schedules and the accompanying schedule of expenditures of federal and State awards 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 individual non-major fund financial statements, budgetary schedules, other schedules, and the accompanying schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019 on our consideration of Ashe County Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 the Ashe County Board of Education's internal control over financial reporting and compliance.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Anderson Smith & Wike PLLC

December 9, 2019
Statesville, North Carolina
(704) 562-5039

**ASHE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

This section of the Ashe County Board of Education's (*the Board*) financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2019. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

State/Federal Levels

- Ashe County's 2018/19 State funding was based on an average daily membership (ADM) of 2,986 students compared to 3,024 in 2017/18.
- Based upon the first month in 2018/19, actual student enrollment in Ashe was 2,961 compared to 2,968 in 2017/18.
- The State retirement contribution increased from 17.13 to 18.86 percent.
- Monthly hospital insurance increased from \$5,869 to \$6,104.
- Following legislation enacted in 2011/12 by the General Assembly, the Division of Child Development and Early Education and the Division of Health and Human Services (DHHS) assumed all functions of regulation, monitoring, payment and reimbursement for the NC Pre-Kindergarten Program. Ashe County Schools received \$473 per slot per month and had an enrollment of 72 students in FY 2019.
- Excluding Child Nutrition, the per pupil expenditures (PPE) for FY 2019 were as follows—State @ \$7,586, Federal @ \$790, Local @ \$1,864 for a total of \$10,239 PPE. The total PPE for the prior year was \$9,910.
- Funding for the customary Federal grants remained relatively level.

Key Takeaways for State funding

- The majority of additional funding since FY 2008/09 has been for benefit and salary changes. Total funding for direct student services has remained essentially flat. As a result, school districts continue to accomplish more with less money for direct student services.
- Starting pay for teachers did not change in 2018/19. The bonus programs developed in 2016/17 were continued for 3rd Grade Teacher Reading Performance, Advanced Placement and IB Bonuses and Industry Certification and Credentials Bonuses, and Math.
- Non-certified employees received a 2% increase in salary.

Local Level

- The school system received an increase in funding in most County appropriations categories—the total allotments per fund were \$5,047,008 in current expense, \$531,535 in capital outlay, of which \$431,535 were one-time capital needs, \$118,072 in technology.
- The school system paid \$41,555 in tuition from local funds for the 25 Ashe County students enrolled at Two Rivers Charter School located in Watauga County. The NC Virtual Academy received \$2,370 (3 students), Grandfather Academy received \$293 (1 student), and NC Connections Academy received \$3,160 (6 students).

**ASHE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

- The Child Nutrition program continues to lose funding. However, the program had a 1.94 months operating balance at the close of 2018/19.

Overview of the Financial Statements

The audited financial statements of the Ashe County Board of Education consist of four components. They are as follows:

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents combining and budgetary statements for non-major governmental funds and budgetary statements for the enterprise 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 type of statement 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 is 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 Board 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.

**ASHE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

- Over time, increases or decreases in the Board's net position is an indicator of whether its financial position is improving or deteriorating.
- To assess the Board's overall health, additional non-financial factors such as changes in the County's property tax base, and the condition of its school buildings and other physical assets must be considered.

The unit'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 and State funding and Federal aid finance most of these activities.
- **Business-type activities:** The Board charges fees to help it cover the costs of certain services it provides. School food service is included here.

The government-wide statements are shown as Exhibit 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the Board's funds, focusing on its most significant or "major" funds – not the unit as a whole. 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 to control and manage money for a particular purpose or to show that it is properly using certain revenues, such as in the Federal Grants Fund.

Ashe County Board of Education 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, additional information at the bottom of the governmental funds statements, in the form of a reconciliation, 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 Individual Schools Fund, the Other Special Revenue Fund, the Capital Outlay Fund, and the Federal Grants Fund.

The governmental fund statements are shown as Exhibits 3, 4, and 5 of this report.

Proprietary Fund: Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. Ashe County Board of Education has one proprietary fund – an enterprise fund – the School Food Service Fund.

The proprietary fund statements are shown as Exhibits 6, 7, and 8 of this report.

**ASHE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

Financial Analysis of the Board of Education as a Whole

Net position is an indicator of the fiscal health of the Board. Net position for governmental activities was \$(19,514,542) as of June 30, 2019. Other than unrestricted net position, the largest component of net position is net investment in capital assets of \$29,395,469.

Following is a summary of the Statement of Net Position:

Also note that the Board carries capital assets for which Ashe County carries the offsetting debt.

**Table 1
Condensed Statement of Net Position
as of June 30, 2019 and 2018**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Current assets	\$ 5,116,721	\$ 5,478,065	\$ 677,377	\$ 787,317	\$ 5,794,098	\$ 6,265,382
Capital assets	29,594,163	30,880,085	83,186	106,658	29,677,349	30,986,743
Total assets	<u>34,710,884</u>	<u>36,358,150</u>	<u>760,563</u>	<u>893,975</u>	<u>35,471,447</u>	<u>37,252,125</u>
Deferred outflows of resources	<u>8,950,760</u>	<u>7,204,878</u>	<u>311,068</u>	<u>267,271</u>	<u>9,261,828</u>	<u>7,472,149</u>
Current liabilities	173,552	113,475	19,131	17,823	192,683	131,298
Long-term liabilities	<u>45,679,082</u>	<u>49,130,112</u>	<u>1,617,637</u>	<u>1,874,383</u>	<u>47,296,719</u>	<u>51,004,495</u>
Total liabilities	<u>45,852,634</u>	<u>49,243,587</u>	<u>1,636,768</u>	<u>1,892,206</u>	<u>47,489,402</u>	<u>51,135,793</u>
Deferred inflows of resources	<u>17,323,552</u>	<u>13,298,133</u>	<u>602,049</u>	<u>493,306</u>	<u>17,925,601</u>	<u>13,791,439</u>
Net investment in capital assets	29,395,469	30,685,611	83,186	106,658	29,478,655	30,792,269
Restricted net position	2,268,418	2,238,523	1,123	2,446	2,269,541	2,240,969
Unrestricted net position	<u>(51,178,429)</u>	<u>(51,902,826)</u>	<u>(1,251,495)</u>	<u>(1,333,370)</u>	<u>(52,429,924)</u>	<u>(53,236,196)</u>
Total net position	<u>\$ (19,514,542)</u>	<u>\$ (18,978,692)</u>	<u>\$ (1,167,186)</u>	<u>\$ (1,224,266)</u>	<u>\$ (20,681,728)</u>	<u>\$ (20,202,958)</u>

**ASHE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

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

**Table 2
Condensed Statement of Position
For the Fiscal Years Ended June 30, 2019 and 2018**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Revenues:						
Program revenues:						
Charges for services	\$ 29,083	\$ 47,909	\$ 489,108	\$ 514,854	\$ 518,191	\$ 562,763
Operating grants and contributions	24,556,994	23,030,414	1,352,011	1,418,705	25,909,005	24,449,119
Capital grants and contributions	173,772	129,274	-	-	173,772	129,274
General revenues:						
Other revenues	9,292,259	9,020,986	3,147	2,278	9,295,406	9,023,264
Total revenues	<u>34,052,108</u>	<u>32,228,583</u>	<u>1,844,266</u>	<u>1,935,837</u>	<u>35,896,374</u>	<u>34,164,420</u>
Expenses:						
Governmental activities:						
Instructional services	27,277,381	27,855,108	-	-	27,277,381	27,855,108
System-wide support services	6,996,659	7,086,621	-	-	6,996,659	7,086,621
Ancillary services	36,619	58,943	-	-	36,619	58,943
Non-programmed charges	97,740	86,868	-	-	97,740	86,868
Depreciation	91,117	96,170	-	-	91,117	96,170
Business-type activities:						
School food service	-	-	1,875,628	2,206,128	1,875,628	2,206,128
Total expenses	<u>34,499,516</u>	<u>35,183,710</u>	<u>1,875,628</u>	<u>2,206,128</u>	<u>36,375,144</u>	<u>37,389,838</u>
Revenues over (under) expenses	(447,408)	(2,955,127)	(31,362)	(270,291)	(478,770)	(3,225,418)
Transfers in (out)	(88,442)	(80,775)	88,442	80,775	-	-
Increase (decrease) in net position	(535,850)	(3,035,902)	57,080	(189,516)	(478,770)	(3,225,418)
Beginning net position	(18,978,692)	(15,942,790)	(1,224,266)	(1,034,750)	(20,202,958)	(16,977,540)
Ending net position	<u>\$ (19,514,542)</u>	<u>\$ (18,978,692)</u>	<u>\$ (1,167,186)</u>	<u>\$ (1,224,266)</u>	<u>\$ (20,681,728)</u>	<u>\$ (20,202,958)</u>

**ASHE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

Total governmental activities generated revenues of \$34.1 million while expenses in this category totaled \$35.0 million for the year ended June 30, 2019. Comparatively, revenues were \$32.2 million and expenses totaled \$35.2 million for the year ended June 30, 2018. The decrease in governmental activities net position, including transfers, stands at \$535,850 at June 30, 2019, compared to a decrease of \$3,035,902 in 2018. The decrease in net position was primarily due to pension related expenses. Instructional services comprised 79% of total governmental-type expenses while system-wide support services made up 20% of those expenses for 2019. The Board's primary source of revenues were funding from the State of North Carolina, Ashe County, and the United States Government, which respectively comprised 70%, 17%, and 7% of our total revenues. Business-type activities generated revenue of \$1.8 million which were \$57,080 more than expenses.

Financial Analysis of the Board's Funds

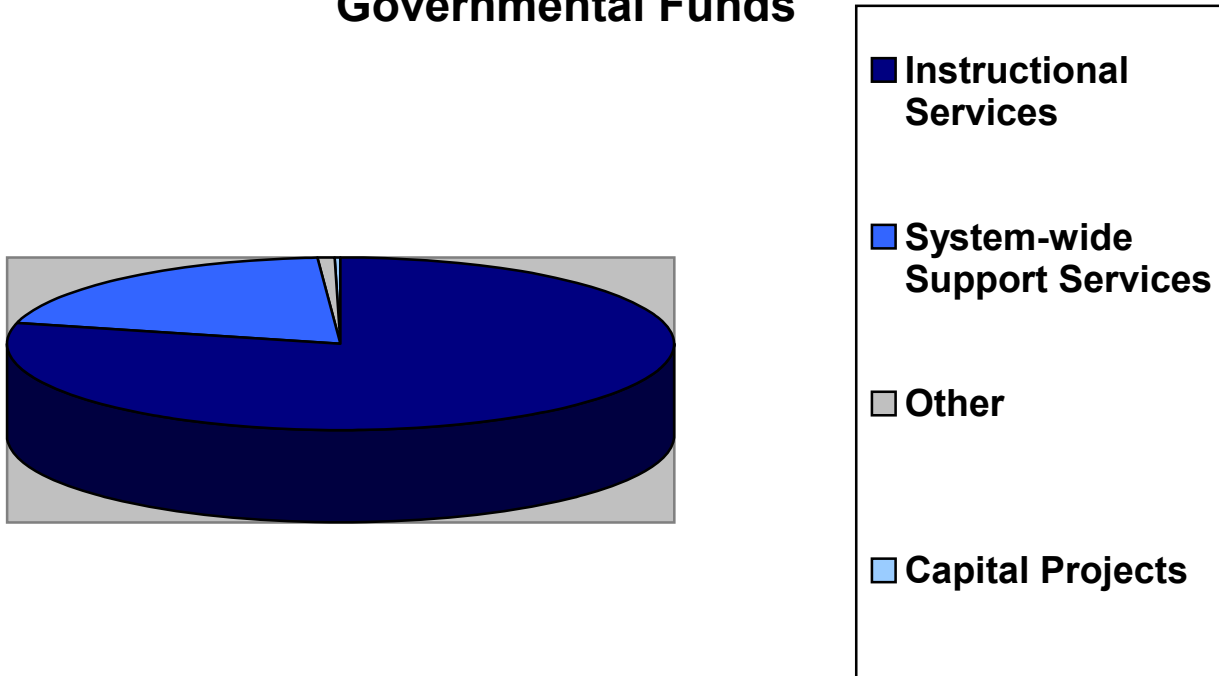
Governmental Funds: The focus of Ashe County Board of Education's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Board's financing requirements.

The Board's governmental funds reported a combined fund balance of \$4,910,857, a \$387,798 decrease from last year. The decrease in fund balance was expected based on current funding the Board receives as compared to anticipated expenditures. The General Fund reported a \$319,449 decrease in fund balance, ending the year with \$2,364,935 in fund balance. The individual schools fund reported an increase in fund balance of \$82,143, the capital outlay fund reported a decrease of \$136,116, and the other special revenue fund reported a decrease of \$14,376.

Proprietary Funds: The Board's business-type fund had an increase in net position of \$57,080. The increase was expected and not felt to be significant.

Financial Analysis of the Board's Funds (Continued)

**Categorization of Expenditures for
Governmental Funds**



Expenditures are presented on the modified accrual basis of accounting

General Fund Budgetary Highlights

The Board approved several budget amendments to account for changes in revenue and expenditure projections. Budget amendments are submitted to the Board as needed to reflect new revenues in addition to revisions to expenditures estimated in the original budget. There were no significant expenditures in excess of the budgeted expenditures. In addition, there were no significant changes from the original budget to the final budget.

Capital Assets

Capital assets decreased by \$1,309,394 from the previous year. This was largely due to current year depreciation expense exceeding the amount of capital additions during the year. The following is a summary of the capital assets, net of depreciation at year-end.

**ASHE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

A more detailed description of the capital assets is available in Note 3 of the basic financial statements.

**Summary of Capital Assets
As of June 30, 2019 and 2018**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Land	\$ 1,059,053	\$ 1,059,053	\$ -	\$ -	\$ 1,059,053	\$ 1,059,053
Construction in progress	-	-	-	-	-	-
Buildings and Improvements	26,959,989	28,097,815	-	-	26,959,989	28,097,815
Equipment and furniture	346,860	401,441	83,186	106,658	430,046	508,099
Vehicles	1,228,261	1,321,776	-	-	1,228,261	1,321,776
Total	<u>\$ 29,594,163</u>	<u>\$ 30,880,085</u>	<u>\$ 83,186</u>	<u>\$ 106,658</u>	<u>\$ 29,677,349</u>	<u>\$ 30,986,743</u>

Debt Outstanding

During the year, the Board's long-term debt (installment purchase agreements for school buses) increased by approximately \$5,000. This decrease was due to principal payments exceeding new installment purchase agreements. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purposes that debt can be used.

A more detailed description of the long-term debt is available in Note 3 of the basic financial statements.

Economic Factors at the State Level Based Upon Fiscal Research Division

North Carolina's modified \$23.9 billion FY 2018-19 budget represents a 3.9% increase above the FY 2017-18 budget and provides salary increases for State employees, with particular emphasis on pay raises for prison staff and members of the State Highway Patrol. The modified budget also includes funding for prison and school safety initiatives; a one-time 1% supplement for retirees; and additional funds for the Savings Reserve.

Education saw a 5.3% increase in State funding. The average salary for teachers from all fund sources, including local supplements, was estimated to be in excess of \$50,000. The numbers are somewhat misleading as the average encompasses all funds instead of State provided funds only.

**ASHE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

According to 2018/19 State data for Child Nutrition, the county-wide rate for free and reduced lunch was 57 percent. Individual school rates were as follows.

Ashe County High = 51.88%
Ashe Early College = 36.67%
Ashe County Middle = 55.72%
Blue Ridge Elementary = 60.30%
Mountain View Elementary = 61.54%
Westwood Elementary = 60.73%

The economic climate will always impact the State budget and the State Public School Fund. Local Education Agencies (LEAs) are dependent upon state revenue allocations to fund the primary operations of the school system as set forth in State law. School systems across the state continue to be faced with budgetary reductions and operating cost increases that significantly impact local budgets. The uncertain outlook at both the federal and state levels were certainly challenges in the 2018/19 budget year and will continue in the upcoming 2019/20 budget year. The Board will continue future budget development in a conservative and fiscally prudent manner.

County funding is a major source of income for the school system; therefore, the County's economic outlook directly impacts the school system. The following factors affected the economic outlook for the County of Ashe in 2018/19.

Ashe County's economic outlook for FY 2018/19 showed continued stability with the county's unemployment rate remaining close to 4% based on approximately 12,500 employed and just over 500 unemployed. Top employment sectors during the past year were in Office and Administration Support, Production Occupations, Retail Trade, Education, Transportation, Health Care and Social Assistance, Accommodation & Food Services, Installation Maintenance & Repair and Construction with top wages going to Management, Computer & Technology Maintenance, Business & Finance, Health Care Practitioners, and Community and Social Services Occupations.

Ashe County's ad valorem tax rate remained the same at \$.443 during FY2018, FY2019, and will again remain unchanged during FY 2020. Tax collections have been steadily increasing which allows us to budget for collection of additional revenues. Ashe County continues to enjoy one of the 10 lowest ad valorem tax rates in the state.

Sales tax collections have risen during the last year. Increased collections are due in part to an increase in the sales tax collection base for services approved by the General Assembly but also because of increased retail sales across the state of North Carolina.

Our top employers remain strong and the County Commissioners and Board of Education work closely with them through our Economic Development resources to help them remain strong presences in our county. Our smaller employers seem to be thriving and several new small businesses related to our growing tourism industry have been added within the last year.

Since the beginning by FY 2018, our Economic Development Director, County Manager, Board of Commissioners, and Ashe County Job Development, Inc. have worked closely in a joint effort to find a

**ASHE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

new industrial site location. This would enable Ashe County to have shovel-ready sites available to market to new or expanding industries. The new site will have access to town water and sewer, three phase power, and on-site access to natural gas connections. A tract of property across from the existing industrial site located on Ray Taylor Road in West Jefferson is currently under contract. Due diligence is presently being done and if everything meets the County's requirements for an industrial site, final purchase of the property could be made before the close of FY 2020. Other partners will be added to help the county finance the purchase of the property and site development could begin during the next fiscal year.

On a county level, we are very confident in the economic future of Ashe County. As in any area of local government, our resident economy depends largely on the strengths of the economy on a state and federal level.

Requests for Information

This report is intended to provide a summary of the financial condition of Ashe County Board of Education. Questions or requests for additional information should be addressed to:

Amanda Coldiron
Finance Officer
Ashe County Board of Education
PO Box 604
320 South Street
Jefferson, NC 28640

ASHE COUNTY SCHOOLS
STATEMENT OF NET POSITION
June 30, 2019

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 4,933,516	\$ 558,728	\$ 5,492,244
Receivables (net)	8,911	5,841	14,752
Due from other governments	141,982	17,747	159,729
Net OPEB asset	32,312	1,123	33,435
Inventories	-	93,938	93,938
Capital assets			
Land, improvements, and construction in progress	1,059,053	-	1,059,053
Other capital assets, net of depreciation	28,535,110	83,186	28,618,296
Total capital assets	29,594,163	83,186	29,677,349
Total assets	34,710,884	760,563	35,471,447
DEFERRED OUTFLOWS OF RESOURCES	8,950,760	311,068	9,261,828
LIABILITIES			
Accounts payable and accrued expenses	173,552	6	173,558
Unearned revenues	-	19,125	19,125
Long-term liabilities:			
Due within one year	1,102,702	57,817	1,160,519
Due in more than one year			
Net pension liability	12,233,035	425,137	12,658,172
Net OPEB liability	30,740,077	1,068,317	31,808,394
Due in more than one year	1,603,268	66,366	1,669,634
Total liabilities	45,852,634	1,636,768	47,489,402
DEFERRED INFLOWS OF RESOURCES	17,323,552	602,049	17,925,601
NET POSITION			
Net investment in capital assets	29,395,469	83,186	29,478,655
Restricted for:			
Individual schools	576,299	-	576,299
Stabilization by State statute	150,893	-	150,893
School Capital Outlay	1,508,914	-	1,508,914
DIPNC OPEB plan	32,312	1,123	33,435
Unrestricted	(51,178,429)	(1,251,495)	(52,429,924)
Total net position	\$ (19,514,542)	\$ (1,167,186)	\$ (20,681,728)

**ASHE COUNTY SCHOOLS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019**

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental Activities:							
Instructional services:							
Regular instructional	\$ 17,818,944	\$ 28,108	\$ 13,146,436	\$ -	\$ (4,644,400)	\$ -	\$ (4,644,400)
Special populations	3,019,396	-	2,576,241	-	(443,155)	-	(443,155)
Alternative programs	2,195,755	-	1,345,673	-	(850,082)	-	(850,082)
School Leadership	1,728,149	-	1,508,791	-	(219,358)	-	(219,358)
Co-curricular	190,229	-	22,882	-	(167,347)	-	(167,347)
School-based support	2,324,908	-	2,097,463	-	(227,445)	-	(227,445)
System-wide Support services:							
Support and development	261,944	-	35,437	-	(226,507)	-	(226,507)
Special population support	258,647	-	179,214	-	(79,433)	-	(79,433)
Alternative programs	122,822	-	98,776	-	(24,046)	-	(24,046)
Technology support	264,430	-	194,632	-	(69,798)	-	(69,798)
Operational support	4,644,517	975	2,764,650	173,772	(1,705,120)	-	(1,705,120)
Financial and human resource services	706,274	-	390,551	-	(315,723)	-	(315,723)
Accountability	386,091	-	-	-	(386,091)	-	(386,091)
System-wide pupil support services	2,361	-	-	-	(2,361)	-	(2,361)
Policy, leadership and public relations	349,573	-	170,892	-	(178,681)	-	(178,681)
Ancillary services	36,619	-	25,356	-	(11,263)	-	(11,263)
Non-programmed charges	97,740	-	-	-	(97,740)	-	(97,740)
Unallocated depreciation expense**	91,117	-	-	-	(91,117)	-	(91,117)
Total governmental activities	34,499,516	29,083	24,556,994	173,772	(9,739,667)	-	(9,739,667)
Business-type activities:							
School food service	1,875,628	489,108	1,352,011	-	-	(34,509)	(34,509)
Total primary government	\$ 36,375,144	\$ 518,191	\$ 25,909,005	\$ 173,772	(9,739,667)	(34,509)	(9,774,176)
General revenues:							
Unrestricted county appropriations - operating					5,047,012	-	5,047,012
Unrestricted county appropriations - capital					649,607	-	649,607
Unrestricted State appropriations - operating					46,983	-	46,983
Investment earnings, unrestricted					41,984	3,147	45,131
Miscellaneous, unrestricted					3,506,673	-	3,506,673
Transfers					(88,442)	88,442	-
Total general revenues					9,203,817	91,589	9,295,406
Change in net position					(535,850)	57,080	(478,770)
Net position-beginning					(18,978,692)	(1,224,266)	(20,202,958)
Net position-ending					\$ (19,514,542)	\$ (1,167,186)	\$ (20,681,728)

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

ASHE COUNTY SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019

Exhibit 3

	Major Funds				Non-major Fund	Total Governmental Funds	
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants Fund		Other Special Revenue Fund
ASSETS							
Cash and cash equivalents	\$ 2,665,660	\$ -	\$ 434,696	\$ 1,508,914	\$ -	\$ 324,246	\$ 4,933,516
Receivables (net)	8,911	-	-	-	-	-	8,911
Due from other governments	4,599	-	-	-	-	137,383	141,982
Due from other funds	-	-	141,603	-	-	-	141,603
Total assets	<u>\$ 2,679,170</u>	<u>\$ -</u>	<u>\$ 576,299</u>	<u>\$ 1,508,914</u>	<u>\$ -</u>	<u>\$ 461,629</u>	<u>\$ 5,226,012</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 173,496	\$ -	\$ -	\$ -	\$ -	\$ 56	\$ 173,552
Due to other funds	140,739	-	-	-	-	864	141,603
Total liabilities	<u>314,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>920</u>	<u>315,155</u>
Fund balances:							
Restricted							
Stabilization by State statute	13,510	-	-	-	-	137,383	150,893
School capital outlay	-	-	-	1,508,914	-	-	1,508,914
Individual schools	-	-	576,299	-	-	-	576,299
Assigned:							
Subsequent year's expenditures	1,499,212	-	-	-	-	-	1,499,212
Special revenues	-	-	-	-	-	323,326	323,326
Unassigned:							
Total fund balances	<u>2,364,935</u>	<u>-</u>	<u>576,299</u>	<u>1,508,914</u>	<u>-</u>	<u>460,709</u>	<u>4,910,857</u>
Total liabilities and fund balances	<u>\$ 2,679,170</u>	<u>\$ -</u>	<u>\$ 576,299</u>	<u>\$ 1,508,914</u>	<u>\$ -</u>	<u>\$ 461,629</u>	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Net OPEB asset	32,312
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	29,594,163
Deferred outflows of resources related to pensions	6,821,232
Deferred outflows of resources related to OPEB	2,129,528
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(2,705,970)
Net pension liability	(12,233,035)
Net OPEB liability	(30,740,077)
Deferred inflows of resources related to pensions	(298,875)
Deferred inflows of resources related to OPEB	(17,024,677)
Net position of governmental activities	<u>\$ (19,514,542)</u>

ASHE COUNTY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL
FUNDS
For the Year Ended June 30, 2019

Exhibit 4

	Major Funds				Non-major Fund		Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants Fund	Other Special Revenue Fund	
REVENUES							
State of North Carolina	\$ -	\$ 22,964,768	\$ -	\$ 173,772	\$ -	\$ 722,202	\$ 23,860,742
Ashe County	5,047,012	-	-	649,607	-	-	5,696,619
U.S. Government	-	-	-	-	2,053,195	442,533	2,495,728
Other	88,967	-	1,378,477	30,018	-	501,557	1,999,019
Total revenues	5,135,979	22,964,768	1,378,477	853,397	2,053,195	1,666,292	34,052,108
EXPENDITURES							
Current:							
Instructional services:							
Regular instructional	2,032,020	12,833,095	1,296,334	672,322	274,512	310,858	17,419,141
Special populations	42,251	2,575,746	-	-	505,053	491	3,123,541
Alternative programs	222	500,154	-	-	925,367	838,819	2,264,562
School Leadership	278,965	1,500,357	-	-	-	8,367	1,787,689
Co-curricular	173,902	-	-	-	-	22,701	196,603
School-based support	178,085	1,844,986	-	4,918	124,567	250,476	2,403,032
System-wide support services:							
Support and development	235,542	34,672	-	-	-	759	270,973
Special population support	21,407	53,995	-	-	66,914	124,228	266,544
Alternative programs	26,312	98,776	-	-	1,970	-	127,058
Technology support	78,920	194,632	-	-	-	-	273,552
Operational support	1,726,146	2,739,443	-	213,293	100,626	25,007	4,804,515
Financial and human resource services	340,068	329,578	-	-	-	60,490	730,136
Accountability	68,503	-	-	-	-	-	68,503
System-wide pupil support services	2,442	-	-	-	-	-	2,442
Policy, leadership and public relations	190,739	170,892	-	-	-	-	361,631
Ancillary services	12,526	-	-	-	-	25,356	37,882
Non-programmed charges	47,378	-	-	-	54,186	13,116	114,680
Capital outlay	-	-	-	103,200	-	-	103,200
Debt service - principal	-	-	-	173,772	-	-	173,772
Total expenditures	5,455,428	22,876,326	1,296,334	1,167,505	2,053,195	1,680,668	34,529,456
OTHER FINANCING SOURCES (USES)							
Transfers to other funds	-	(88,442)	-	-	-	-	(88,442)
Installment purchase obligations issued	-	-	-	177,992	-	-	177,992
Total other financing sources (uses)	-	(88,442)	-	177,992	-	-	89,550
Net change in fund balance	(319,449)	-	82,143	(136,116)	-	(14,376)	(387,798)
Fund balances-beginning	2,684,384	-	494,156	1,645,030	-	475,085	5,298,655
Fund balances-ending	\$ 2,364,935	\$ -	\$ 576,299	\$ 1,508,914	\$ -	\$ 460,709	\$ 4,910,857

ASHE COUNTY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

Exhibit 4
(Continued)

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

Net changes in fund balances - total governmental funds	\$ (387,798)
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 depreciation expense exceeded capital outlays.	(1,285,922)
Contributions to the OPEB plan in the current fiscal year are not included in the Statement of Activities.	1,199,064
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities.	2,298,985
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences.	(4,220)
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 governmental funds.	
Pension expense	(2,709,478)
Net OPEB expense	417,553
Compensated absences	(64,034)
	<hr/>
Total changes in net position of governmental activities	<u>\$ (535,850)</u>

ASHE COUNTY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR
SPECIAL REVENUE FUND
For the Year Ended June 30, 2019

Exhibit 5

	<u>General Fund</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Ashe County	5,047,008	5,047,008	5,047,012	4
U.S. Government	-	-	-	-
Other	50,000	50,000	88,967	38,967
Total revenues	<u>5,097,008</u>	<u>5,097,008</u>	<u>5,135,979</u>	<u>38,971</u>
Expenditures:				
Current:				
Instructional services	3,188,712	2,888,712	2,705,445	183,267
System-wide support services	3,329,164	2,979,164	2,690,079	289,085
Ancillary services	17,600	17,600	12,526	5,074
Non-programmed charges	41,000	49,000	47,378	1,622
Total expenditures	<u>6,576,476</u>	<u>5,934,476</u>	<u>5,455,428</u>	<u>479,048</u>
Revenues over (under) expenditures	(1,479,468)	(837,468)	(319,449)	518,019
Other financing uses:				
Transfer to other funds	-	-	-	-
Revenues over (under) expenditures and other uses	(1,479,468)	(837,468)	(319,449)	518,019
Appropriated fund balance	<u>1,479,468</u>	<u>837,468</u>	<u>-</u>	<u>(837,468)</u>
Revenues and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>(319,449)</u>	<u>\$ (319,449)</u>
Fund balances, beginning of year			<u>2,684,384</u>	
Fund balances, end of year			<u>\$ 2,364,935</u>	

ASHE COUNTY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL
REVENUE FUND
For the Year Ended June 30, 2019

Exhibit 5
(Continued)

	State Public School Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
State of North Carolina	\$ 22,737,504	\$ 23,337,504	\$ 22,964,768	\$ (372,736)
Ashe County	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	<u>22,737,504</u>	<u>23,337,504</u>	<u>22,964,768</u>	<u>(372,736)</u>
Expenditures:				
Current:				
Instructional services	19,533,117	19,533,117	19,254,338	278,779
System-wide support services	3,115,787	3,715,787	3,621,988	93,799
Ancillary services	-	-	-	-
Non-programmed charges	-	-	-	-
Total expenditures	<u>22,648,904</u>	<u>23,248,904</u>	<u>22,876,326</u>	<u>372,578</u>
Revenues over (under) expenditures	88,600	88,600	88,442	(158)
Other financing uses:				
Transfer to other funds	<u>(88,600)</u>	<u>(88,600)</u>	<u>(88,442)</u>	<u>158</u>
Revenues over (under) expenditures and other uses	-	-	-	-
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning of year			<u>-</u>	
Fund balances, end of year			<u>\$ -</u>	

**ASHE COUNTY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR
SPECIAL REVENUE FUND
For the Year Ended June 30, 2019**

**Exhibit 5
(Continued)**

	Federal Grants Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Ashe County	-	-	-	-
U.S. Government	2,196,771	2,196,771	2,053,195	(143,576)
Other	-	-	-	-
Total revenues	<u>2,196,771</u>	<u>2,196,771</u>	<u>2,053,195</u>	<u>(143,576)</u>
Expenditures:				
Current:				
Instructional services	1,943,164	1,943,164	1,829,499	113,665
System-wide support services	189,069	189,069	169,510	19,559
Ancillary services	-	-	-	-
Non-programmed charges	64,538	64,538	54,186	10,352
Total expenditures	<u>2,196,771</u>	<u>2,196,771</u>	<u>2,053,195</u>	<u>143,576</u>
Revenues over (under) expenditures	-	-	-	-
Other financing uses:				
Transfer to other funds	-	-	-	-
Revenues over (under) expenditures and other uses	-	-	-	-
Appropriated fund balance	-	-	-	-
Revenues and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning of year			-	
Fund balances, end of year			<u>\$ -</u>	

ASHE COUNTY SCHOOLS
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2019

Exhibit 6

	<u>Major Fund</u>
	<u>School Food Service</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 558,728
Due from other governments	17,747
Accounts receivable	5,841
OPEB asset	1,123
Inventories	93,938
Total current assets	<u>677,377</u>
Noncurrent assets:	
Capital assets, net	<u>83,186</u>
Total assets	<u>760,563</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>311,068</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	6
Unearned revenues	19,125
Compensated absences	57,817
Total current liabilities	<u>76,948</u>
Noncurrent liabilities:	
Net pension liability	425,137
Net OPEB liability	1,068,317
Compensated absences	66,366
Total liabilities	<u>1,636,768</u>
DEFERRED INFLOWS OF RESOURCES	<u>602,049</u>
NET POSITION	
Net investment in capital assets	83,186
DIPNC OPEB plan	1,123
Unrestricted	(1,251,495)
Total net position	<u>\$ (1,167,186)</u>

ASHE COUNTY SCHOOLS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUND
For the Year Ended June 30, 2019

Exhibit 7

	<u>Major Fund</u>
	<u>School Food Service</u>
OPERATING REVENUES	
Food sales	\$ 489,108
OPERATING EXPENSES	
Purchase of food	688,480
Salaries and benefits	1,001,155
Indirect costs	126,252
Materials and supplies	10,280
Repairs and maintenance	11,875
Contracted services	6,040
Depreciation	23,472
Other	8,074
Total operating expenses	<u>1,875,628</u>
Operating loss	<u>(1,386,520)</u>
NONOPERATING REVENUES	
Federal reimbursements	1,166,290
Federal commodities	102,827
State reimbursements	6,642
Interest earned	3,147
Indirect costs not paid	76,252
Total nonoperating revenues	<u>1,355,158</u>
Income (loss) before transfer from other fund	(31,362)
Transfer from other fund	<u>88,442</u>
Change in net position	57,080
Total net position - beginning	<u>(1,224,266)</u>
Total net position - ending	<u>\$ (1,167,186)</u>

ASHE COUNTY SCHOOLS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2019

Exhibit 8

	<u>Major Fund</u>
	<u>School Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 489,852
Cash paid for goods and services	(664,024)
Cash paid to employees for services	(1,103,190)
Net cash used by operating activities	<u>(1,277,362)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal reimbursements	1,174,041
State reimbursements	6,642
Net cash provided by noncapital financing activities	<u>1,180,683</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>3,147</u>
Net increase (decrease) in cash and cash equivalents	(93,532)
Balance-beginning of the year	<u>652,260</u>
Balance-end of the year	<u>\$ 558,728</u>

ASHE COUNTY SCHOOLS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2019

Exhibit 8

	<u>Major Fund</u>
	<u>School Food Service</u>
Reconciliation of operating loss to net cash used by operating activities	
Operating loss	\$ (1,386,520)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	23,472
Donated commodities consumed	102,827
Indirect costs not paid	76,252
Salaries paid by the State Public School Fund	88,442
Changes in assets, deferred outflows of resources, and liabilities:	
(Increase) decrease in accounts receivable	(1,744)
(Increase) decrease in net OPEB asset	1,323
(Increase) decrease in inventories	9,078
Increase (decrease) in accounts payable and accrued liabilities	(1,180)
(Increase) decrease in deferred outflows	(43,797)
Increase (decrease) in net pension liability	62,261
Increase (decrease) in net OPEB liability	(293,484)
Increase (decrease) in deferred inflows	108,743
Increase (decrease) in unearned revenues	2,488
Increase (decrease) in compensated absences	(25,523)
	<u>109,158</u>
Total adjustments	<u>109,158</u>
Net cash used by operating activities	<u>\$ (1,277,362)</u>

Noncash investing, capital, and financing activities:

Indirect costs of \$76,252 that would be due to the Other Special Revenue Fund were not paid. These unpaid costs are reflected as a nonoperating revenue and an operating expense on Exhibit 7 and D-1.

The School Food Service Fund received donated commodities with a value of \$102,827 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue.

The State Public School Fund contributed \$88,442 to the School Food Service Fund during the fiscal year to provide assistance with the payment of administrative wages. This payment is reflected as a transfer in and an operating expense on Exhibit 7.

ASHE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Ashe County Board of Education conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting Entity

The Ashe County Board of Education (Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Ashe County, 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. 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 fund. 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 and enterprise funds are aggregated and reported as nonmajor funds. The fiduciary fund is 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. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

ASHE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

The Board reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are accounted for in another fund.

State Public School Fund. The State Public School Fund includes appropriations from the Department of Public Instruction for the current operating expenditures of the public school system.

Federal Grants Fund. The Federal Grants Fund includes appropriations from the U.S. Government for the current operating expenditures of the public school system.

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 fund raising activities. The primary expenditures are for athletic teams, club programs, activity buses, and instructional needs. The Board has chosen to report the Individual Schools Fund as a major fund to more clearly reflect the operations of each individual fund.

Capital Outlay Fund. The Capital Outlay Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds). It is mandated by State law [G.S.115C-426]. Capital projects are funded by Ashe County appropriations, restricted sales tax moneys, proceeds of Ashe County bonds issued for public school construction, lottery proceeds, as well as certain State assistance.

The Board reports the following major enterprise fund:

School Food Service Fund. The School Food Service Fund is used to account for the food service program within the school system.

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 60 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 claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

ASHE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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.

All governmental and business-type activities and enterprise funds of the Board follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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 special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations 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 moneys (up to \$100,000) from one function to another within a fund. Such transfers do not require approval from the governing board. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$100,000. All amendments must be approved by the governing board. During the year, several amendments to the original budget 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 Fund Equity

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. It 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.

ASHE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

The Board's investments are reported at amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits and the NCCMT are measured at amortized cost, which is the NCCMT's share price. Ownership interest in the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. All investments are measured using the market approach. The STIF is classified as Level 2 in the fair value hierarchy and is valued using prices that are either directly or indirectly observable for an asset or liability. 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.

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.

Capital Assets

The Board's capital assets are recorded at original cost. Donated assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. In addition, other items that are purchased and used in large quantities, such as student desks, are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	50
Improvements	20
Equipment and furniture	10
Buses	10
Vehicles	5
Computer equipment	3

ASHE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Board has two items that meet this criterion - a pension related deferral and contributions made to the pension plan in the current fiscal year. The statement of financial position also reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has several items that meet this criterion - unearned grant revenue in the General Fund and pension related deferrals.

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. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board’s liability for accumulated earned vacation and the salary-related payments as of June 30, 2019 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years’ records, of the current portion of compensated absences.

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

Net position in the government-wide and proprietary fund financial statements are classified as net 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.

**ASHE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

Fund Balances

In the governmental fund financial statements, fund balance is composed of three 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:

Restricted fund balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute [G.S. 115C-425(a)].

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 – portion of fund balance that the Board of Education intends to use for specific purposes.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted. The Board of Education approves the appropriation.

Special revenues – portion of fund balance that represents the residual amount of revenues from certain grants, reimbursements, indirect costs and other financial resources in excess of related expenditures that the Board of Education has assigned to be expended for educational services. This amount can be expended on instructional services, system-wide support services, ancillary services or non-programmed charges.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the that fund.

The Board of Education has a management policy for revenue spending that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, and lastly 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 of Education.

ASHE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(24,425,399) consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 58,517,967
Less Accumulated Depreciation	<u>(28,923,804)</u>
Net capital position	29,594,163
Net OPEB Asset	32,312
Pension related deferred outflows of resources	6,821,232
OPEB related deferred outflows of resources	2,129,528
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Net pension liability	(12,233,035)
Net OPEB liability	(30,740,077)
Compensated absences	(2,507,276)
Installment purchases	(198,694)
Deferred inflows of resources related to pensions	(298,875)
Deferred inflows of resources related to OPEB	<u>(17,024,677)</u>
Total adjustment	<u>\$ (24,425,399)</u>

**ASHE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(148,052) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 262,894
Depreciation expenses, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(1,548,816)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	2,298,985
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	1,199,064
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Pension expense	(2,709,478)
OPEB expense	417,553
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(64,034)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.	<u>(4,220)</u>
Total adjustment	<u>\$ (148,052)</u>

Defined Benefit Pension Plan and OPEB Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' and State Employees' Retirement System (TSERS), the Retiree Health Benefit Fund (RHBF), and the Disability Income Plan of NC (DIPNC) and additions to/deductions from TSERS, RHBF, and DIPNC's fiduciary net position have been determined on the same basis as they are reported by TSERS, RHBF, and DIPNC. For this purpose, plan member contributions are recognized in the period in which

**ASHE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

the contributions are due. The Board's employer contributions are recognized when due and the Board has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of TSERS, RHBF, and DIPNC. Investments are reported at fair value.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Material Violations of Finance-Related Legal and Contractual Provisions

None.

Excess of Expenditures Over Appropriations

None

Deficits in Fund Balance or Net Position of Individual Funds

None

NOTE 3 – DETAIL NOTES ON ALL FUNDS

Assets

Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's agents in the unit's name. 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, 2019, the Board had deposits with banks and savings and loans with a carrying amount of \$1,667,301 and with the State Treasurer of \$-0-. The bank balances with the financial institutions and the State Treasurer were \$2,161,691 and \$203,732, respectively. Of these balances, \$708,524 was

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covered by federal depository insurance and \$1,656,899 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

Investments

At June 30, 2019, the Board of Education had \$3,824,943 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, 2019. The Board has no policy for managing interest rate risk or credit risk.

Accounts Receivable

Receivables at the government-wide level at June 30, 2019 were as follows:

	Due from (to) other funds (Internal Balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ (140,739)	\$ 4,599	\$ 8,911	\$ (127,229)
Other governmental activities	<u>140,739</u>	<u>137,383</u>	<u>-</u>	<u>278,122</u>
Total governmental activities	<u>\$ -</u>	<u>\$ 141,982</u>	<u>\$ 8,911</u>	<u>\$ 150,893</u>
Business-type activities:				
School Food Service Fund	<u>\$ -</u>	<u>\$ 17,747</u>	<u>\$ 5,841</u>	<u>\$ 23,588</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 4,599	Ashe County funds
Other Special Revenue Fund	137,383	Ashe County, State and Federal funds
Total	<u>\$ 141,982</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 17,747</u>	Federal funds

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Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,059,053	\$ -	\$ -	\$ 1,059,053
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>1,059,053</u>	<u>-</u>	<u>-</u>	<u>1,059,053</u>
Capital assets being depreciated:				
Buildings and improvements	48,893,994	-	-	48,893,994
Equipment and furniture	2,021,004	36,536	15,063	2,042,477
Vehicles	<u>6,351,917</u>	<u>226,358</u>	<u>55,832</u>	<u>6,522,443</u>
Total capital assets being depreciated	<u>57,266,915</u>	<u>262,894</u>	<u>70,895</u>	<u>57,458,914</u>
Less accumulated depreciation for:				
Buildings and improvements	20,796,179	1,137,826	-	21,934,005
Equipment and furniture	1,619,563	91,117	15,063	1,695,617
Vehicles	<u>5,030,141</u>	<u>319,873</u>	<u>55,832</u>	<u>5,294,182</u>
Total accumulated depreciation	<u>27,445,883</u>	<u>1,548,816</u>	<u>70,895</u>	<u>28,923,804</u>
Total capital assets being depreciated, net	<u>29,821,032</u>			<u>28,535,110</u>
Governmental activity capital assets, net	<u>\$ 30,880,085</u>			<u>\$ 29,594,163</u>

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	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Furniture and office equipment	\$ 1,768,053	\$ -	\$ 20,400	\$ 1,747,653
Less accumulated depreciation for:				
Furniture and office equipment	<u>1,661,395</u>	<u>23,472</u>	<u>20,400</u>	<u>1,664,467</u>
School Food Service capital assets, net	<u>\$ 106,658</u>			<u>\$ 83,186</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 91,117
Instructional services	1,137,826
System-wide support services	<u>319,873</u>
Total	<u>\$ 1,548,816</u>

Liabilities

Pension Plan Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. The Board is a participating employer in the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the employees of Local Education Agencies and charter schools. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Teachers' and State Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General

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employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2019, was 12.29% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$2,378,882 for the year ended June 30, 2019.

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

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

At June 30, 2019, the Board reported a liability of \$12,658,172 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2018 and at June 30, 2017, the Board's proportion was .13%.

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For the year ended June 30, 2019, the Board recognized pension expense of \$2,791,223. At June 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 923,802	\$ 127,033
Changes of assumptions	2,540,169	-
Net difference between projected and actual earnings on pension plan investments	1,206,326	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	9,113	182,229
Board contributions subsequent to the measurement date	<u>2,378,882</u>	<u>-</u>
Total	<u>\$ 7,058,292</u>	<u>\$ 309,262</u>

\$2,378,882 reported as deferred outflows of resources related to pensions resulting from the Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 2,597,639
2021	1,602,520
2022	192,141
2023	(22,152)
2024	--
Thereafter	<u>--</u>
Total	<u>\$ 4,370,148</u>

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Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

Inflation	3.0%
Salary increases	3.5% to 8.10%, including inflation and productivity factor
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
	<hr/>	
Total	<u>100.0%</u>	

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The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset, liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%, a decrease of .20% from the prior year discount rate of 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's proportionate share of the net pension asset to changes in the discount rate. The following presents the Board’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Board’s proportionate share of the net pension asset or net pension liability would be if calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Discounted</u> <u>Rate (7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
Board's proportionate share of the net pension liability (asset)	\$ 24,141,278	\$ 12,658,172	\$ 3,022,708

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Other Post-employment Benefits

Healthcare Benefits

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

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

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supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

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

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

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's noncontributory premium.

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

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their

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applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees’ health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.27% of covered payroll which amounted to \$1,213,636.

At June 30, 2019, Board reported a liability of \$31,808,394 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. The total OPEB liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Board’s proportion of the net OPEB liability was based on a projection of the Board’s present value of future salary, actuarially determined. At June 30, 2018 and at June 30, 2017, the Boards proportion was .11% and .12%, respectively.

\$1,213,636 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2020	\$	(3,815,115)
2021		(3,815,116)
2022		(3,815,116)
2023		(3,811,714)
2024		(1,490,233)
Thereafter		--
	Total	<u>\$ (16,747,294)</u>

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

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

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Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.87%, an increase of .29% over the prior year discount rate of 3.58%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.87% was used as the discount rate used to measure the total OPEB liability. The 3.87% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2018.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage point higher (4.87 percent) than the current discount rate:

	<u>1% Decrease (2.87%)</u>	<u>Discounted Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Net OPEB liability	\$ 37,580,361	\$ 31,808,394	\$ 27,179,138

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

	Healthcare Trend Rates		
	<u>1% Decrease (Medical - 5.50%, Pharmacy - 6.25%, Administrative - 2.00%)</u>	<u>(Medical - 6.50%, Pharmacy - 7.25%, Administrative - 3.00%)</u>	<u>1% Increase (Medical - 7.50%, Pharmacy - 8.25%, Administrative - 4.00%)</u>
Net OPEB liability	\$ 26,239,996	\$ 31,808,394	\$ 39,115,523

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

Disability Benefits

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

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

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

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

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2019, employers made a statutory contribution of 0.14% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$27,099 for the year ended June 30, 2019.

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

At June 30, 2019, Board reported an OPEB asset of \$33,435 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017. The total OPEB asset was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net

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OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2018 and at June 30, 2017, the Boards proportion was .11% and .12%, respectively.

\$27,099 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2020	\$	23,341
2021		23,338
2022		16,405
2023		12,723
2024		8,976
Thereafter		<u>8,973</u>
Total		<u>\$ 93,756</u>

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

Inflation	3.00%
Salary increases	3.5% to 8.10%, including a 3.5% inflation and productivity factor
Investment rate of return	3.75%, net of OPEB plan investment expense, including inflation

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

	<u>1% Decrease (2.75%)</u>	<u>Discounted Rate (3.75%)</u>	<u>1% Increase (4.75%)</u>
Net OPEB asset	\$ 25,619	\$ 33,435	\$ 40,933

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2017 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, general, law enforcement officer), and health status (i.e. disabled and healthy). The current mortality

**ASHE COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019**

rates are based on published tables and based on studies that cover significant portions of the U.S. population. The mortality rates also contain a provision to reflect future mortality improvements.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Opportunistic Fixed Income	7.0%	6.0%
Inflation Sensitive	6.0%	4.0%
	<hr/>	
Total	<u>100.0%</u>	

**ASHE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

Total OPEB Expense, OPEB Liabilities, and Deferred Outflows and Inflows of Resources of Related to OPEB

Following is information related to the proportionate share and pension expense:

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB expense	\$ (545,819)	\$ 3,135	\$ (542,684)
OPEB liability (asset)	31,808,394	(33,435)	31,774,959
Proportionate share of the net OPEB liability (asset)	0.112%	0.110%	
Deferred of Outflows of Resources			
Differences between expected and actual experience	-	58,324	58,324
Changes of assumptions	-	6,314	6,314
Net difference between projected and actual earnings on plan investments	3,421	26,039	29,460
Changes in proportion and differences between Board contributions and proportionate share of contributions	865,624	3,079	868,703
Board contributions subsequent to the measurement date	1,213,636	27,099	1,240,735
Deferred of Inflows of Resources			
Differences between expected and actual experience	2,175,198	-	2,175,198
Changes of assumptions	13,780,131	-	13,780,131
Net difference between projected and actual earnings on plan investments	1,661,010	-	1,661,010
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	-	-

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2019 are as follows:

Governmental Activities:	
General	\$ 173,496
Other Governmental	56
Total Governmental Activities	<u>\$ 173,552</u>
Business-types Activities	
School Food Service	<u>\$ 6</u>

**ASHE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

Unearned Revenues

The balance in unearned revenues at year-end is composed of the following elements:

	<u>Unearned Revenues</u>
Student deposits for meals (School Food Service)	<u>\$ 19,125</u>

Deferred Inflows of resources

The balance in deferred inflows of resources at year-end is composed of the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in proportion and difference between employer contributions and proportionate share of contributions	\$ 877,816	\$ 1,843,239
Changes of assumptions	2,546,483	13,780,131
Difference between projected and actual earnings on plan investments	1,235,786	-
Employer contributions subsequent to the measurement date	3,619,617	-
Difference between expected and actual experience	<u>982,126</u>	<u>2,302,231</u>
Totals	<u>\$ 9,261,828</u>	<u>\$ 17,925,601</u>

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 State of North Carolina provides workers' compensation coverage for employees to the extent they are paid from State funds. The Board purchases workers' compensation coverage for locally and federally funded employees from Key Risk Insurance Company. The Board purchases General Liability from the North Carolina School Board Trust with a \$2,550,000 General Aggregate Limit, the Board's Errors and Omissions is \$850,000 per occurrence and \$2,550,000 Aggregate Annual Limit.

The Board insures its tangible property with the NC Public School Insurance Fund. The fund provides coverage for \$10,000,000. The Board purchases automobile liability insurance from Montgomery Insurance and has a \$1,000,000 limit. The Board participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-fund risk financing pool of the State administered by Blue

**ASHE COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019**

Cross and Blue Shield of North Carolina. The Board pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's moneys at any given time are performance bonded through an employee dishonesty blanket bond for \$25,000. The finance officer is bonded for \$250,000.

The Board carries commercial coverage for all other risks of loss. 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.

Direct Placement Installment Purchases

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot moneys for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through third party direct placement financing arrangements. As of June 30, 2019, the Board has entered into such contracts for the purchase of school buses. The terms of the financing contracts require annual payments from \$21,483 to \$66,747.

The future minimum payments of the installment purchases as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities Principal</u>
2020	\$ 87,839
2021	66,357
2022	44,498
Totals	<u>\$ 198,694</u>

**ASHE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the year ended June 30, 2019:

	<u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2019</u>	<u>Current Portion</u>
Governmental activities:					
Direct Placement:					
Installment purchases	\$ 194,474	\$ 177,992	\$ 173,772	\$ 198,694	\$ 87,839
Net pension liability	9,782,100	2,450,935	-	12,233,035	-
Net OPEB liability	36,710,296	-	5,970,219	30,740,077	
Compensated absences	<u>2,443,242</u>	<u>1,769,020</u>	<u>1,704,986</u>	<u>2,507,276</u>	<u>1,014,863</u>
Total governmental activities	<u>\$ 49,130,112</u>	<u>\$ 4,397,947</u>	<u>\$ 7,848,977</u>	<u>\$ 45,679,082</u>	<u>\$ 1,102,702</u>
Business-type activities:					
Net pension liability	\$ 362,876	\$ 62,261	\$ -	\$ 425,137	\$ -
Net OPEB liability	1,361,801	-	293,484	1,068,317	
Compensated absences	<u>149,706</u>	<u>82,663</u>	<u>108,186</u>	<u>124,183</u>	<u>57,817</u>
Total business-type activities	<u>\$ 1,874,383</u>	<u>\$ 144,924</u>	<u>\$ 401,670</u>	<u>\$ 1,617,637</u>	<u>\$ 57,817</u>

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

Transfers to/from other Funds

During the year ended June 30, 2019, the State Public School Fund transferred \$88,442 to the School Food Service Fund to pay for administrative costs.

Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation.

Total fund balance - General Fund	\$ 2,364,935
Less:	
Stabilization by State statute	(13,510)
Appropriated Fund Balance in 2020 budget	<u>(1,499,212)</u>
Remaining fund balance	<u>\$ 852,213</u>

ASHE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 4 – SUMMARY DISCLOSURE OF SIGNIFICANT 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 moneys.

**ASHE COUNTY SCHOOLS
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
Last Six Fiscal Years***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Board's proportion of the net pension liability (asset)	0.127%	0.128%	0.131%	0.132%	0.130%
Board's proportionate share of the net pension liability (asset)	\$ 12,658,172	\$ 10,144,976	\$ 12,080,694	\$ 4,875,885	\$ 1,528,134
Board's covered payroll	\$ 18,469,912	\$ 18,243,711	\$ 17,876,769	\$ 17,864,326	\$ 17,081,593
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	68.53%	55.61%	67.58%	27.29%	8.95%
Plan fiduciary net position as a percentage of the total pension liability	87.61%	89.51%	87.32%	94.64%	98.24%

	<u>2014</u>
Board's proportion of the net pension liability (asset)	0.134%
Board's proportionate share of the net pension liability (asset)	\$ 8,110,881
Board's covered payroll	\$ 17,251,462
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	47.02%
Plan fiduciary net position as a percentage of the total pension liability	90.60%

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

This schedule is required supplementary information.

**ASHE COUNTY SCHOOLS
SCHEDULE OF BOARD CONTRIBUTIONS
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
Last Six Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,378,882	\$ 1,991,057	\$ 1,820,722	\$ 1,635,724	\$ 1,634,586
Contributions in relation to the contractually required contribution	<u>2,378,882</u>	<u>1,991,057</u>	<u>1,820,722</u>	<u>1,635,724</u>	<u>1,634,586</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 19,356,241	\$ 18,469,912	\$ 18,243,711	\$ 17,876,769	\$ 17,864,326
Contributions as a percentage of covered-employee payroll	12.29%	10.78%	9.98%	9.15%	9.15%

	<u>2014</u>
Contractually required contribution	\$ 1,484,390
Contributions in relation to the contractually required contribution	<u>1,484,390</u>
Contribution deficiency (excess)	<u>\$ -</u>
Board's covered payroll	\$ 17,081,593
Contributions as a percentage of covered-employee payroll	8.69%

This schedule is required supplementary information.

**ASHE COUNTY SCHOOLS
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH BENEFIT FUND
Last Two Fiscal Years***

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability (asset)	0.112%	0.116%	0.113%
Board's proportionate share of the net OPEB liability (asset)	\$ 31,808,394	\$ 38,072,097	\$ 49,174,198
Board's covered payroll	\$ 18,469,912	\$ 18,243,711	\$ 17,876,769
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	172.22%	208.69%	275.07%
Plan fiduciary net position as a percentage of the total OPEB liability	4.40%	3.52%	2.41%

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

This schedule is required supplementary information.

**ASHE COUNTY SCHOOLS
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
Last Ten Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,213,636	\$ 1,117,430	\$ 1,059,191	\$ 1,000,726	\$ 980,394
Contributions in relation to the contractually required contribution	1,213,636	1,117,430	1,059,191	1,000,726	980,394
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 19,356,241	\$ 18,469,912	\$ 18,243,711	\$ 17,876,769	\$ 17,864,326
Contributions as a percentage of covered-employee payroll	6.27%	6.05%	5.81%	5.60%	5.49%

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 922,958	\$ 910,867	\$ 863,728	\$ 872,580	\$ 846,011
Contributions in relation to the contractually required contribution	922,958	910,867	863,728	872,580	846,011
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 17,081,593	\$ 17,186,170	\$ 17,274,560	\$ 17,807,755	\$ 18,800,244
Contributions as a percentage of covered-employee payroll	5.40%	5.30%	5.00%	4.90%	4.50%

This schedule is required supplementary information.

**ASHE COUNTY SCHOOLS
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB ASSET
DISABILITY INCOME PLAN OF NORTH CAROLINA
Last Two Fiscal Years***

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB asset	0.110%	0.112%	0.116%
Board's proportionate share of the net OPEB asset	\$ 33,435	\$ 68,381	\$ 72,303
Board's covered payroll	\$ 18,469,912	\$ 18,243,711	\$ 17,864,326
Board's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	0.18%	0.37%	0.40%
Plan fiduciary net position as a percentage of the total OPEB asset	108.47%	116.23%	116.06%

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

This schedule is required supplementary information.

**ASHE COUNTY SCHOOLS
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
Last Ten Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 27,099	\$ 25,858	\$ 69,276	\$ 73,121	\$ 73,217
Contributions in relation to the contractually required contribution	<u>27,099</u>	<u>25,858</u>	<u>69,276</u>	<u>73,121</u>	<u>73,217</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 19,356,241	\$ 18,469,912	\$ 18,243,711	\$ 17,876,769	\$ 17,864,326
Contributions as a percentage of covered-employee payroll	0.14%	0.14%	0.38%	0.41%	0.41%

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 74,878	\$ 75,619	\$ 89,928	\$ 92,600	\$ 97,761
Contributions in relation to the contractually required contribution	<u>74,878</u>	<u>75,619</u>	<u>89,928</u>	<u>92,600</u>	<u>97,761</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 17,081,593	\$ 17,186,170	\$ 17,274,560	\$ 17,807,755	\$ 18,800,244
Contributions as a percentage of covered-employee payroll	0.44%	0.44%	0.52%	0.52%	0.52%

This schedule is required supplementary information.

**ASHE COUNTY SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2019**

Exhibit A-1

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ashe County:			
Appropriations from general revenues	\$ 5,047,008	\$ 5,047,012	\$ 4
Other :			
Fines and forfeitures		46,983	
Interest earned on investments		41,984	
Total	50,000	88,967	38,967
Total revenues	5,097,008	5,135,979	38,971
Expenditures:			
Instructional services:			
Regular instructional		2,032,020	
Special populations		42,251	
Alternative programs		222	
School Leadership		278,965	
Co-curricular		173,902	
School-based support		178,085	
Total instructional services	2,888,712	2,705,445	183,267
System-wide support services:			
Support and development		235,542	
Special population support		21,407	
Alternative programs and services support		26,312	
Technology support		78,920	
Operational support		1,726,146	
Financial and human resource services		340,068	
Accountability		68,503	
System-wide pupil support services		2,442	
Policy, leadership and public relations		190,739	
Total system-wide support services	2,979,164	2,690,079	289,085
Ancillary services	17,600	12,526	5,074
Non-programmed charges	49,000	47,378	1,622
Total expenditures	5,934,476	5,455,428	479,048

**ASHE COUNTY SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<i>Exhibit A-1 (Continued)</i> Variance Positive (Negative)
Revenues over (under) expenditures	(837,468)	(319,449)	518,019
Appropriated fund balance	<u>837,468</u>	<u>-</u>	<u>(837,468)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	(319,449)	<u>\$ (319,449)</u>
Fund balances:			
Beginning of year, July 1		<u>2,684,384</u>	
End of year, June 30		<u>\$ 2,364,935</u>	

**ASHE COUNTY SCHOOLS
CAPITAL OUTLAY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2019**

	Budget	Actual	Variance Positive (Negative)
Exhibit B-1			
Revenues:			
State of North Carolina:			
State appropriations - buses	\$ 414,860	\$ 173,772	\$ (241,088)
Ashe County:			
County appropriations - general	737,607	649,607	(88,000)
Other			
Interest earned on investments		25,157	
Miscellaneous		4,861	
	16,000	30,018	14,018
Total revenues	1,168,467	853,397	(315,070)
Expenditures:			
Current:			
Instructional services	758,142	677,240	80,902
System-wide support services	319,700	213,293	106,407
Capital Outlay	274,953	103,200	171,753
Debt service - principal	210,000	173,772	36,228
Total expenditures	1,562,795	1,167,505	395,290
Revenues over (under) expenditures	(394,328)	(314,108)	80,220
Other financing sources:			
Installment purchase obligations issued	-	177,992	177,992
Revenues and other financing sources over (under) expenditures	(394,328)	(136,116)	258,212
Appropriated fund balance	394,328	-	(394,328)
Revenues, other financing sources and appropriated fund balance over (under) expenditures	\$ -	(136,116)	\$ (136,116)
Fund balances:			
Beginning of year, July 1		1,645,030	
End of year, June 30		\$ 1,508,914	

**ASHE COUNTY SCHOOLS
OTHER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2019**

Exhibit C-1

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
State of North Carolina:			
NC Pre-Kindergarten Program		\$ 658,260	
Other		63,942	
Total State of North Carolina	<u>\$ 781,229</u>	<u>722,202</u>	<u>\$ (59,027)</u>
U.S. Government:			
Maternal and Child Health Services Block Grant		5,000	
Child Care and Development Block Grant		14,300	
Gear Up NC Grant		256,797	
JROTC		64,157	
Fund for the Improvement of Education		102,279	
Total U.S. Government	<u>351,487</u>	<u>442,533</u>	<u>91,046</u>
Other:			
Indirect costs allocated		110,082	
Afterschool program		28,108	
Contributions and donations		48,494	
School nurse reimbursement		150,000	
Other reimbursements and refunds		39,519	
Sales and use tax refund		36,185	
Miscellaneous		89,169	
Total other	<u>679,440</u>	<u>501,557</u>	<u>(177,883)</u>
Total revenues	<u>1,812,156</u>	<u>1,666,292</u>	<u>(145,864)</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional		310,858	
Special populations		491	
Alternative programs		838,819	
School leadership		8,367	
Co-curricular		22,701	
School-based support		250,476	
Total instructional services	<u>1,503,984</u>	<u>1,431,712</u>	<u>72,272</u>

**ASHE COUNTY SCHOOLS
OTHER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2019**

**Exhibit C-1
(Continued)**

	Final Budget	Actual	Variance Positive (Negative)
Expenditures: (Continued)			
Current:			
System-wide support services:			
Support and development		759	
Special population support and development		124,228	
Operational support		25,007	
Financial and human resource services		60,490	
Total system-wide support services	<u>243,751</u>	<u>210,484</u>	<u>33,267</u>
Ancillary services:			
Community	<u>44,437</u>	<u>25,356</u>	<u>19,081</u>
Nonprogrammed charges	<u>19,984</u>	<u>13,116</u>	<u>6,868</u>
Total expenditures	<u>1,812,156</u>	<u>1,680,668</u>	<u>131,488</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>(14,376)</u>	<u>\$ (14,376)</u>
Fund balance:			
Beginning of year		<u>475,085</u>	
End of year		<u>\$ 460,709</u>	

**ASHE COUNTY SCHOOLS
SCHOOL FOOD SERVICE FUND
SCHEDULES OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP)
For the Year Ended June 30, 2019**

Exhibit D-1

	Budget	Actual	Variance Positive (Negative)
Operating revenues			
Food sales	\$ 480,082	\$ 489,108	\$ 9,026
Operating expenditures:			
Business support services	2,056,894	1,907,303	149,591
Capital outlay	165,000	-	165,000
Total expenditures	<u>2,221,894</u>	<u>1,907,303</u>	<u>314,591</u>
Operating loss	<u>(1,741,812)</u>	<u>(1,418,195)</u>	<u>323,617</u>
Nonoperating revenues:			
Federal reimbursements		1,166,290	
State reimbursements		6,642	
Federal commodities		102,827	
Interest earned		3,147	
	<u>1,402,603</u>	<u>1,278,906</u>	<u>(123,697)</u>
Other financing sources:			
Transfer from other fund	<u>-</u>	<u>88,442</u>	<u>88,442</u>
Revenues over (under) expenditures	(339,209)	(50,847)	288,362
Appropriated fund balance	<u>339,209</u>	<u>-</u>	<u>(339,209)</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(50,847)</u>	<u>\$ (50,847)</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(23,472)	
Indirect costs		(126,252)	
Indirect costs not paid		76,252	
(Increase) decrease in compensated absences		25,523	
Increase (decrease) in inventories		(9,078)	
Net pension liability		(62,261)	
Net OPEB liability		292,161	
Deferred outflows		43,797	
Deferred inflows		<u>(108,743)</u>	
Change in net position - full accrual		<u>\$ 57,080</u>	



Statistical Section

STATISTICAL SECTION (Unaudited)

The Statistical Section of the District's Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial outlook.

Sections

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and operations have changed over time.

Revenue Capacity

Since the District's local revenues are primarily provided by Ashe County, these schedules on the county's revenue sources are relevant to an understanding of Ashe County's most significant local revenue source, the property tax.

Debt Capacity

Since the District has no tax-levying or debt-issuing authority, the County of Ashe provides significant funding to the school system. Selected fiscal data from the County of Ashe has been included to help the reader better understand the school system and its financial operations.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. County information is included.

Operating Information

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

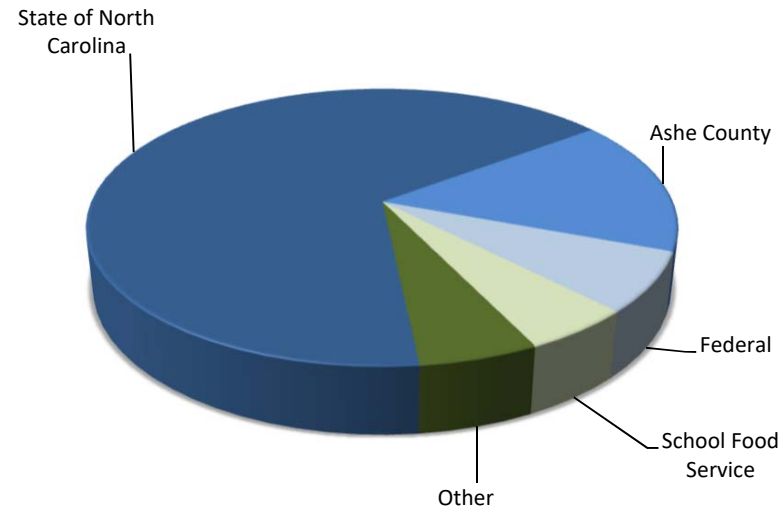


Challenging young minds to soar.

Financial Perspective

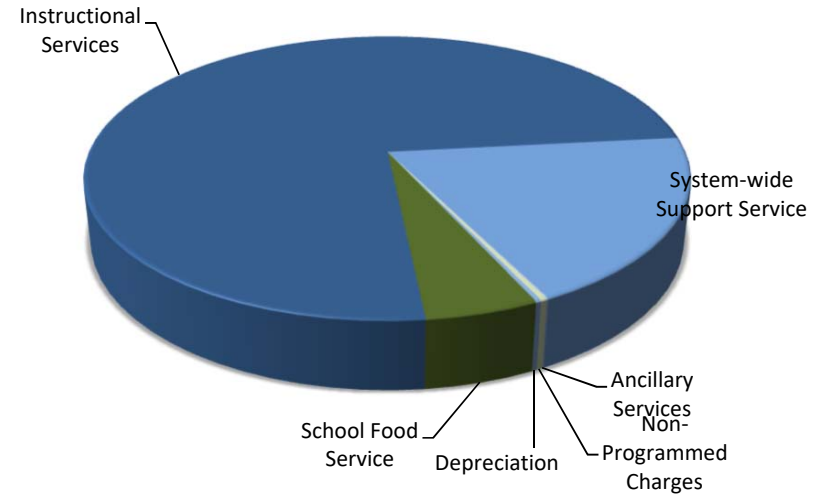
Governmental and Business-type Activities for Fiscal Year 2018-2019

Revenue Sources



State of North Carolina	\$ 23,860,742
Ashe County	5,696,619
Federal	2,495,728
School Food Service	1,844,266
Other	1,999,019
<hr/>	
Total	<u><u>\$ 35,896,374</u></u>

Expenses



Instructional Services	\$ 27,277,381
System-wide Support Service	6,996,659
Ancillary Services	36,619
Non-Programmed Charges	97,740
Depreciation	91,117
School Food Service	1,875,628
<hr/>	
Total	<u><u>\$ 36,375,144</u></u>

ASHE COUNTY SCHOOLS

Net Position by Component Last Ten Fiscal Years

Year Ended June 30	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Net investment in capital assets	\$ 37,126,576	\$ 36,732,603	\$ 36,501,020	\$ 36,374,258	\$ 35,476,348	\$ 34,154,557	\$ 32,767,773	\$ 31,983,993	\$ 30,685,611	\$ 29,395,469
Restricted	809,935	2,369,018	2,492,517	2,157,600	2,076,357	1,935,902	1,871,467	1,969,195	2,238,523	2,268,418
Unrestricted	2,361,430	1,183,799	1,938,134	1,203,643	946,754	(4,442,875)	(3,351,610)	(3,638,538)	(51,902,826)	(51,178,429)
	\$ 40,297,941	\$ 40,285,420	\$ 40,931,671	\$ 39,735,501	\$ 38,499,459	\$ 31,647,584	\$ 31,287,630	\$ 30,314,650	\$ (18,978,692)	\$ (19,514,542)
Business-type activities:										
Net investment in capital assets	\$ 412,706	\$ 316,362	\$ 295,011	\$ 232,267	\$ 236,801	\$ 177,640	\$ 119,704	\$ 94,571	\$ 106,658	\$ 83,186
Restricted	-	-	-	-	-	-	-	-	2,446	1,123
Unrestricted	428,138	614,181	731,751	870,950	905,586	688,659	680,154	586,640	(1,333,370)	(1,251,495)
	\$ 840,844	\$ 930,543	\$ 1,026,762	\$ 1,103,217	\$ 1,142,387	\$ 866,299	\$ 799,858	\$ 681,211	\$ (1,224,266)	\$ (1,167,186)
District-wide:										
Net investment in capital assets	\$ 37,539,282	\$ 37,048,965	\$ 36,796,031	\$ 36,606,525	\$ 35,713,149	\$ 34,332,197	\$ 32,887,477	\$ 32,078,564	\$ 30,792,269	\$ 29,478,655
Restricted	809,935	2,369,018	2,492,517	2,157,600	2,076,357	1,935,902	1,871,467	1,969,195	2,240,969	2,269,541
Unrestricted	2,789,568	1,797,980	2,669,885	2,074,593	1,852,340	(3,754,216)	(2,671,456)	(3,051,898)	(53,236,196)	(52,429,924)
	\$ 41,138,785	\$ 41,215,963	\$ 41,958,433	\$ 40,838,718	\$ 39,641,846	\$ 32,513,883	\$ 32,087,488	\$ 30,995,861	\$ (20,202,958)	\$ (20,681,728)

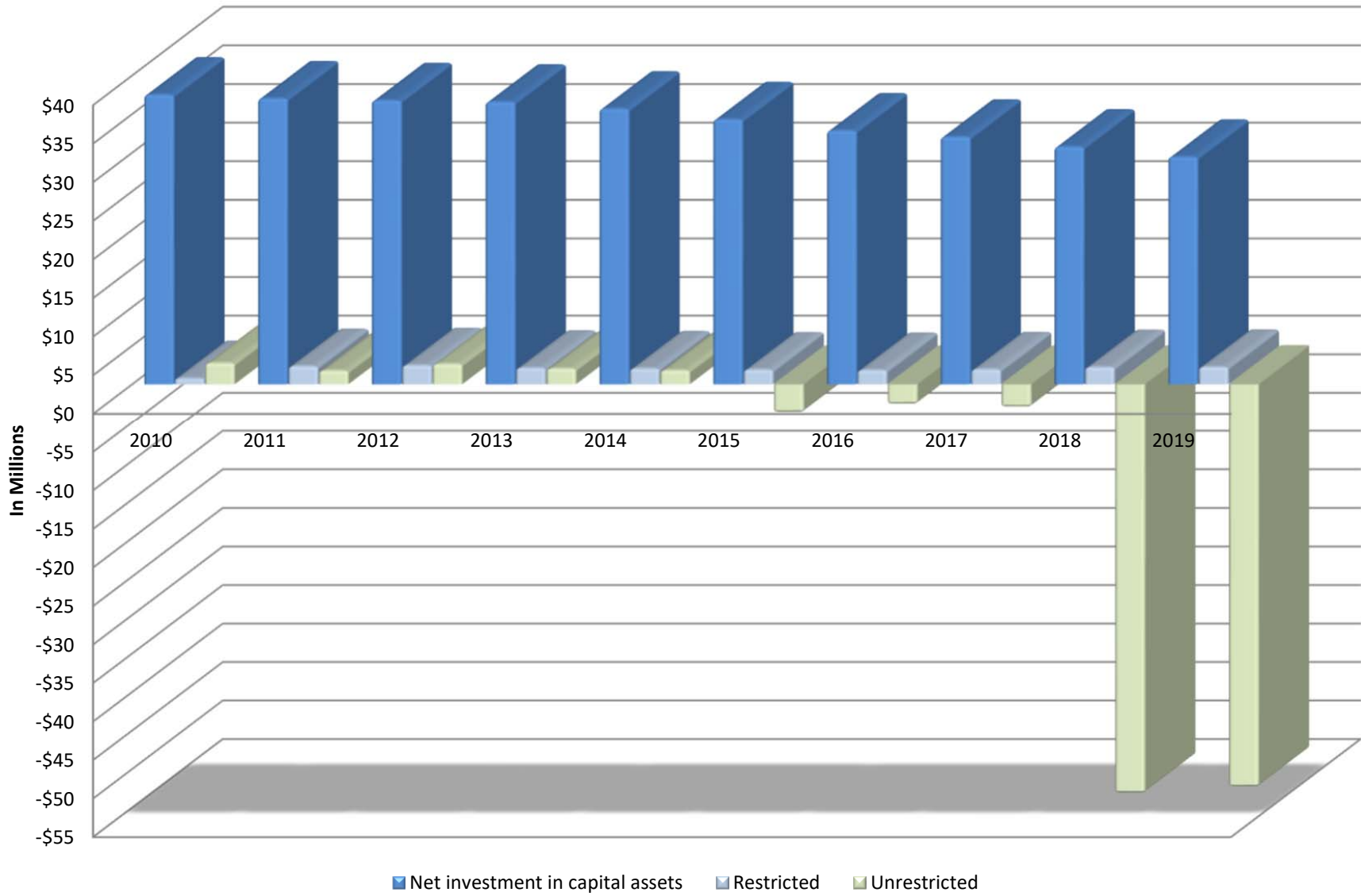
Source: Ashe County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2019

Note: Net position for 2014 and before is not comparable to 2015 (and after) fund balances due to the implementation of GASB 68 for the year ended June 30, 2015. The standard requires the Board to record its share of the net pension liability associated with the Board's participation in the statewide Teachers' and State Employees' Retirement System (TSERS).

Note: Ashe County Schools began to report net asset classification in accordance with GASB Statement 54 in 2011. GASB 54 has been applied retroactively, using the Board policies in place each year presented.

Note: Net position for 2017 and before is not comparable to 2018 (and after) net position due to the implementation of GASB 75 for the year ended June 30, 2018. The standard requires the Board to record its share of the Other Postemployment Benefit (OPEB) liability and asset associated with the Board's participation in the statewide Retiree Health Benefit Fund (RHBF) and the Disability Income Plan of North Carolina (DIPNC).

Net Position by Component District-wide



ASHE COUNTY SCHOOLS
Changes in Net Position
Last Ten Fiscal Years

Year Ended June 30	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental Activities:										
Instructional services	\$ 26,456,317	\$ 25,307,431	\$ 26,058,462	\$ 24,172,453	\$ 24,381,333	\$ 24,671,047	\$ 24,965,746	\$ 26,362,228	\$ 27,855,108	\$ 27,277,381
System-wide support services	4,847,969	5,387,696	4,768,706	7,312,699	6,727,259	6,608,559	6,426,719	6,727,070	7,086,621	6,996,659
Ancillary services	252,919	83,769	137,074	45,142	45,428	46,694	54,103	53,141	58,943	36,619
Non-programmed charges	77,221	144,495	70,946	62,713	63,121	70,434	103,029	100,746	86,868	97,740
Unallocated depreciation expense	78,446	90,109	85,459	120,704	138,258	119,118	101,012	98,712	96,170	91,117
Total governmental activities	31,712,872	31,013,500	31,120,647	31,713,711	31,355,399	31,515,852	31,650,609	33,341,897	35,183,710	34,499,516
Business-type activities:										
School food service	1,996,363	2,151,452	2,146,360	2,189,077	2,251,388	2,197,468	2,243,305	2,183,283	2,206,128	1,875,628
Total district-wide	\$ 33,709,235	\$ 33,164,952	\$ 33,267,007	\$ 33,902,788	\$ 33,606,787	\$ 33,713,320	\$ 33,893,914	\$ 35,525,180	\$ 37,389,838	\$ 36,375,144
Program Revenues:										
Governmental activities:										
Charges for services - tuition and fees	\$ 123,108	\$ 104,845	\$ 137,965	\$ 118,765	\$ 88,971	\$ 115,352	\$ 128,587	\$ 97,333	\$ 47,909	\$ 29,083
Operating grants and contributions	21,075,475	21,177,426	21,515,328	21,607,079	21,597,759	22,578,090	22,644,134	23,119,556	23,030,414	24,556,994
Capital grants and contributions	-	-	136,531	300,483	81,976	81,195	20,299	213,648	129,274	173,772
Total governmental activities program revenues	21,198,583	21,282,271	21,789,824	22,026,327	21,768,706	22,774,637	22,793,020	23,430,537	23,207,597	24,759,849
Business-type activities:										
Charges for services:										
Student meal services	829,022	763,436	730,483	722,223	627,632	589,888	547,212	515,620	514,854	489,108
Operating grants and contributions	1,224,496	1,421,450	1,431,888	1,470,152	1,586,388	1,489,644	1,555,276	1,467,978	1,418,705	1,352,011
Capital grants and contributions	29,347	-	22,044	-	-	-	-	-	-	-
Total business-type activities program revenues	2,082,865	2,184,886	2,184,415	2,192,375	2,214,020	2,079,532	2,102,488	1,983,598	1,933,559	1,841,119
Total district-wide	\$ 23,281,448	\$ 23,467,157	\$ 23,974,239	\$ 24,218,702	\$ 23,982,726	\$ 24,854,169	\$ 24,895,508	\$ 25,414,135	\$ 25,141,156	\$ 26,600,968
Net (Expense)/Revenue										
Governmental activities	\$ (10,514,289)	\$ (9,731,229)	\$ (9,330,823)	\$ (9,687,384)	\$ (9,586,693)	\$ (8,741,215)	\$ (8,857,589)	\$ (9,911,360)	\$ (11,976,113)	\$ (9,739,667)
Business-type activities	86,502	33,434	38,055	3,298	(37,368)	(117,936)	(140,817)	(199,685)	(272,569)	(34,509)
Total district-wide	\$ (10,427,787)	\$ (9,697,795)	\$ (9,292,768)	\$ (9,684,086)	\$ (9,624,061)	\$ (8,859,151)	\$ (8,998,406)	\$ (10,111,045)	\$ (12,248,682)	\$ (9,774,176)

ASHE COUNTY SCHOOLS

Changes in Net Position (Continued)

Last Ten Fiscal Years

Year Ended June 30	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Unrestricted county appropriations - operating	\$ 3,635,520	\$ 3,635,520	\$ 3,760,520	\$ 4,000,000	\$ 4,448,032	\$ 4,541,475	\$ 4,641,903	\$ 4,641,903	\$ 4,784,744	\$ 5,047,012
Unrestricted county appropriations - capital	277,700	761,281	1,529,829	916,568	453,372	223,622	273,201	636,253	544,693	649,607
Unrestricted State appropriations - operating	299,156	79,903	65,131	58,226	60,347	60,605	50,581	51,441	43,223	46,983
Unrestricted State appropriations - capital	186,000	292,359	-	-	-	-	-	-	-	-
Unrestricted Federal grants	-	-	-	-	-	-	-	-	-	-
Investment earnings, unrestricted	-	-	-	-	-	-	-	-	31,091	41,984
Miscellaneous, unrestricted	5,285,480	5,006,150	4,676,950	3,587,086	3,461,469	3,535,775	3,604,934	3,688,048	3,617,235	3,506,673
Transfers	-	(56,505)	(55,356)	(70,666)	(72,569)	(72,024)	(72,984)	(79,265)	(80,775)	(88,442)
Total governmental activities	9,683,856	9,718,708	9,977,074	8,491,214	8,350,651	8,289,453	8,497,635	8,938,380	8,940,211	9,203,817
Business-type activities:										
Unrestricted State appropriations - operating	-	(2,497)	805	1,103	2,776	-	-	-	-	-
Investment earnings, unrestricted	2,771	2,257	2,003	1,388	1,193	1,066	1,392	1,773	2,278	3,147
Transfers	-	56,505	55,356	70,666	72,569	72,024	72,984	79,265	80,775	88,442
Total business-type activities	2,771	56,265	58,164	73,157	76,538	73,090	74,376	81,038	83,053	91,589
Total district-wide	\$ 9,686,627	\$ 9,774,973	\$ 10,035,238	\$ 8,564,371	\$ 8,427,189	\$ 8,362,543	\$ 8,572,011	\$ 9,019,418	\$ 9,023,264	\$ 9,295,406
Change in Net Position										
Governmental activities	\$ (12,521)	\$ 646,251	\$ (1,196,170)	\$ (1,236,042)	\$ (451,762)	\$ (359,954)	\$ (972,980)	\$ (3,035,902)	\$ (3,035,902)	\$ (535,850)
Business-type activities	89,699	96,219	76,455	39,170	(44,846)	(66,441)	(118,647)	(189,516)	(189,516)	57,080
Total district-wide	\$ 77,178	\$ 742,470	\$ (1,119,715)	\$ (1,196,872)	\$ (496,608)	\$ (426,395)	\$ (1,091,627)	\$ (3,225,418)	\$ (3,225,418)	\$ (478,770)

Source: Ashe County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2019

Note: Expenses for 2014 and before are not comparable to 2015 (and after) expenses due to the implementation of GASB 68 during the year ended June 30, 2015. The standard requires the Board to record its proportionate share of the net pension liability associated with the Board's participation in the Statewide Teachers' and State Employees' Retirement System (TSERS).

Note: Expenses for 2017 and before are not comparable to 2018 (and after) expenses due to the implementation of GASB 75 during the year ended June 30, 2018. The standard requires the Board to record its share of the Other Postemployment Benefit (OPEB) liability and asset associated with the Board's participation in the statewide Retiree Health Benefit Fund (RHBF) and the Disability Income Plan of North Carolina (DIPNC).

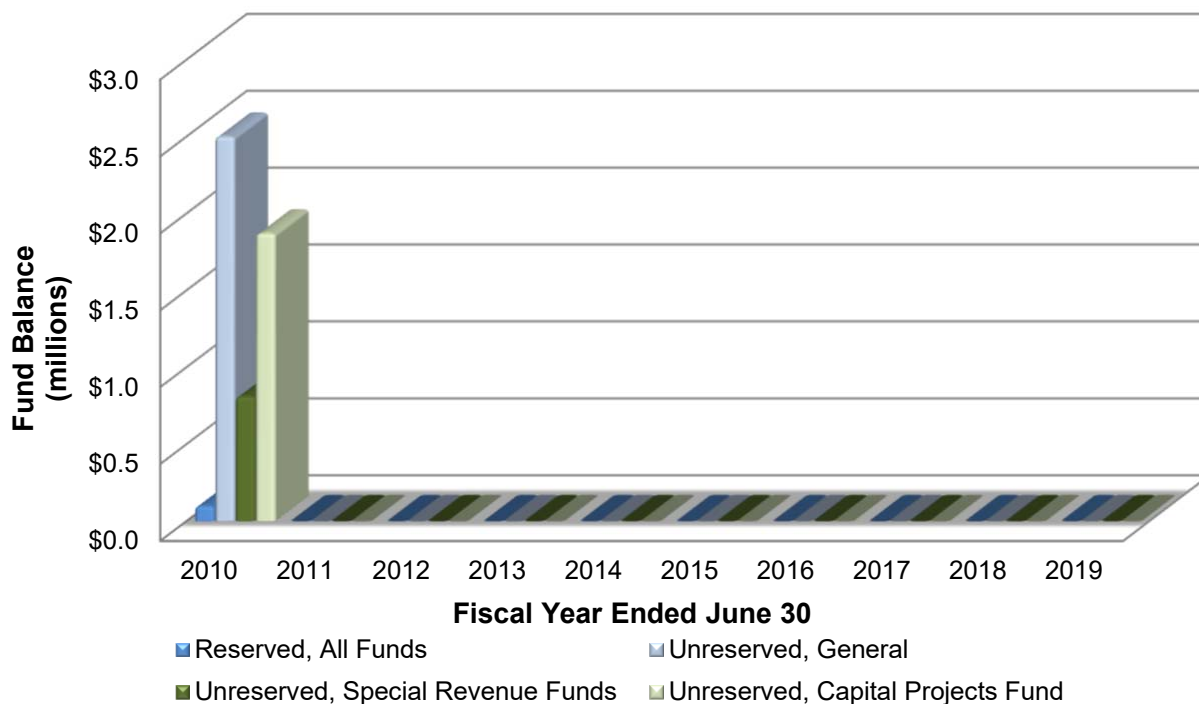
ASHE COUNTY SCHOOLS
Governmental Funds
Fund Balances
Last Ten Fiscal Years

Year Ended June 30	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Reserved	\$ 9,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,500,233	-	-	-	-	-	-	-	-	-
Restricted	-	5,676	5,050	33,741	82,042	5,880	20,405	10,938	5,686	13,510
Assigned	-	297,433	1,076,199	1,016,142	1,096,835	1,140,777	1,166,428	1,166,428	1,479,468	1,499,212
Unassigned	-	2,601,690	2,235,878	1,834,317	1,720,710	1,758,586	1,666,548	1,678,811	1,199,230	852,213
Total General Fund	<u>\$ 2,509,692</u>	<u>\$ 2,904,799</u>	<u>\$ 3,317,127</u>	<u>\$ 2,884,200</u>	<u>\$ 2,899,587</u>	<u>\$ 2,905,243</u>	<u>\$ 2,853,381</u>	<u>\$ 2,856,177</u>	<u>\$ 2,684,384</u>	<u>\$ 2,364,935</u>
All other governmental funds:										
Reserved	\$ 88,892	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	809,935	-	-	-	-	-	-	-	-	-
Capital Projects Fund	1,871,523	-	-	-	-	-	-	-	-	-
Restricted	-	2,363,342	2,487,467	2,123,859	1,994,315	1,930,022	1,851,062	1,958,257	2,166,902	2,222,596
Assigned	-	391,568	614,059	532,842	488,818	446,121	478,343	587,060	447,369	323,326
Total all other governmental funds	<u>\$ 2,770,350</u>	<u>\$ 2,754,910</u>	<u>\$ 3,101,526</u>	<u>\$ 2,656,701</u>	<u>\$ 2,483,133</u>	<u>\$ 2,376,143</u>	<u>\$ 2,329,405</u>	<u>\$ 2,545,317</u>	<u>\$ 2,614,271</u>	<u>\$ 2,545,922</u>

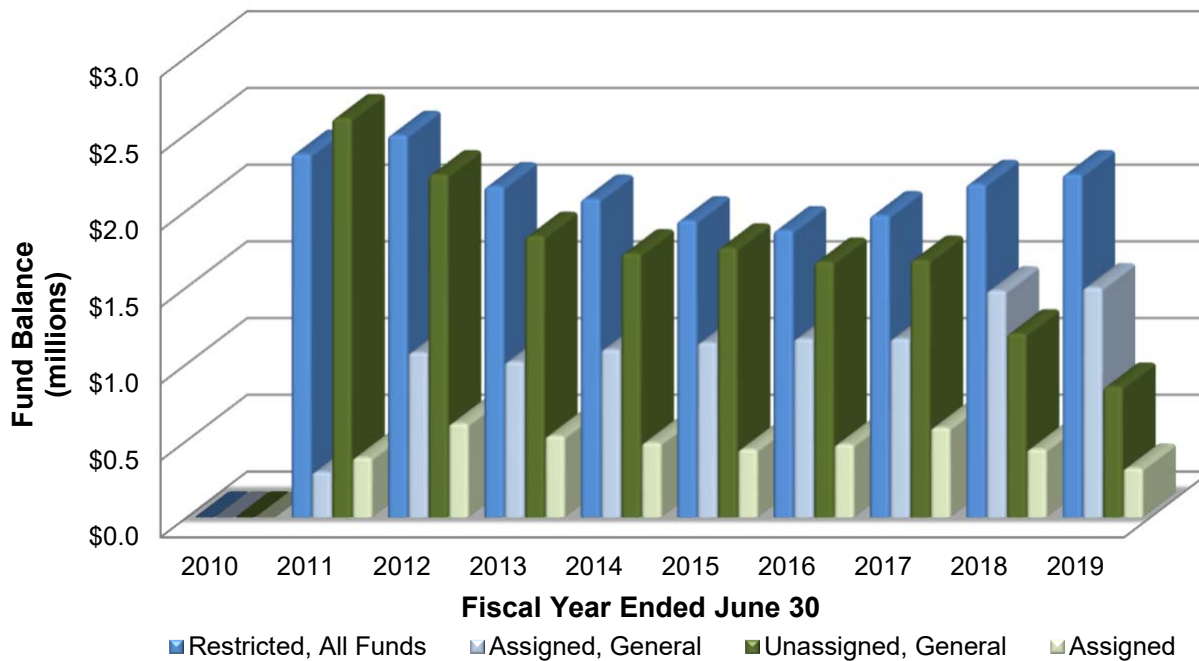
Source: Ashe County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2019

Note: Fund balances for 2010 and before are not comparable to 2011 (and after) fund balances due to the implementation of GASB 54 for the year ended June 30, 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance.

Governmental Funds Fund Balances - Before GASB 54 Implementation



Governmental Funds Fund Balances - After GASB 54 Implementation

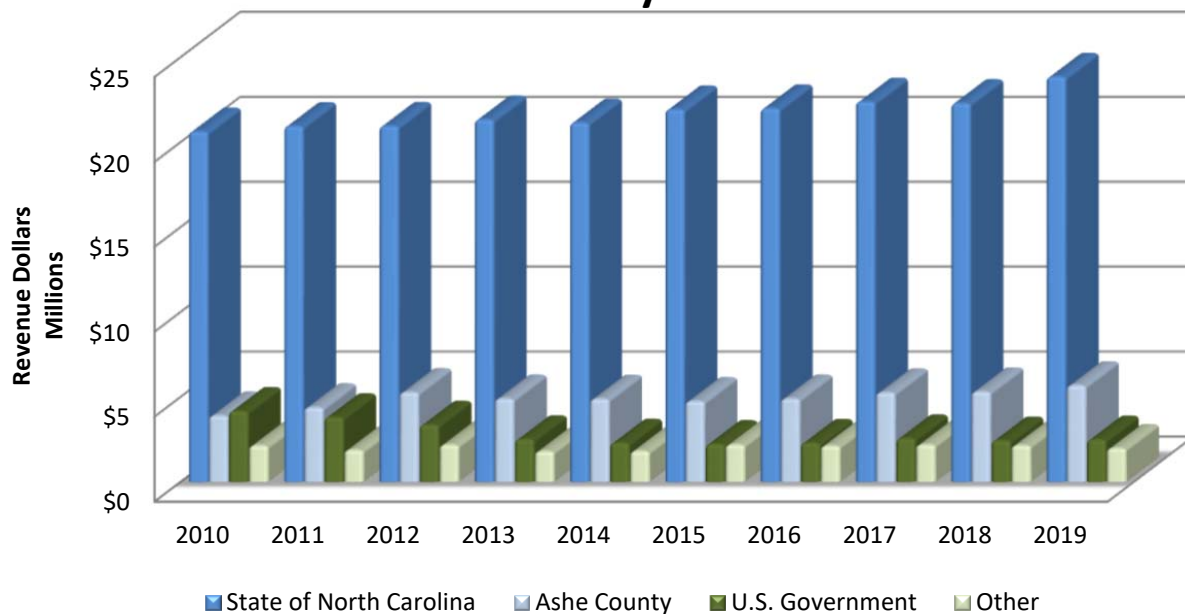


ASHE COUNTY SCHOOLS					
Governmental Funds					
Changes in Fund Balances					
Last Ten Fiscal Years					
Year Ended June 30	2010	2011	2012	2013	2014
Revenues					
State of North Carolina	\$ 20,637,367	\$ 20,956,933	\$ 20,965,212	\$ 21,341,607	\$ 21,164,661
Ashe County	3,913,220	4,396,801	5,290,349	4,916,568	4,901,404
U.S. Government	4,179,068	3,812,673	3,369,836	2,514,530	2,310,164
Contributions and Donations	-	-	-	-	-
Other	2,152,908	1,891,077	2,197,388	1,816,707	1,828,138
Total revenues	<u>30,882,563</u>	<u>31,057,484</u>	<u>31,822,785</u>	<u>30,589,412</u>	<u>30,204,367</u>
Expenditures					
Instructional Services	24,082,356	23,413,619	23,559,834	23,918,640	23,456,045
System-wide Support Services	6,197,277	6,713,762	6,128,454	6,965,270	6,387,664
Ancillary Services	253,578	83,774	137,621	44,865	45,157
Non-Programmed Charges	111,990	180,340	95,705	92,353	83,838
Capital Outlay	26,059	249,530	950,340	402,791	235,299
Debt service - principal	186,000	292,359	136,531	300,483	81,976
Total expenditures	<u>30,857,260</u>	<u>30,933,384</u>	<u>31,008,485</u>	<u>31,724,402</u>	<u>30,289,979</u>
Revenues over (under) expenditures	25,303	124,100	814,300	(1,134,990)	(85,612)
Other financing sources (uses)					
Transfers to other funds	-	(56,505)	(55,356)	(70,666)	(72,569)
Installment purchase obligations	234,054	312,072	-	327,904	-
	<u>234,054</u>	<u>255,567</u>	<u>(55,356)</u>	<u>257,238</u>	<u>(72,569)</u>
Net change in fund balances	<u>\$ 259,357</u>	<u>\$ 379,667</u>	<u>\$ 758,944</u>	<u>\$ (877,752)</u>	<u>\$ (158,181)</u>
Ratio of debt service expenditures to total non-capital expenditures	-	-	0.61%	0.99%	0.29%
Year Ended June 30	2015	2016	2017	2018	2019
Revenues					
State of North Carolina	\$ 21,933,271	\$ 22,001,401	\$ 22,393,747	\$ 22,306,212	\$ 23,860,742
Ashe County	4,765,097	4,915,104	5,278,156	5,329,437	5,696,619
U.S. Government	2,233,691	2,306,490	2,567,490	2,440,380	2,495,728
Contributions and Donations	-	-	-	-	-
Other	2,210,803	2,144,566	2,208,789	2,165,521	1,999,019
Total revenues	<u>31,142,862</u>	<u>31,367,561</u>	<u>32,448,182</u>	<u>32,241,550</u>	<u>34,052,108</u>
Expenditures					
Instructional Services	24,354,416	24,724,477	25,181,603	25,525,877	27,194,568
System-wide Support Services	6,534,210	6,411,947	6,382,641	6,442,344	6,905,354
Ancillary Services	48,203	56,120	52,467	56,089	37,882
Non-Programmed Charges	88,007	119,884	124,900	97,416	114,680
Capital Outlay	105,957	404,182	280,883	100,047	103,200
Debt service - principal	122,574	20,299	213,648	129,274	173,772
Total expenditures	<u>31,253,367</u>	<u>31,736,909</u>	<u>32,236,142</u>	<u>32,351,047</u>	<u>34,529,456</u>
Revenues over (under) expenditures	(110,505)	(369,348)	212,040	(109,497)	(477,348)
Other financing sources (uses)					
Transfers to other funds	(72,024)	(72,984)	(79,265)	(80,775)	(88,442)
Installment purchase obligations	81,195	343,732	85,933	87,433	177,992
	<u>9,171</u>	<u>270,748</u>	<u>6,668</u>	<u>6,658</u>	<u>89,550</u>
Net change in fund balances	<u>\$ (101,334)</u>	<u>\$ (98,600)</u>	<u>\$ 218,708</u>	<u>\$ (102,839)</u>	<u>\$ (387,798)</u>
Ratio of debt service expenditures to total non-capital expenditures	0.40%	0.06%	0.67%	0.41%	0.51%

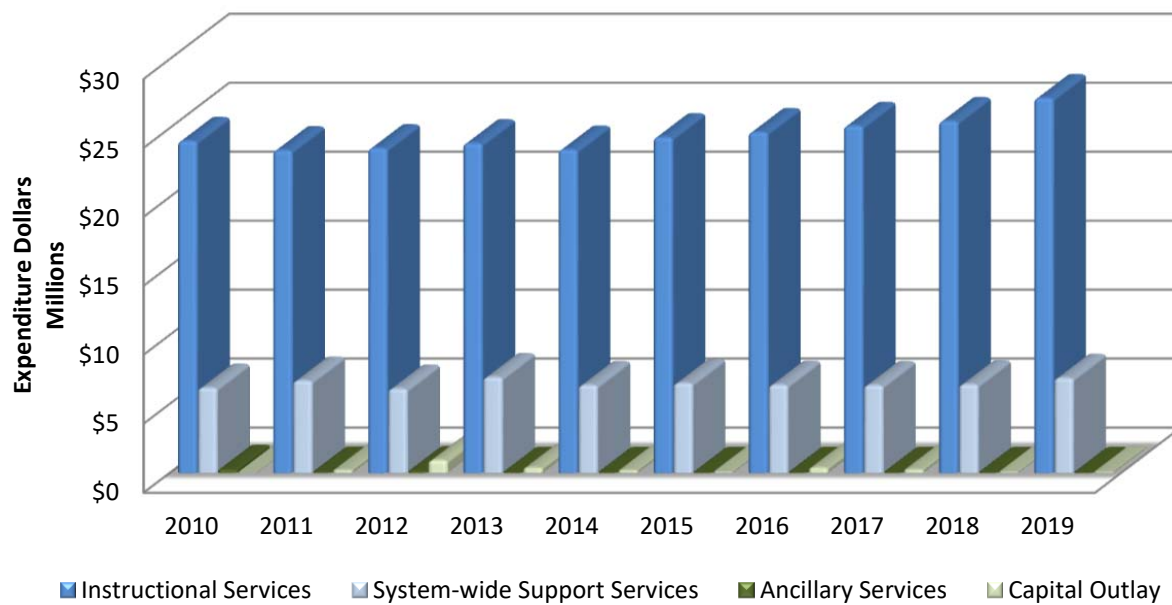
Source: Ashe County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2019

Note: Ashe County Schools began to report fund balance classification in accordance with GASB Statement 54 in 2011.

Governmental Funds Revenue by Source



Expenditures by Function



ASHE COUNTY SCHOOLS

Operational Expenditures Per Pupil

Expenditures by Function

Last Ten Fiscal Years

EXPRESSED IN NOMINAL DOLLARS					
Year Ended June 30	2010	2011	2012	2013	2014
Average Daily Membership	3,178	3,145	3,134	3,167	3,120
Instructional	\$ 7,578	\$ 7,445	\$ 7,517	\$ 7,552	\$ 7,518
System-wide support	1,950	2,135	1,955	2,199	2,047
Ancillary	80	27	44	14	14
Total Expenditures	\$ 9,608	\$ 9,607	\$ 9,516	\$ 9,765	\$ 9,579

EXPRESSED IN NOMINAL DOLLARS					
Year Ended June 30	2015	2016	2017	2018	2019
Average Daily Membership	3,096	3,151	2,981	2,966	2,946
Instructional	\$ 7,866	\$ 7,847	\$ 8,447	\$ 8,606	\$ 9,231
System-wide support	2,111	2,035	2,141	2,172	2,344
Ancillary	16	18	18	19	13
Total Expenditures	\$ 9,993	\$ 9,900	\$ 10,606	\$ 10,797	\$ 11,588

EXPRESSED IN CONSTANT DOLLARS					
Year Ended June 30	2010	2011	2012	2013	2014
Instructional	\$ 3,477	\$ 3,298	\$ 3,276	\$ 3,234	\$ 3,154
System-wide support	895	946	852	942	859
Ancillary	37	12	19	6	6
Total Expenditures	\$ 4,409	\$ 4,256	\$ 4,147	\$ 4,182	\$ 4,019

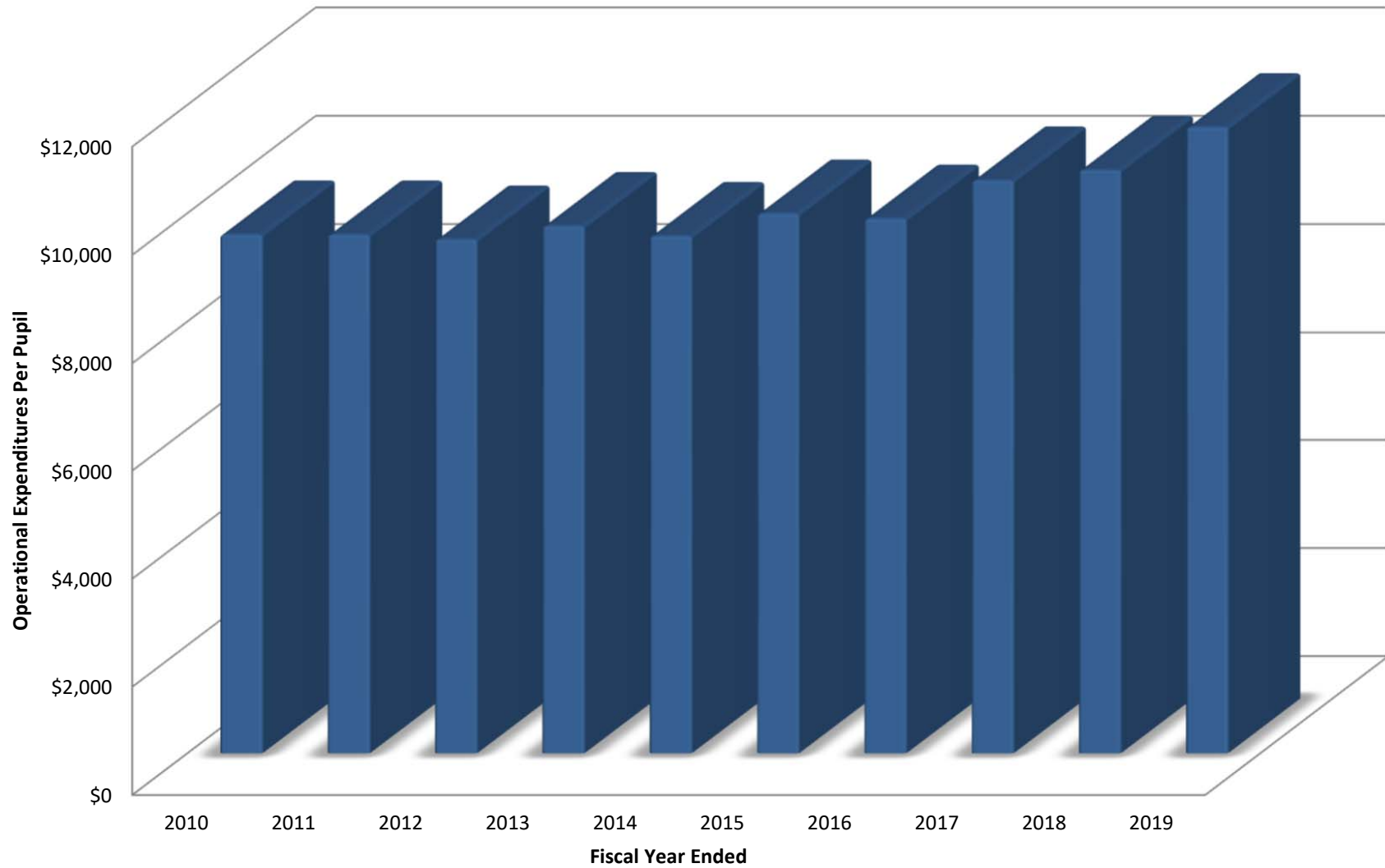
EXPRESSED IN CONSTANT DOLLARS					
Year Ended June 30	2015	2016	2017	2018	2019
Instructional	\$ 3,296	\$ 3,256	\$ 3,448	\$ 3,415	\$ 3,604
System-wide support	885	844	874	862	915
Ancillary	7	7	7	8	5
Total Expenditures	\$ 4,188	\$ 4,107	\$ 4,329	\$ 4,285	\$ 4,524

Source: Ashe County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2019.

The above operational expenditures per pupil include all governmental funds.

Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984=100).

Operational Expenditures Per Pupil Expenditures by Function



ASHE COUNTY SCHOOLS

Average Daily Membership

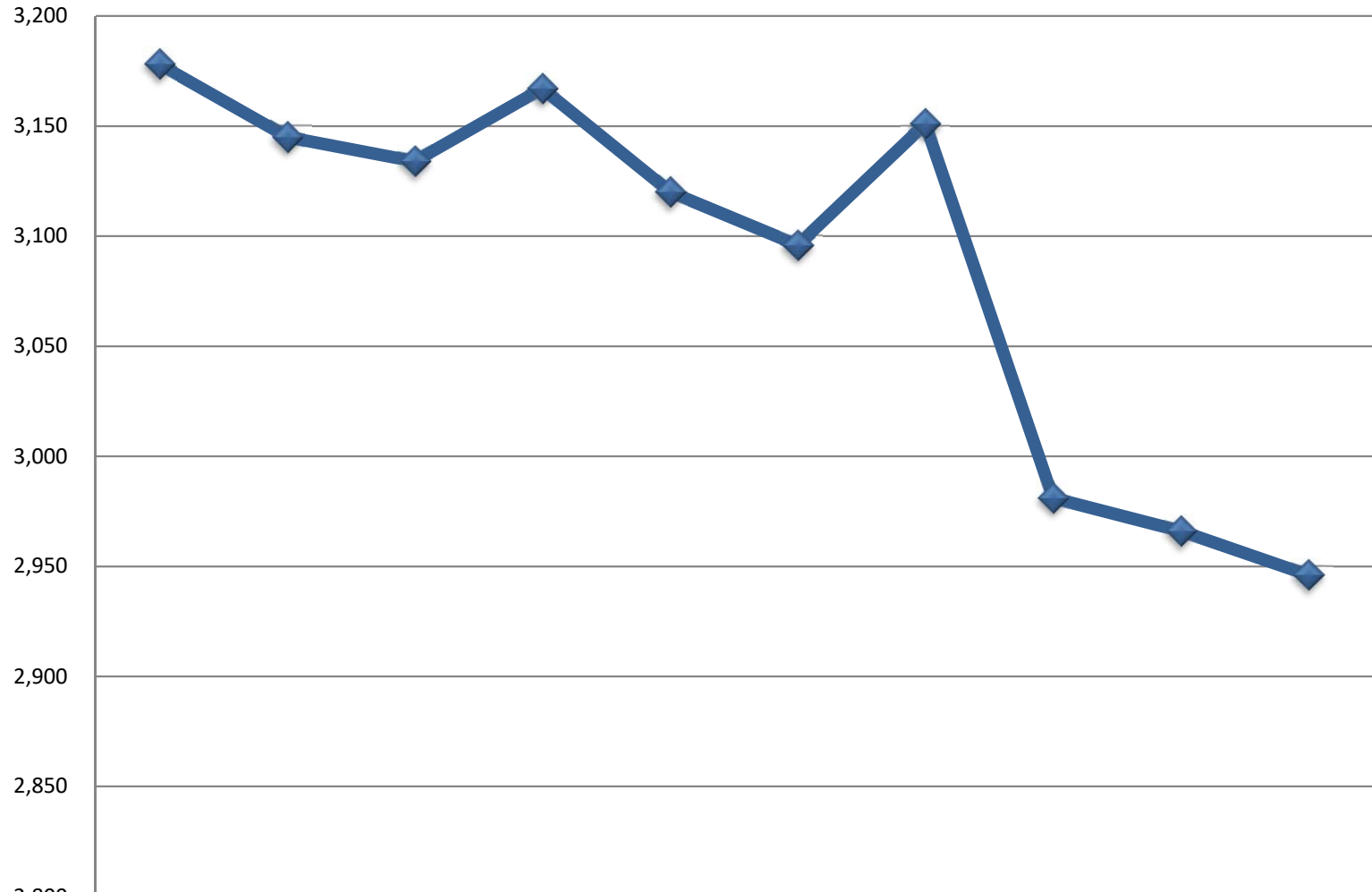
By School

Last Ten Fiscal Years

Year Ended June 30	2010	2011	2012	2013	2014
Elementary Schools					
Blue Ridge	473	493	486	515	492
Mountain View	615	562	571	595	587
Westwood	703	668	621	622	620
Total Elementary Schools	1,791	1,723	1,678	1,732	1,699
Middle School					
Ashe County Middle	503	525	551	504	481
High School					
Ashe County High	884	897	905	931	940
Total Average Daily Membership	3,178	3,145	3,134	3,167	3,120
Year Ended June 30	2015	2016	2017	2018	2019
Elementary Schools					
Blue Ridge	508	534	502	509	472
Mountain View	584	589	558	548	548
Westwood	587	573	542	558	548
Total Elementary Schools	1,679	1,696	1,602	1,615	1,568
Middle School					
Ashe County Middle	496	508	460	436	473
High School					
Ashe County High	921	947	919	915	905
Total Average Daily Membership	3,096	3,151	2,981	2,966	2,946

Source: North Carolina Average Daily Membership Report, North Carolina Department of Public Instruction

ASHE COUNTY SCHOOLS Average Daily Membership Last Ten Fiscal Years



◆ Avg Daily Membership	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	3,178	3,145	3,134	3,167	3,120	3,096	3,151	2,981	2,966	2,946

Ashe County Schools
Student Statistics
Last Ten Fiscal Years

Year Ended June 30	Teaching Staff	Students	Pupil/ Teacher ratio	Student Attendance Percentage	Students receiving free/ reduced lunch percentage
2019	223	2,946	1/13	N/A	57%
2018	235	2,948	1/13	95.04%	59%
2017	226	2,966	1/13	95.54%	60%
2016	228	2,981	1/14	95.34%	61%
2015	229	3,151	1/14	95.19%	63%
2014	225	3,096	1/14	94.85%	63%
2013	227	3,120	1/14	94.92%	62%
2012	239	3,167	1/13	95.46%	62%
2011	249	3,134	1/13	94.94%	59%
2010	241	3,145	1/13	94.52%	58%

Source: Ashe County Board of Education Student Data.

N/A = Not available

Ashe County Schools Student Statistics Last Ten Fiscal Years

Year Ended June 30	Ethnic Distribution Percentage					Graduates	Graduates Continuing Education Percentage
	White	Black	Asian	Hispanic	Other		
2019	85%	-	1%	12%	2%	213	78%
2018	86%	1%	1%	11%	2%	202	94%
2017	88%	1%	1%	10%	-	227	81%
2016	88%	1%	-	10%	1%	210	85%
2015	89%	-	-	9%	2%	207	81%
2014	89%	-	-	9%	2%	209	83%
2013	89%	-	-	9%	1%	197	82%
2012	89%	-	1%	8%	1%	190	85%
2011	89%	-	-	8%	3%	216	88%
2010	91%	1%	-	6%	2%	195	90%

Source: Ashe County Board of Education Student Data.

**Ashe County Schools
Instructional Personnel
Last Ten Fiscal Years**

Year Ended June 30	Teacher Salaries			Bachelors Degree	Masters Degree	Sixth Year Degree	Doctorate Degree
	Minimum	Maximum	Average				
2019	\$ 35,000	\$ 65,970	\$ 50,375	138	97	6	1
2018	35,000	62,590	49,625	131	111	6	1
2017	35,000	62,220	45,190	128	108	6	1
2016	35,000	61,000	46,695	133	110	4	1
2015	33,000	61,000	43,694	131	116	3	0
2014	30,800	61,000	44,795	137	120	3	0
2013	30,800	61,030	45,915	118	129	1	1
2012	30,430	60,340	45,385	137	100	1	1
2011	30,430	63,480	46,955	121	125	-	1
2010	30,430	63,480	46,955	154	92	-	1

The above tabulation represents total salaries including both state base and the system-wide local supplement, but does not include the following:

- (a) Payments of varying amounts for performing extra duties.
- (b) Bonus payments

Source: Ashe County Board of Education Payroll Data

ASHE COUNTY SCHOOLS

School Building Data
June 30, 2019

Site	Year Built	Capacity	Current Membership	Over/(Under) Capacity	Condition
Blue Ridge Elementary	1995	600	472	-21%	Very Good
Mountain View Elementary	1990	700	548	-22%	Good
Westwood Elementary	2004	600	548	-9%	Excellent
Ashe County Middle	1965	650	473	-27%	Fair
Ashe County High	2000	1000	905	-10%	Very Good

Source: Ashe County Schools N. C. Public Schools Facility Needs Report, 2019

ASHE COUNTY SCHOOLS
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Year Ended June 30	Installment Purchases	Total Primary Government	Percentage of Personal Income	Per Capita
2019	\$ 198,694	\$ 198,694	N/A	N/A
2018	194,474	194,474	N/A	7
2017	236,315	236,315	0.02%	9
2016	364,030	364,030	0.04%	9
2015	40,597	40,597	0.04%	3
2014	81,976	81,976	0.02%	6
2013	163,952	163,952	0.02%	5
2012	136,531	136,531	0.04%	10
2011	273,062	273,062	0.03%	9
2010	253,349	253,349	0.03%	8

N/A = Not available

Source: Ashe County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2019

Note: This table is a ten year schedule. However, current year county level annual population estimates are not released by the U.S. Census Bureau until the spring of the following year. Therefore, June 30, 2019 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2020, if applicable.

Note: This table is a ten year schedule. However, county level annual income data is not released by the U.S. Bureau of Economic Analysis until the month of April, and is always two years behind. Therefore, June 30, 2018 and June 30, 2019 income based information will be shown above as "N/A", and the June 30, 2018 information will be reported for the year ended June 30, 2020, if applicable.

ASHE COUNTY
North Carolina
Demographic Statistics
Last Ten Fiscal Years

Year Ended June 30	2010	2011	2012	2013	2014
Population Estimate (1)	27,281	27,143	27,097	27,151	27,126
Personal Income (2)	\$767,264,000	\$771,173,000	\$820,781,000	\$831,961,000	\$831,961,000
Per Capita Income (2)	\$28,124	\$28,411	\$30,290	\$30,642	\$30,670
Median Age (3)	45.25	45.53	45.44	45.62	45.84
School Enrollment (4)	3,178	3,145	3,134	3,167	3,120
Unemployment Rate (5)	10.5%	11.0%	10.9%	11.3%	11.3%
Year Ended June 30	2015	2016	2017	2018	2019
Population Estimate (1)	27,020	26,924	26,957	27,109	N/A
Personal Income (2)	\$846,742,000	\$851,635,000	\$962,567,000	N/A	N/A
Per Capita Income (2)	\$31,338	\$31,631	\$35,707	N/A	N/A
Median Age (3)	45.98	46.21	47.03	47.21	47.81
School Enrollment (4)	3,096	3,151	2,981	2,966	2,946
Unemployment Rate (5)	7.4%	6.6%	4.9%	3.8%	4.3%

N/A = Not Available

Sources:

- 1 Based upon estimates issued by the U.S. Census Bureau as of July 1
- 2 Bureau of Economic Analysis
- 3 Office of State Budget and Management
- 4 North Carolina Department of Public Instruction
- 5 North Carolina Employment Security Commission

Note: This table is a ten year schedule. However, current year county level annual population estimates are not released by the U.S. Census Bureau until the spring of the following year. Therefore, June 30, 2019 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2020, if applicable.

Note: This table is a ten year schedule. However, county level annual income data is not released by the U.S. Bureau of Economic Analysis until the month of April, and is always two years behind. Therefore, June 30, 2018 and June 30, 2019 income based information will be shown above as "N/A", and the June 30, 2018 information will be reported for the year ended June 30, 2020, if applicable.

ASHE COUNTY
 North Carolina
 Principal Employers
 For Years Ended June 30, 2019 and 2010

Employer	2019			2010		
	Employees	Rank	Approximate Percentage of Total County Employment	Employees	Rank	Approximate Percentage of Total County Employment
Ashe County Board of Education	500 - 999	1	6%	500-999	1	6%
American Emergency Vehicles	250 - 499	2	3%	250 - 499	3	3%
General Electric Corp	250 - 499	3	3%	200 - 499	4	3%
Ashe Memorial Hospital, Inc.	250 - 499	4	3%	250 - 499	2	3%
County of Ashe	250 - 499	5	3%	-		-
James R Vannoy & Sons Construction	250 - 499	6	3%	-		-
Wal-Mart Associates Inc	100 - 249	7	2%	250-499	6	3%
United Chemi-Con Inc	100 - 249	8	2%	250-499	5	3%
Ashe Services for Aging Inc.	100 - 249	9	2%	100 - 249	9	2%
Skyline Telephone Membership Corp.	100 - 249	10	2%	-		-
Leviton Manufacturing Co., Inc.	-		-	100-249	8	2%
Gates Rubber Company	-		-	250-499	7	3%
The Margate Health And Rehab Center	-		-	100-249	10	2%
Total County Employment	<u>12,288</u>		<u>29%</u>	<u>12,029</u>		<u>30%</u>

Source: Employment Security Commission of North Carolina as of June 30th each year.



Challenging young minds to soar.

ASHE COUNTY, NORTH CAROLINA
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assessed value (after exemption)	\$ 4,127,091,797	\$ 3,966,565,400	\$ 3,970,471,844	\$ 3,912,574,349
Debt limit rate	8%	8%	8%	8%
Debt limit	<u>330,167,344</u>	<u>317,325,232</u>	<u>317,637,748</u>	<u>313,005,948</u>
Less: Total net debt applicable to limit	<u>7,596,282</u>	<u>8,910,616</u>	<u>9,436,362</u>	<u>11,300,613</u>
Legal debt margin	<u><u>322,571,062</u></u>	<u><u>308,414,616</u></u>	<u><u>308,201,386</u></u>	<u><u>301,705,335</u></u>
Total net debt applicable to the limit as a percentage of debt limit	2%	3%	3%	4%
Legal Debt Margin Calculation for Fiscal Year 2018				
Assessed value (after exemptions)				\$ 4,127,091,797
Debt limit (8% of assessed value)				<u>8%</u>
Debt applicable to limit:				<u>330,167,344</u>
Installment purchase				<u>7,596,282</u>
Total net debt applicable to limit				<u>7,596,282</u>
Legal debt margin				<u><u>\$ 322,571,062</u></u>

Note: Ashe County Board of Education does not have debt levy authority.

Source: Ashe County's Financial Statements

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 4,172,689,864	\$ 4,223,152,720	\$ 4,120,184,730	\$ 4,127,658,248	\$ 3,757,406,765	\$ 3,762,240,238
8%	8%	8%	8%	8%	8%
333,815,189	337,852,218	329,614,778	300,979,219	295,323,134	283,643,610
14,300,180	17,008,768	20,690,107	23,523,770	26,329,148	26,004,405
<u>319,515,009</u>	<u>320,843,450</u>	<u>308,924,671</u>	<u>274,974,814</u>	<u>268,841,586</u>	<u>254,779,449</u>
4%	5%	9%	9%	10%	5%

ASHE COUNTY, NORTH CAROLINA
Principal Property Taxpayers
December 31, 2018 and December 31, 2009

Taxpayer	December 31, 2018			December 31, 2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Blue Ridge Electrical Membership Corp.	\$ 85,340,949	1	2.25	\$ 78,261,052	1	2.26
General Electric Company	83,056,676	2	2.19	28,584,311	2	0.83
Wal-Mart Real Estate Business Trust	9,434,000	3	0.25	9,684,100	6	0.28
United Chemi-Con, Inc.	8,996,693	4	0.24	11,593,066	4	0.34
Smiths Aerospace Components, Inc.	8,753,200	5	0.23	-	-	-
Lowe's Home Center, Inc.	8,430,000	6	0.22	8,708,800	7	0.25
Double M Ranch, LLC	8,241,200	7	0.22	-	-	-
Hendersonville Health Care Facility	7,988,000	8	0.21	-	-	-
James R Vannoy & Sons Construction	7,099,619	9	0.19	-	-	-
Carolina West Wireless Inc	6,747,868	10	0.18	-	-	-
Gates Rubber Company Inc	-	-	-	17,135,948	3	0.50
JL Golf Management	-	-	-	10,981,800	5	0.32
Crown Point Associates LLC	-	-	-	6,503,100	8	0.19
Church Sammy & Shirley	-	-	-	6,453,900	9	0.19
Johnston Properties Inc	-	-	-	5,979,900	10	0.17
	<u>\$ 234,088,205</u>		<u>6.18</u>	<u>\$ 183,885,977</u>		<u>N/A</u>
Total Assessed Valuation	<u>\$ 3,785,559,714</u>			<u>\$ 3,455,837,975</u>		

Source: Ashe County Tax Collector



Challenging young minds to soar.

ASHE COUNTY
North Carolina
Property Tax Rates - All Overlapping Governments
(PER \$100 OF ASSESSED VALUE)
Last Ten Fiscal Years

Year Ended June 30	2010	2011	2012	2013	2014
ASHE COUNTY	0.4250	0.4250	0.4000	0.4000	0.4000
CITIES AND TOWNS					
Jefferson	0.3300	0.3300	0.3300	0.3300	0.3300
Lansing	0.3500	0.3500	0.3500	0.3500	0.3500
West Jefferson	0.4300	0.4300	0.4200	0.4200	0.4200
FIRE DISTRICTS					
Creston	0.0340	0.0340	0.0340	0.0600	0.0600
Deep Gap	0.0400	0.0400	0.0400	0.0400	0.0400
Fleetwood	0.0400	0.0400	0.0400	0.0400	0.0400
Glendale Springs	0.0300	0.0300	0.0300	0.0300	0.0300
Jefferson	0.0290	0.0290	0.0290	0.0290	0.0290
Lansing	0.0260	0.0260	0.0260	0.0260	0.0260
Laurel Springs	0.0400	0.0400	0.0400	0.0400	0.0400
New River	0.0400	0.0400	0.0400	0.0400	0.0400
Pond Mountain	0.0500	0.0500	0.0800	0.0800	0.0800
Todd	0.0500	0.0700	0.0700	0.0700	0.0800
Warrensville	0.0480	0.0480	0.0480	0.0480	0.0680
West Jefferson	0.0170	0.0170	0.0170	0.0170	0.0170

Year Ended June 30	2015	2016	2017	2018	2019
ASHE COUNTY	0.4330	0.4330	0.4330	0.4330	0.4330
CITIES AND TOWNS					
Jefferson	0.3300	0.3600	0.3700	0.3700	0.3800
Lansing	0.3500	0.3500	0.3500	0.3500	0.3500
West Jefferson	0.4200	0.4200	0.4200	0.4200	0.4200
FIRE DISTRICTS					
Creston	0.0600	0.0600	0.0600	0.0600	0.0600
Deep Gap	0.0400	0.0400	0.0400	0.0400	0.0400
Fleetwood	0.0400	0.0400	0.0400	0.0400	0.0400
Glendale Springs	0.0700	0.0700	0.0700	0.0700	0.0700
Jefferson	0.0290	0.0360	0.0290	0.0290	0.0290
Lansing	0.0400	0.0400	0.0400	0.0400	0.0600
Laurel Springs	0.0400	0.0400	0.0400	0.0400	0.4000
New River	0.0400	0.0400	0.0400	0.0400	0.0400
Pond Mountain	0.0800	0.0800	0.0800	0.0800	0.0800
Todd	0.0800	0.0800	0.0800	0.0800	0.0800
Warrensville	0.0680	0.0680	0.0680	0.0680	0.0680
West Jefferson	0.0170	0.0170	0.0170	0.0170	0.0170

Source: Ashe County Tax Administrator

ASHE COUNTY
North Carolina
Property Tax Levies and Current Collections
Last Ten Fiscal Years

EXPRESSED IN NOMINAL DOLLARS			
FISCAL YEAR ENDED June 30	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED
2019	\$ 18,280,891	\$ 17,583,097	96.18
2018	17,955,443	17,250,534	96.07
2017	17,189,484	16,421,678	95.53
2016	16,914,863	16,147,057	95.46
2015	16,689,541	15,890,456	95.21
2014	16,891,170	16,024,893	94.87
2013	16,481,363	15,482,817	93.94
2012	16,537,304	15,561,298	94.10
2011	16,022,269	14,834,058	92.58
2010	15,988,192	14,999,529	93.82

EXPRESSED IN CONSTANT DOLLARS			
FISCAL YEAR ENDED June 30	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	
2019	\$ 7,136,986	\$ 6,864,563	
2018	7,125,487	6,845,749	
2017	7,017,405	6,703,957	
2016	7,017,509	6,698,967	
2015	6,993,664	6,658,812	
2014	7,086,917	6,723,459	
2013	7,058,279	6,630,643	
2012	7,206,488	6,781,172	
2011	7,098,231	6,571,826	
2010	7,335,211	6,881,623	

Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984=100).

Source: Ashe County Tax Administration



Challenging young minds to soar.

**ASHE COUNTY BOARD OF EDUCATION
320 SOUTH STREET
JEFFERSON, NORTH CAROLINA 28640
(336) 246-7175**