THE CITY OF ASHEVILLE

Fiscal Year 2022-23
Annual Comprehensive Financial Report



CITY OF ASHEVILLE, NORTH CAROLINA

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Letter of transmittal	1-8
Organizational chart	9
City mission statement and statement of values	10

FINANCIAL SECTION

Report of independent auditor	11-13
Management's discussion and analysis	14-29
Basic financial statements:	
Government-wide financial statements:	
Statement of net position	30
Statement of activities	31
Fund financial statements:	
Balance sheet – governmental funds	32
Reconciliation of governmental funds balance sheet to the statement of net position	33
Statement of revenues, expenditures, and changes in fund balances – governmental funds	34
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	35
Statement of revenues, expenditures, and changes in fund balance – budget and actual – general fund (non-GAAP)	37
Statement of net position – proprietary funds	38
Statement of revenues, expenses, and changes in net position – proprietary funds	39
Statement of cash flows – proprietary funds	40-41
Statement of fiduciary net position – fiduciary trust and custodial funds	42
Statement of changes in fiduciary net position – fiduciary trust fund	43
Notes to the financial statements	44-93

Required supplementary information

Other Postemployment Benefits (OPEB):

Schedule of changes in net OPEB liability and related ratios 96

Schedule of employer contributions 97

Schedule of net OPEB liability 98

Local Government Employees' Retirement System:

Schedule of proportionate share of net pension liability (asset) 99

Schedule of contributions 100

Law Enforcement Officers' Special Separation Allowance:

Schedule of changes in total pension liability 101

Major funds

Schedule of revenues, expenditures, and changes in fund balance – budget and actual – governmental fund:

General capital projects fund 104

Grant programs special revenue fund 105

Schedules of revenues and expenditures – budget and actual (non-GAAP) – proprietary funds:

Water resources fund 106

Water capital projects fund 107

Water capital reserve fund 108

Mass transit fund 109

Mass transit capital projects fund 110

Non-major governmental funds, combining statements, and schedules

Non-major governmental funds:

Combining balance sheet – non-major governmental funds 112

Combining statement of revenues, expenditures and changes in fund balances – non-major governmental funds 113

Schedules of revenues, expenditures, and changes in fund balance – budget and actual (non-GAAP):

Community development special revenue fund 114

Affordable home ownership special revenue fund 115

Section 108 rehabilitation special revenue fund 116

Sustainability special revenue fund 117

Non-major enterprise funds

Combining statement of net position 120

Combining statement of revenues, expenses and changes in net position 121

Combining statement of cash flows 122-123

Schedules of revenue and expenditures - budget and actual (non-GAAP) – proprietary funds:

Street cut utility fund 124

Stormwater fund 125

Stormwater capital projects fund 126

Harrah's Cherokee Center – Asheville 127

Harrah's Cherokee Center - Asheville capital projects fund 128

Parking services fund 129

Parking services capital projects fund 130

Internal service funds

Combining statement of net position 132

Combining statement of revenues, expenses, and changes in fund net position 133

Combining statement of cash flows 134

Schedules of revenue and expenditures – budget and actual (non-GAAP) – internal service funds:

Internal service funds:

Health fund 135

Workers' compensation fund 136

Property and casualty fund 137

Other supplementary information

Schedule of ad valorem taxes receivable 140

Analysis of current tax levy and secondary market disclosures – City-wide levy 141

STATISTICAL SECTION (Unaudited)

Financial trends

Net Position by Component	144-145
Changes in net position	146-151
Fund balance of governmental funds	152-153
Governmental revenues, expenditures, and changes in fund balances of governmental funds	154-155

Revenue capacity

General governmental tax revenues by source	157
Assessed value and estimated actual value of taxable property	158-159
Property tax rates	160
Principal property taxpayers	161
Property tax levies and collections	163

Debt capacity

Ratios of outstanding debt by type	164-165
Direct and overlapping governmental activities debt	166
Legal debt margin information	167
Pledged revenue coverage per indenture – water revenue bonds	168-169
Pledged revenue coverage special obligation bonds	170-171

Demographic and economic information

Demographic and economic statistics	172
Principal employers	173

Operating information

Full-time equivalent City government employees by function	175
Operating indicators by function	176-177
Capital asset statistics by function	178-179

Continuing disclosure – general and limited obligation bonds

Outstanding general obligation debt	180
General obligation debt ratios	181
General obligation debt service requirements and maturity schedule	182-183
Schedule of payments for outstanding financings	184

Continuing disclosure – revenue bonds

Compiled budget – annually budgeted funds	185
Current water rate information	187
Water system statistics – water customers and historical demand	188-189
Water system historical operating data – statement of revenues, expenses, debt service	190

COMPLIANCE SECTION

Report of independent auditor on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*	192-193
Report of independent auditor on compliance for each major federal program and on internal control over compliance in accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	194-196
Report of independent auditor on compliance for each major state program and on internal control over compliance in accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	197-199
Schedule of findings and questioned costs	200-202
Summary schedule of prior year audit findings (Unaudited)	203
Corrective Action Plan (Unaudited)	204
Schedule of expenditures of federal and state awards	205-208
Notes to schedule of expenditures of federal and state awards	209

THE CITY OF ASHEVILLE

November 1, 2023

To the Honorable Mayor,
Members of the Governing Council,
and Residents of the City of Asheville, North Carolina

State law of the State of North Carolina requires that all municipal governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with generally accepted auditing standards (GAAS) in the United States of America and generally accepted government auditing standards (GAGAS), if required, by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Asheville (the "City") for the fiscal year ended June 30, 2023.

City management staff assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

State law requires that all general-purpose local governments annually publish a complete set of financial statements. The City's financial statements, as required by North Carolina General Status 159-34, have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of an independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent auditor concluded that there is sufficient audit evidence for rendering an unmodified opinion that the financial statements for the fiscal year that ended June 30, 2023, are fairly presented in accordance with GAAP. The report for independent auditor is presented as the first component of the financial section of this report.

Additionally, the independent audit of the City's financial statements is part of a broader federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the Single Aduit section at the end of the report.

The Management's Discussion and Analysis ("MD&A") immediately follows the report of the independent auditor and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of Government

The City of Asheville, incorporated in 1797, is located in western North Carolina, one of the top growth areas in the state. Asheville occupies a land area of approximately 45.5 square miles and serves a population of about 95,000. The City is the largest city in Western North Carolina, the county seat of Buncombe County, and the eleventh largest city in the State. Asheville is nestled between the Blue Ridge and Great Smoky Mountains and is located astride the French Broad and Swannanoa rivers. The City is surrounded by lush mountains, many with elevations above 5,000 feet. Asheville is considered one of the cities with the best surviving examples of Art Deco architecture, including the iconic City Hall, designed by Douglas D. Ellington and completed in 1928.



Asheville City Hall

Asheville's natural and architectural beauty, moderate climate, outdoor recreation activities, as well as the "foodie" culture and nationally-recognized brewery and distillery businesses, drive Asheville's consistent high ranking as one of the best places to live, work, play and retire. The City's long-range planning is directed toward preserving Asheville's high quality of life, so that it remains one of the most attractive places in the United States for both residents and visitors. Asheville's popularity creates unique challenges. The City's economy is reasonably diverse, but is generally service-driven. Housing costs have risen considerably over the last decade and wages have not kept up, making investments in affordable and workforce housing a high priority.

The City operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council ("Council") consisting of the mayor and six other members. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three council members elected every two years. The mayor is elected to serve a four-year term. The Council is responsible for adopting the budget and appointing the city manager, city attorney and city clerk. The city manager is responsible for implementing council policies, city ordinances, and appointing department directors to manage daily operations.

The City is empowered to levy a property tax on both real and personal properties located within its boundaries. The City provides a full range of services, including police and fire protection; the construction and maintenance of streets, stormwater and other infrastructure; solid waste and water services; and recreational activities and cultural events. The financial reporting entity includes all the funds and account groups of the City of Asheville (primary government), as well as all of its component units. Component units are legally separate entities for which the government is financially accountable. Blended component units, although legally separate entities, are in substance part of the City's operations and, as such, are included in the reporting entity. The Asheville Alcoholic Control Board is reported as a discretely presented component unit and is presented in a separate column in the Basic Financial Statements to emphasize that it is

legally separate from the primary government and to distinguish its financial position, results of operations and cash flows from that of the primary government.

In government, much more than in private business, the budget is an integral part of a unit's accounting system and daily operations. The North Carolina General Statutes require all governmental units to adopt a balanced budget by July 1 of each year. The City's budget ordinance, passed by Council, establishes a legal limit on spending authorizations. In general, the City's operating budget remains in effect for one year. However, capital projects funds and grant funds are budgeted, as permitted by statute, for the life of each individual project. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. For internal management purposes, the budget is detailed and compared to expenditures and encumbrances by line item within each department or project. The City also maintains an encumbrance accounting system as part of ensuring budgetary controls. Encumbered amounts lapse at year-end; however, encumbrances are re-appropriated in the following year's budget.



View of Asheville from Beaucatcher Mountain (facing southwest)

Local Economy

The City of Asheville is the principal city in the Asheville, NC Metropolitan Statistical Area ("MSA"). The MSA, which encompasses Buncombe, Madison, Haywood and Henderson counties, had a 2020 population of approximately 470,000 which reflects a 10.6% increase since 2010. Asheville is the regional center for manufacturing, transportation, health care, banking, professional services and shopping. The City's economy is diverse, with strong representation in health care, retail trade and tourism. The area's leading industry sectors in terms of employment are education, health services, trade, transportation, leisure and hospitality services, and government. Together these sectors account for the majority of jobs in the MSA.

The City's setting in the heart of a vast and beautiful recreational area has made tourism an important part of the local economy. Data from the N.C. Department of Commerce indicates that visitor spending in Buncombe County totaled $2.9 billion in 2022, which was the third highest spending level in the state behind Mecklenburg and Wake counties. Over 19,000 jobs in Buncombe County were linked to travel according to the report from the Department of Commerce.[1]



Blue Ridge Mountains surrounding Asheville

An important indicator of overall economic health is taxable sales activity. Buncombe County taxable sales activity also directly impacts the City's General Fund budget through sales tax receipts. County-wide taxable sales have increased significantly over the last several years as the impacts of the COVID-19 pandemic have receded. Sales rebounded strongly in fiscal 2020 21 and significant growth continued in fiscal 2021-22. Growth continued in fiscal 2022-23 but at a slower rate than in the previous two years. Year over year changes are shown below.

Fiscal Year	Taxable Sales	Increase (Decrease)	Percentage Change
2015-16	$ 4,705,944,445	$ 400,615,415	
2016-17	$ 5,134,269,461	$ 428,325,016	9.10%
2017-18	$ 5,437,492,143	$ 303,222,682	5.91%
2018-19	$ 5,754,493,712	$ 317,001,569	5.83%
2019-20	$ 5,490,195,247	$ (264,298,465)	-4.59%
2020-21	$ 6,160,933,639	$ 670,738,392	12.22%
2021-22	$ 7,310,486,077	$ 1,149,552,438	18.66%
2022-23	$ 7,703,980,426	$ 393,494,349	5.38%

Another key economic indicator is the area unemployment rate, which speaks directly to the relative strength of the local economy. As of August 2023, Buncombe County's unemployment rate was 2.8%, which was one of the lowest county unemployment rates in North Carolina, and below the statewide rate of 3.3% and the national rate of 3.8%. Unemployment rates improved throughout 2021, 2022, and 2023 as the economy recovered from the impacts of the COVID-19 pandemic.

Long-Term Financial Planning

The City of Asheville has a rolling five-year Capital Improvement Program ("CIP") for infrastructure improvements, facility construction and improvement, and equipment acquisition. The City's emphasis on long-range capital improvement planning focuses attention on current and future needs of the community and on balancing those needs with the City's fiscal resources.



Downtown Asheville

In order to be included in the CIP, a capital item or construction project must have a useful life of more than one year and an initial cost of at least $50,000. All capital items not meeting these criteria are included in the annual operating budget as capital outlay. The one exception to this rule is vehicle purchases which, regardless of price, are included in the CIP.

The CIP is updated annually based on guidance from City Council and input from the public and city staff. The CIP is influenced by a number of other planning processes, including the Council's strategic vision, the Unified Development Ordinance, the Living Asheville Comprehensive Plan, and other adopted plans.

Through the adoption of a 3-cent property tax rate increase in June 2013, Council expanded the scope of the CIP and directed a portion of those resources into infrastructure improvements that leverage private investment. Following the early success of this program, the residents of Asheville approved $74 million in General Obligation GO) Bonds for Transportation, Parks and Recreation and Affordable Housing on November 8, 2016. Approved were $32 million for Transportation, $17 million for Parks and Recreation, and $25 million for Affordable Housing. All three referendums passed with more than 70% approval from the voters. Council adopted a budget for FY 2017-18 that included a 3.5-cent property tax increase in order to fund the GO Bond program and related debt service. The City issued the last of the General Obligation debt from the 2016 referendums in September 2023 and is in the planning stages for another GO Bond program vote in November 2024.

Information about City projects and initiatives can be accessed on the City's website, which contains interactive maps of the City with project overlays and links to individual projects. Active projects have dedicated project pages that include photographs, maps, and detailed information including phase, budget, funding sources, and spending.

CIP projects in the Water Resources Capital Project Fund are funded with utility revenues generated by the Water Resources Operating Fund and debt proceeds. The City successfully issued $38.1 million in water revenue refunding bonds in September 2021 to fund the North Fork Dam Spillway and Embankment Improvement Project. During the debt issuance process, both Moody's Investor Services (Moody's) and Standard & Poor's Global Ratings (S&P) affirmed their debt ratings of Aa1 and AA+ respectively for the city's water revenue bonds. The 2021 water revenue refunding bonds were also issued as Green bonds. Green bonds raise funds for projects with environmental benefits. Sustainable water management is one of the categories eligible for green bond financing and one that describes well the improvement projects at the North Fork Dam. The City of Asheville was the first municipality in North Carolina to issue green bonds in 2015.

In the current Water CIP, funding is included for the Advanced Metering Infrastructure (AMI) project, which is underway. This project will replace existing "smart water meters" that have reached the end of their lifecycle. The meters will be replaced with meters that provide greater customer interaction, and have a longer lifecycle. This project, which will cost an estimated $30 million will also be funded with the issuance of debt, which will likely occur in fiscal year 2024-25.



View of North Fork Reservoir

Reparations Program

On July 14, 2020, Asheville City Council passed a resolution supporting community reparations for Black Asheville, becoming one of the first local governments in the United States to approve a reparations resolution. In an effort to repair the harm done by decades of discrimination, the city manager and city staff have recommended a three-phase process that includes:1) Information Sharing and Truth-Telling; 2) Formation of a Reparations Commission; and 3) Finalize and Present the Report. The Community Reparations Commission is currently developing short, medium and long term recommendations to specifically address the creation of generational wealth and to boost economic mobility and opportunity in the Black community. In June 2021, City Council took action to adopt an initial $2.1 million budget for Reparations utilizing revenue from the sale of the White Labs property. The adopted fiscal year 2022-23 City budget included an additional $500,000 in Reparations funding, and the Buncombe County adopted budget included $2.0 million. The adopted fiscal year 2023-24 budget also continues the City's annual contribution to the Reparations Program. The fiscal year 2023-24 contribution is $510,000, an increase of 2.0% compared to the prior year. Staff plans to continue a 2.0% compounding interest increase in the Reparations contribution in future proposed budgets pending City Council approval. We anticipate that those investments will be augmented in future years by other outside contributions, including from hotel rezonings through use of the Community Benefits Table.

Relevant Policies

The City's fund balance policy is to maintain an unassigned fund balance of no less than 15 percent of the General Fund operating budget. In recent years, the City's unassigned fund balance has remained relatively stable between 15 percent and 20 percent of General Fund expenditures and transfers out. For the fiscal year ending June 30, 2022, General Fund unassigned fund balance increased to 23.9 percent primarily due to higher than anticipated growth in sales taxes. For the most recent fiscal year ending June 30, 2023 General Fund unassigned fund balance decreased to 18.8 percent primarily due to an $8.1 million appropriation for the subsequent year's budget. Even with this decrease, unassigned fund balance still exceeds the City's fund balance policy.

Insurance Programs

The City maintains various risk management programs for certain general liability and casualty risks, fringe benefits and workers' compensation obligations. Revenues and expenses for these programs are recorded in the City's internal service funds. For its self-insured health benefits program, the City retains the services of third-party administrators for the professional management and adjustments of claims. The City's health benefits are self-insured for claims below a $200,000 specific stop-loss coverage limit. Claims are covered above the specific limit through the purchase of specific stop-loss insurance. The employee health benefits program is funded by both employee and employer contributions. Employee benefits paid through this program include health, dental, life and disability insurance. All liability and workers' compensation claims are managed internally by the City's Risk Management staff in consultation with legal and other outside parties on a case-by-case basis. The City is self-insured for liability claims up to $600,000 per occurrence. The City purchases excess liability insurance with limits of $15,000,000 across all liability lines - general, public officials, law enforcement, employment practices and automobile. The City also purchases insurance for real and personal property assets, including dams, with a total insured value of $385,854,136. Coverage limits include $10,000,000 sub-limits for flood and earthquake. The City is also self-insured as provided under North Carolina General Statutes for Workers Compensation and Employer Liability. The City retains out-of-pocket costs up to $600,000 per event for workers' compensation claims. Excess workers' compensation insurance with statutory limits are maintained for claims exceeding the $600,000 self-insured retention.

Awards and Acknowledgements

The City holds triple-A ratings on its general obligation debt from both Standard and Poor's and Moody's Investor Services. Generally, limited obligation bonds are rated one step lower, Aa1 and AA+, and special obligation bonds are rated Aa2 and AA.

Both rating agencies opinions cite the City's strong budgetary performance supported by conservative financial management. The City's strong and diversifying local economy and its standing as a regional center for trade, manufacturing and healthcare-related services for Western North Carolina is also an important factor in the City's high debt rating.

Financial transparency and accountability are important not only to ensure the accuracy of financial statements, but also to allow the public insight into the workings of the City and the use of taxpayer dollars. City management and staff are committed to a strong internal control environment that ensures good stewardship of taxpayer funds and the highest level of accountability.

and Moody's Investor Services. Generally, limited obligation bonds are rated one step lower, Aa1 and AA+, and special obligation bonds are rated Aa2 and AA.

Both rating agencies opinions cite the City's strong budgetary performance supported by conservative financial management. The City's strong and diversifying local economy and its standing as a regional center for trade, manufacturing and healthcare-related services for Western North Carolina is also an important factor in the City's high debt rating.

Financial transparency and accountability are important not only to ensure the accuracy of financial statements, but also to allow the public insight into the workings of the City and the use of taxpayer dollars. City management and staff are committed to a strong internal control environment that ensures good stewardship of taxpayer funds and the highest level of accountability.

The City strives to provide easily accessible and interactive information for residents about City services, projects, plans and Council initiatives. Transparency is a core value of Council and City management. Providing the public with easily accessed, accurate and timely information supports City goals of transparency and accountability, and furthers cooperative and collaborative relationships with residents and local businesses.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2022. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communication device.

We recognize the City's responsibility for the contents of this report and would like to express our appreciation for the cooperation and assistance of our independent auditors, Cherry Bekaert LLP, in its preparation. This report would not have been possible without the efficient and dedicated service of staff in the City's Finance and Management Services Department as well as the cooperation of all other departments and divisions of the City. We would also like to thank the members of Council for their interest and support.

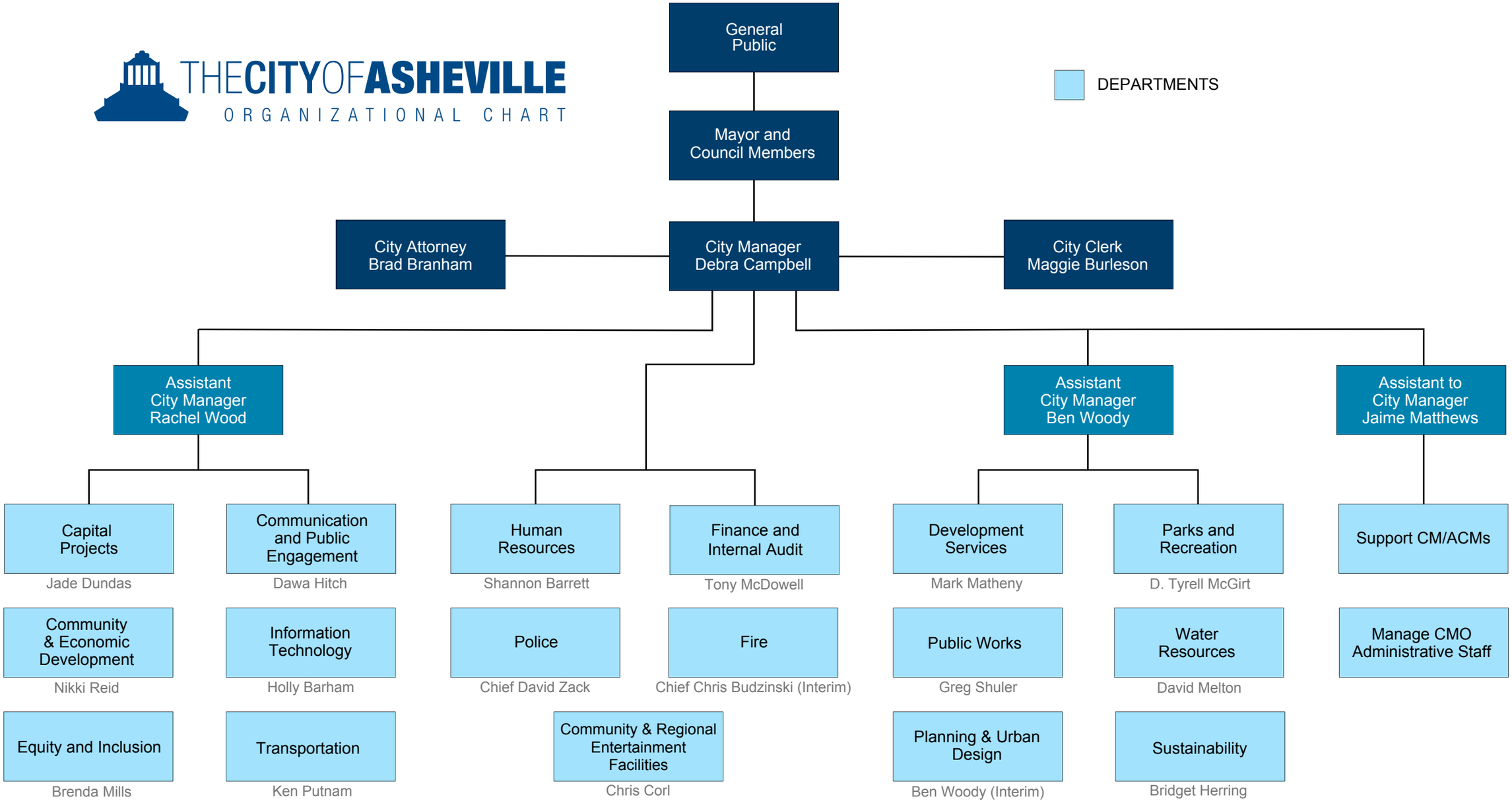
As required by North Carolina General Statute 159-34, a copy of this report will be filed with the Secretary of the North Carolina Local Government Commission. In addition, a copy will be sent to the City Clerk to be available for public inspection.

Respectfully submitted,

Debra D. Campbell
City Manager

Tony McDowell
Chief Financial Officer

THE CITY OF ASHEVILLE
ORGANIZATIONAL CHART



The ASHEVILLE way



Continuous Improvement

Asheville employees are trained professionals who improve service delivery by balancing needs, resources and innovation.

Integrity

Asheville employees demonstrate character with courage, honesty and pride.

Diversity

Asheville employees value and respect a diverse community, workforce and ideas.

Safety and Welfare

Asheville employees value the safety and welfare of our employees and the citizens we serve.

Excellent Service

Asheville employees strive to address needs with courtesy, compassion, timeliness, efficiency and commitment.

Our Quality of Service, Your Quality of Life

CITY OF ASHEVILLE NORTH CAROLINA

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Honorable Mayor
and Members of the City Council
City of Asheville, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Asheville, North Carolina (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City of Asheville ABC Board (the "Board"), which is a discretely presented component unit as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board, is based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules; other supplementary information, as listed in the table of contents; and schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, other supplementary information, and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's 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 City's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Charlotte, North Carolina
November 1, 2023

As management of the City of Asheville (the "City"), we offer readers of the City financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's Notes to the Financial Statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by more than $578 million (net position). Of this amount, $141 million (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.

- The City's total net position of $578 million represents an increase of $23 million over fiscal year 2022's net position of approximately $555 million.

- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of over $139 million, an increase of $13 million in comparison with the prior year's amount of $126 million. The unassigned portion of the General Fund balance is approximately $29 million; this amount is available to spend at the City's discretion.

- At the end of the current fiscal year, the non-spendable, restricted, committed and assigned portions of fund balance for all governmental funds was $121.8 million.

- The City's total long-term liabilities increased by $47.8 million during the current fiscal year. This increase is primarily attributable to a $41.8 million increase in the net pension liability for LGERS. The increase was also due to the additional $32.5 million in debt drawdown for the 2020 GO Bond and 2022 Limited Obligation Bond. The change in long-term liabilities was partially offset by the payment of principal on the City's existing debt in conformance with the applicable maturity schedules

  The City's current general obligation bond ratings as noted below.

  Moody's Aaa
  Standard & Poor's AAA

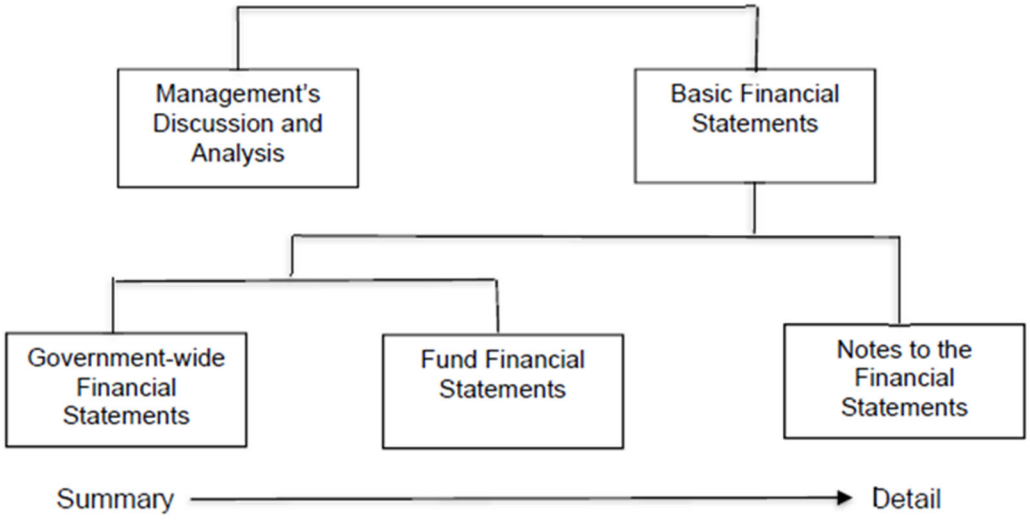
The GO Bond Anticipation Note, and the Limited Obligation interim debt are part of the City's long-term debt model, which is designed to minimize debt service during capital construction. These debt issuances are short-term, interim debt facilities which will be paid off in full with the issuance of permanent long-term (20 year) debt as projects are completed. The City's financial model allows the City to most effectively leverage taxpayer funds and tie debt maturity more accurately to the life of the underlying assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The financial statements include two kinds of statements that present different views of the City: 1) Government-Wide Financial Statements and 2) Fund Financial Statements. Both perspectives are essential and complementary components that allow the user to address relevant questions, broaden a basis for comparison, and enhance the City's accountability. Another element of the basic financial statements is the notes to the financial statements. In addition to the basic financial statements, the report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City as well as compliance issues that are addressed by Government Auditing Standards, Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principals, and Audit Requirements for Federal Awards ("Uniform Guidance") and the North Carolina Single Audit Implementation Act (Figure 1).

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **government-wide financial statements**. They provide both short- and long-term information about the City's financial status.

The next statements (Exhibits C through L) are **fund financial statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, the **required supplementary information** section contains funding information about the City's pension plans and postemployment healthcare and dental benefits plans. Next, **supplementary information** is provided to show details about the City's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The **government-wide financial statements** are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short- and long-term information about the City's financial status as a whole.

The *statement of net position* presents information on the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as the *net position*. Over time, increases or decreases in net position may serve as a useful way to gauge the City's financial condition.

The *statement of activities* presents information on how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of related cash flows. Therefore, revenues and expenses are reported in this statement, which result in cash flows in future fiscal periods, such as uncollected taxes and earned but unused vacation leave.

Government-wide statements are divided into governmental and business-type activities. The governmental activities include most of the City's basic services such as public safety, culture and recreation, transportation, community and economic development, and general government. Property taxes, sales tax, and other local taxes finance about 75 percent of the costs of these activities. Business-type activities include water resources, stormwater management, parking services, street cut utility, the Harrah's Cherokee Center – Asheville (HCCA), and mass transit services. These activities are primarily paid from charges to customers, with the exception of mass transit, which receives federal grants and transfers from the General Fund as its primary sources of funding.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The **fund financial statements** (Exhibits C through L) provide a more detailed look at the City's most significant activities. A fund is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting ensures and reflects compliance, or non-compliance, with related legal requirements, such as General Statutes, grantor provisions, or the City's budget ordinance. The funds of the City are divided into three categories: 1) the governmental fund statements, 2) the proprietary fund statements, and 3) the fiduciary fund statements.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on how assets can readily be converted into cash flow in/out and what monies are left at year-end that will be available for spending in the next year. Most of the City's basic services are accounted for in governmental funds. Governmental funds are reported using an accounting method called *modified accrual accounting,* which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the three major funds: the General Fund, the General Capital Projects Fund and the Grants Programs Fund. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual budget for its General Fund, as required by North Carolina General Statutes. The budget is a legally adopted document that incorporates input from Asheville citizens, city management, and decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The General Fund budgetary comparison statement uses the budgetary basis of accounting – modified accrual – and is presented with modifications to the format, language, and classifications from the legal budget document. The statement shows four columns: 1) the original budget as adopted by the City Council, 2) the final budget as amended by the City Council, 3) the actual resources, charges to appropriations, and ending balances in the General Fund, and 4) the difference or variance between the final budget and the actual resources and charges.

The basic governmental fund financial statements are Exhibits C through G of this report.

Proprietary Funds – The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the entity-wide financial statements. The City uses enterprise funds to account for its water resources, HCCA, parking services, stormwater management, street cut utility, and mass transit operations. *Internal service funds* are an accounting mechanism used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the financing of goods and services provided by the Health Insurance, Workers' Compensation, and Property and Casualty Funds on a cost reimbursement basis. Additionally, the City uses an internal service fund entitled General for the purpose of accumulating net assets not specifically assigned to any of the other internal service funds. As each of these services predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Resources Fund, and Mass Transit Fund, which are considered to be major funds of the City. The basic proprietary fund financial statements can be found in Exhibit H through J of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains three fiduciary funds: one pension trust fund and two agency funds. The basic fiduciary fund financial statements can be found on Exhibits K and L of this report.

Notes to the Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 44-93 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 96-101 of this report. The combining statements, referred to earlier in connection with non-major governmental funds, are presented immediately following the required supplementary information on pensions. The other supplementary information shows details about the City's individual funds, including budgetary information required by the North Carolina General Statutes as well as other data the City considers helpful to the reader.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole. The two government-wide statements report the City's net position and how it has changed. Net position is the difference between the City's total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition. As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. In the case of the City, assets and deferred outflows exceed liabilities and deferred inflows by $578 million as of June 30, 2023 (Figure 2).

Significant changes in the City's net position include the following:

- The increase in both governmental and business-type non-current liabilities (approximately $48.8 million), is related to the LGERS Liability, additional GO debt expenditures and the issuance of the 2023 GO Bond Refunding, noted above.

Government-Wide Financial Analysis
City of Asheville Net Position
(amounts expressed in thousands)
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 183,781	$ 176,876	$ 102,474	$ 100,630	$ 286,255	$ 277,506
Capital assets	280,772	269,292	327,760	317,506	608,532	586,798
Total Asssets	464,553	446,168	430,234	418,136	894,787	864,304
Deferred outflows of resources	34,158	23,144	9,288	6,468	43,446	29,612
Total Assets and Deferred Outflows of Resources	498,711	469,312	439,522	424,604	938,233	893,916
Non-current liabilities	209,352	163,837	98,686	95,525	308,038	259,362
Other liabilities	31,475	39,834	12,579	10,659	44,054	50,493
Total Liabilities	240,827	203,671	111,265	106,184	352,092	309,855
Deferred inflows of resources	6,849	23,634	925	5,412	7,774	29,046
Total Liabilities and Deferred Inflows of Resources	247,676	227,305	112,190	111,596	359,866	338,901
Net Position:						
Net investment in capital assets	151,642	145,863	246,805	212,383	398,447	358,246
Restricted	38,764	39,482	-	-	38,764	39,482
Unrestricted	60,629	56,661	80,527	100,624	141,156	157,285
Total Net Position	$ 251,035	$ 242,006	$ 327,332	$ 313,007	$ 578,367	$ 555,013

By far the largest portion of the City's net position ($398.4 million or 69 percent) reflects the City's investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related debt that is still outstanding that was issued to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets are committed to the continued provision of service and cannot be used to liquidate these liabilities. An additional portion of the City of Asheville's net position, $38.8 million, represents resources that are subject to external restrictions such as state statute requirements, community development activities, and cemetery maintenance. The remaining balance of $141.2 million is unrestricted.

The City's management emphasizes a philosophy that focuses on three guiding principles:

- ***Essential services delivery*** to provide departments with the resources required to meet service delivery expectations.
- ***Enhancing customer value*** to ensure efficient service delivery that improves the customer experience.
- ***Strategic alignment*** to direct new and existing resources towards achieving community, Council and staff goals.

This philosophy and a focus on collaboration enables management to work together to achieve service and financial goals, including the following aspects of the City's financial operations and environment that positively influence the total unrestricted governmental position:

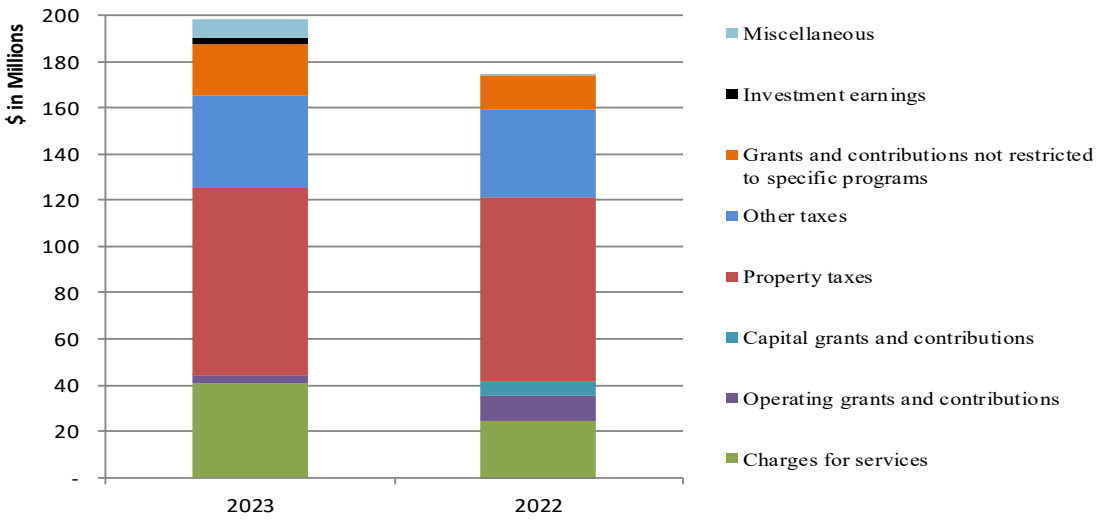
- Ongoing careful management of resources. The City of Asheville's management is committed to deliberate and considered use of taxpayer funds. Actual budget performance in expenditures consistently comes in under the adopted budget. Continued better than budget performance demonstrates the success of management initiatives to maximize the impact of budgeted funds.
- Long-range planning. City management is committed to developing plans that ensure the financial sustainability of the City in the long term. Resource management and human capital management decisions are made collaboratively and with consideration for both short and long-term impacts on service delivery, succession planning and financial sustainability.
- Local economy. External factors, including local economic growth, help to increase revenues. Diversification of revenues can be challenging given the City's limited ability to develop new revenue streams without specific State Legislative approval. On a positive note, sales tax revenue continued its strong growth and was up 6.2% in fiscal year 2023.

City of Asheville Changes in Net Position
(amounts expressed in thousands)
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 40,506	$ 24,599	$ 64,661	$ 57,175	$ 105,167	$ 81,774
Operating grants and contributions	3,558	10,967	3,541	9,068	7,099	20,035
Capital grants and contributions	26	5,984	5,924	7,692	5,950	13,676
General revenues:						
Property taxes	80,904	79,760	-	-	80,904	79,760
Other taxes	40,283	37,947	-	-	40,283	37,947
Grants and contributions not restricted to specific programs	22,034	14,933	-	-	22,034	14,933
Investment earnings	2,972	(404)	1,826	(189)	4,798	(593)
Miscellaneous	8,284	342	238	502	8,522	844
Total Revenues	198,567	174,128	76,190	74,248	274,757	248,376
Expenses:						
General government	56,344	22,251	-	-	56,344	22,251
Public safety	72,432	62,155	-	-	72,432	62,155
Environmental services	9,148	7,189	-	-	9,148	7,189
Community development	12,988	17,988	-	-	12,988	17,988
Transportation	9,729	12,551	-	-	9,729	12,551
Culture and recreation	18,094	15,543	-	-	18,094	15,543
Interest on long-term debt	2,636	3,229	-	-	2,636	3,229
Water resources	-	-	35,442	32,042	35,442	32,042
Parking services	-	-	4,518	3,697	4,518	3,697
Street Cut Utility	-	-	1,956	1,591	1,956	1,591
Stormwater	-	-	7,681	5,349	7,681	5,349
U.S. Cellular Center	-	-	5,957	5,514	5,957	5,514
Mass transit	-	-	14,478	14,446	14,478	14,446
Total Expenses	181,371	140,906	70,032	62,639	251,403	203,545
Increase in net position before transfers	17,196	33,222	6,158	11,609	23,354	44,831
Transfers	(8,167)	(10,268)	8,167	10,268	-	-
Increase in net position	9,029	22,954	14,325	21,877	23,354	44,831
Net position, beginning of year	242,006	219,052	313,007	291,130	555,013	510,182
Net position, end of year	$ 251,035	$242,006	$ 327,332	$313,007	$ 578,367	$ 555,013

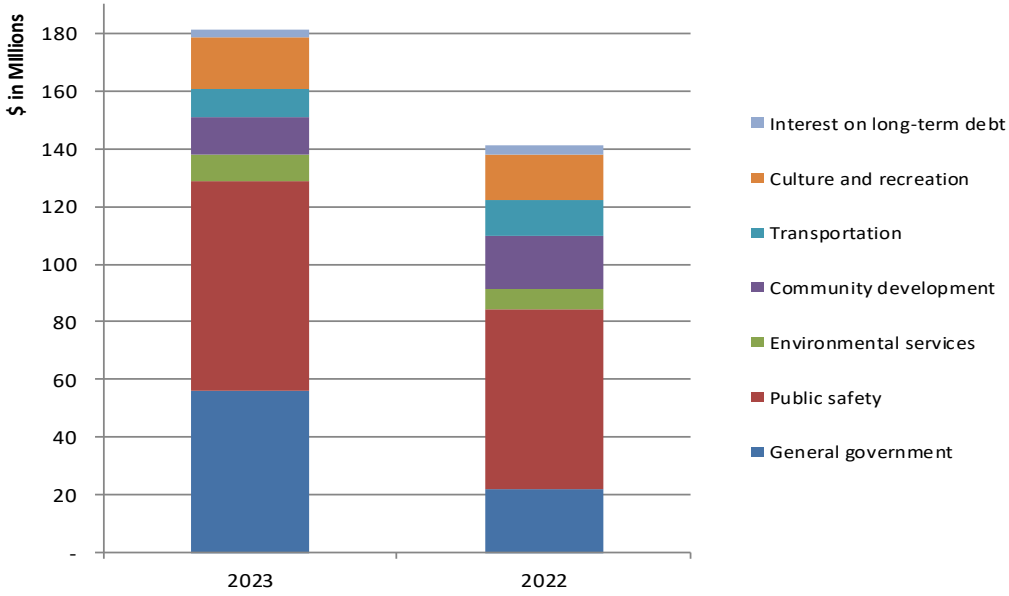
Government-wide Analysis

Governmental Activities Revenues (Figure 4)



Total governmental expenses reported (Figure 5) in the governmental activities for fiscal year 2023 were $181.4 million as compared to fiscal year 2022's $140.9 million – a year-over-year increase of $40.5 million. Much of this increase is due to the inclusion of Internal Service Fund expenses in the fiscal year 2023 total which were netted out of the fiscal year 2022 total. The other main driver of expense increases in governmental activities was employee salary increases approved as part of the budget. Salary increases included either a 5% or 2.5% increase as well as an increase in minimum earrings at the city to be at least $36,816 annually. There was also a significant increase in contribution rates related to retirement.

Governmental Activities Expenses (Figure 5)



Business-type Activities – The City's Net Position for business-type activities increased approximately $14.3 million. This increase was related to post-pandemic rebound for the Parking Services Fund as well as an increase in fees for the Water Resource Fund and Stormwater Fund.

Revenues for all business-type activities, year-over-year, increased by $1.9 million (Figure 6). Expenses increased by $7.7 million (Figure 7). Key elements of these changes are as follows:

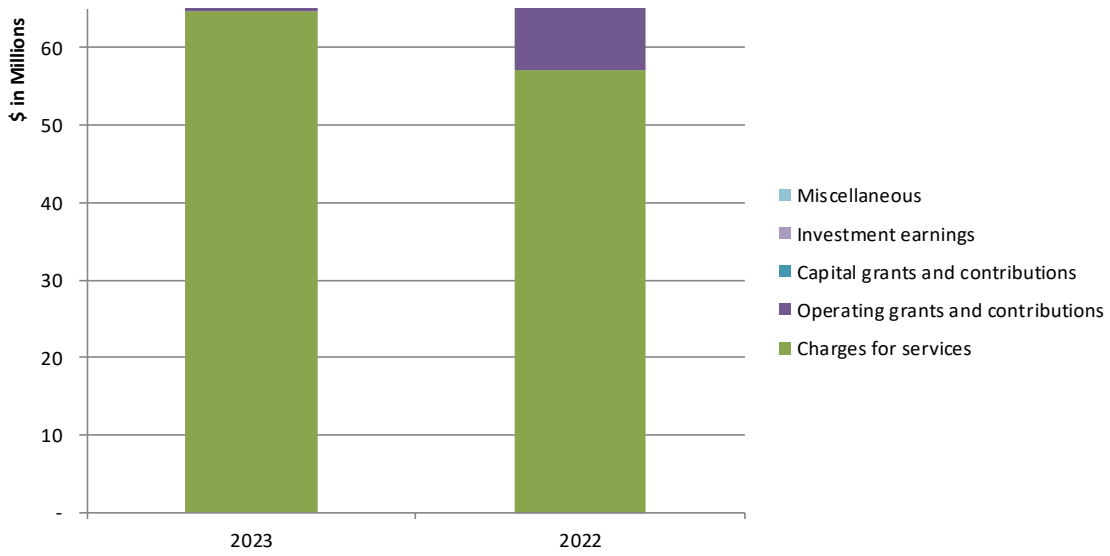
- Charges for services increased by $7.3 million primarily due to the rate increase for the Water Resources Fund and Stormwater Fund.

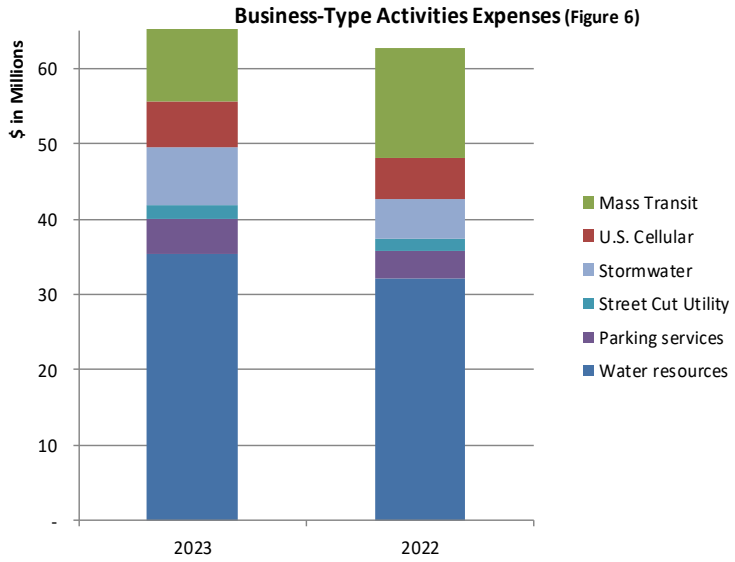
- Revenues for the Parking Services Fund increased by $1.8 million due to services getting back to their pre-pandemic activity.

- These increases were offset by a decrease in operating grants and contributions of $5.6 million in the Harrah's Cherokee Center Asheville and Mass Transit Fund.

- The increase in expenses is primary due to salary and benefit increases. As noted earlier, salary increases included either a 5% or 2.5% increase based on longevity with the City as well as an increase in minimum earrings at the city to be at least $36,816 annually. There was also a significant increase in contribution rates related to retirement.

Business-Type Activites Revenues (Figure 6)





Governmental Funds – The general fund is the chief operating fund of the City. At the end of the current fiscal year, the City's fund balance available in the General Fund was $28.9 million, while total fund balance reached $137.9 million. The City Council has determined that the City should maintain a minimum available fund balance of 15 percent of General Fund expenditures to meet the cash flow needs of the City in case of unforeseen needs. At June 30, 2023, the unassigned fund balance of $28.9 million is approximately 18.8 percent of fiscal year 2023 General Fund expenditures and transfers out. For the fiscal year ending June 30, 2022, General Fund unassigned fund balance was 23.9 percent. The decrease in unassigned fund balance at June 30, 2023 is primarily due to an $8.1 million appropriation for the subsequent year's budget. Even with this decrease, unassigned fund balance still exceeds the City's fund balance policy.

The General Capital Projects Fund includes all non-enterprise capital spending. The City funds capital projects through a debt model that includes the use of treasurer's cash (pooled cash) to cover expenses, reimbursement of treasurer's cash from a short-term installment debt facility during construction, and the payoff of the interim facility with long-term debt tied to the asset life of the completed project/asset (up to 20 years). The fund balance as of June 30, 2022 was ($2.9) million. As of June 30, 2023 the fund balance was ($9.3) million. This change is due to the timing of cash draw down from our short-term installment debt facility.

Capital Asset and Debt Administration

Capital Assets – Capital assets include land, buildings, improvements other than buildings, infrastructure (streets, sidewalks, and water lines), machinery and equipment, intangibles (rights of way and easements) and construction in progress.

The City's capital assets (Figure 8) for the governmental and business-type activities as of June 30, 2023, totals $608.5 million (net of accumulated depreciation). This is an increase of $26.7 million.

City of Asheville Capital Assets
(amount expressed in thousands)
Figure 8

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	$ 56,304	$ 56,332	$ 16,047	$ 16,047	$ 72,351	$ 72,379
Buildings and Improvements	38,388	29,735	51,147	51,028	89,535	80,763
Improvements Other than Buildings	17,751	16,131	3,245	3,463	20,996	19,594
Machinery and Equipment	25,937	24,604	11,689	11,829	37,626	36,433
Infrastructure	102,107	53,957	162,700	165,944	264,807	219,901
Construction in Progress	32,341	78,529	45,738	37,694	78,079	116,223
Intangibles	5,442	5,169	36,009	31,341	41,451	36,510
Other Capital Assets	2,502	15	1,185	17	3,687	32
Net Capital Assets	$ 280,772	$ 264,472	$ 327,760	$ 317,363	$ 608,532	$ 581,835

Major capital expenditures in fiscal year 2023 included:

- Construction expenses for Fire Station 13 at the Broadway Public Safety Station,
- Improvements to the City's streets, sidewalks, greenways and parks facilities,
- Replacement and maintenance of water lines and maintenance at water treatment plants, and
- Replacement and maintenance of stormwater infrastructure.

Additional information regarding the City's capital assets is found in Note 5 on pages 58-63 of this report.

Long-term Debt – As of June 30, 2023, the City had total debt outstanding of $215.1 million (Figure 9). Of this total indebtedness, $40.1 million is backed by the full faith and credit of the City. The remainder of the City's bonded debt, totaling $153.6 million, represents bonds secured solely by specified revenue sources (revenue bonds or special obligation bonds), bonds secured by the City's master indenture as collateral (limited obligation bonds), or contracts collateralized by the financed project – often real or personal property (installment financing contracts).

During fiscal year 2023, the City refinanced the 2020 direct placement general obligation bond anticipation note (GO BAN) with Bank of America, N.A. issuing a $22,405,000 general obligation refunding bond Series 2023 for transportation and parks projects.

The City's total net debt at June 30, 2023 increased by approximately $27 million when compared to 2022 fiscal year end. This is the result of annual payments made in accordance with regularly scheduled maturity dates on the existing debt and the effect of the current year's additional debt discussed above. The City has $74 million in General Obligation Bonds approved by the voters on November 8, 2016, $26.8 million of which are considered authorized and unissued as of June 30, 2023.

State statutes limit the amount of general obligation debt a governmental entity may issue to eight percent of its total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City is approximately $1.4 billion, which is significantly higher than the City's outstanding general obligation debt. Additional information regarding the City's long-term debt can be found in Note 7 on page 73 of this report.

City of Asheville
General Obligation Bonds, Revenue Bonds, Installment Financing and Other Notes
(amounts expressed in thousands)
Figure 9

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	$ 40,100	$ 33,675	$ -	$ -	$ 40,100	$ 33,675
Installment financing contracts	80,008	75,041	7,673	7,673	87,681	82,714
Revenue bonds	-	-	65,940	65,940	65,940	65,940
Other long-term indebtedness	8	34	7,892	79	7,900	113
Total Bonds	$ 120,116	$ 108,750	$ 81,505	$ 73,692	$ 201,621	$ 182,442

General Fund Budgetary Highlights

During fiscal year 2023, there was a $44.4 million net increase in appropriations between the original and final amended General Fund budgets. The largest component of this budget increase was the $25.3 million increase related to the refunding of the 2020 GO BAN discussed above. The second largest component of the increase was the $11.2 million in appropriations for prior year's encumbrances, affordable housing loan commitments, and carry-over assignments that rolled over from fiscal year 2022. The next largest component was the $6.0 million appropriation for 2016 General Obligation Bond funding that was transferred from the General Capital Projects Fund to the General Fund during fiscal year 2023 for affordable housing loans.

Actual General Fund revenues came in above final budget estimates by approximately $5.3 million or 3.4% primarily due to the fact that other taxes, intergovernmental, investment earnings and miscellaneous revenues came in higher than budget estimates. Ad valorem tax revenues, the City's largest General Fund revenue source, finished the year at 99% of budget. Fiscal year 2023 revenue from ad valorem taxes was up 1% compared to fiscal year 2022. Other taxes, which includes sales taxes and is the second largest General Fund revenue, finished the year at 103.4% of budget, and was up 6.2% compared to fiscal year 2022. Investment earnings revenue came in over budget by approximately $2.0 million due to increasing interest rates. Intergovernmental revenue came in over budget by 1.8 million primarily due to increases in state utility taxes and Powell Bill revenue. Miscellaneous revenue came in over budget by approximately $500 thousand primarily due to revenue that the City receives from the local Alcoholic Beverage Control (ABC)

board exceeding budget estimates. Overall, General Fund revenues for fiscal year 2023 totaled $160.8 million compared to fiscal year 2022 revenues of $153.7 million, an increase of $7.1 million or 4.8%.

General Fund expenditures (excluding transfers to other funds, which are included in the budget as expenditures) came in under budget by $24.3 million. The biggest determinants of the under budget performance in expenditures were: 1) $16.7 million in the Community Development budget that was unspent but committed to future housing trust fund activities; 2) $5.9 million in unspent budget that is restricted and assigned for unexpended fiscal year 2022 contracts, purchase orders, and various projects; and 3) $2.9 million unspent but assigned to the City's multi-year capital improvement financial model. Overall, expenditures and transfers to other funds finished the year at 87% of budget, with total expenditures and transfers (excluding the non-routine debt refunding shown in other financing uses) up 7.0% year-over-year.

As of June 30, 2023, a total of $44.4 million was assigned in fund balance for future capital and debt service expenses as part of the multi-year capital improvement financial model, an increase of $2.9 million from the prior year. In addition, the City also assigned $943 thousand in expenditure budget savings for future expenses, including: 1) $385,900 for the Strategic Partnership Funding (SPF) Program, 2) $110,000 for building maintenance, and 3) $158,000 in unspent, unencumbered contract funds in the Community and Economic Development Department. The City also assigned $8.1 million in fund balance that was appropriated for the fiscal year 2024 budget.

The other financing uses category includes transfers to other funds totaling $11.6 million for fiscal year 2023. This total includes transfers to the Mass Transit and the HCCA enterprise funds as well as to the General Capital Projects Fund, the Sustainability Fund, and the Special Revenue Fund. The other financing sources and uses category also includes appropriated fund balance, with a final amended budget of $13.4 million. The original fiscal year 2023 budget adopted by City Council included a $400,000 appropriation from fund balance. The increase in fund balance appropriation between original and final budget relates to prior year encumbrances and carry forward appropriations, which were either previously budgeted, or already committed or assigned in fiscal year 2022 fund balance. No additional General Fund fund balance appropriations were submitted to or approved by Council during fiscal year 2023. Actual revenues and other financing sources exceeded expenditures and other financing uses by $16.1 million in fiscal year 2023. The comparable figure in fiscal year 2022 was $12.3 million.

Economic Factors

As of August 2023, Buncombe County's unemployment rate was 2.8%, which was one of the lowest county unemployment rates in North Carolina, and below the statewide rate of 3.3% and the national rate of 3.8%. Unemployment rates improved throughout 2021, 2022, and 2023 as the economy recovered from the impacts of the COVID-19 pandemic.

The 2020 Census population totaled 94,589, which represents a 13% increase over the 2010 Census. Asheville's 2020 Census population made it the eleventh largest city in North Carolina.

County-wide taxable sales have increased significantly over the last several years as the impacts of the COVID-19 pandemic have receded. Sales rebounded strongly in fiscal year 2021 and significant growth continued in fiscal year 2022. Growth continued in fiscal year 2023 but at a

slower rate than in the previous two years, with sales up 5.4%. For fiscal year 2023 retail sales totaled $7.7 billion.

Overall economic conditions, population growth, and retail sales trends were all factors considered in preparing the City's budget for the 2024 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2024

The City's adopted General Fund budget for fiscal year 2024 totals $172.7 million, which represents a 8.5% increase compared to the fiscal year 2023 original budget. The City's adopted ad valorem tax rate for fiscal year 2024 is 40.30 cents per $100 of assessed valuation which is the same as the prior fiscal year. Revenue from other (sales) taxes is budgeted to increase by 8% compared to the fiscal 2023 year-end estimates that were prepared during the budget process in the spring of 2023. This increase is based on the retail sales performance in fiscal year 2023 and continued strength in the local economy. As noted earlier, the adopted fiscal year 2024 General Fund budget includes a $8.1 million fund balance appropriation.

As result of labor market changes and inflationary pressures, the following compensation adjustments are included in the Adopted General Fund Budget at a cost of approximately $7.0 million:

- A 5% salary increase for existing employees, except for sworn police officers who received a 6% salary increase.
- Increased shift differential pay, additional pay for hours worked during evenings, nights and weekends from $0.75 to $2.00 per hour.
- Increased standby pay, additional pay for being available to work outside of normal hours from $20 to $30 per day.
- A one-time allocation of $250,000 to provide temporary supplemental pay to employees in hard to fill positions.
- An additional 1% match for 401(k) contributions. All City employees currently receive a 5% 401(k) contribution with no match required. This change would mean employees contributing at least 1% to their 401(k) would receive a 6% contribution from the City.
- Added a 5.0% pay for firefighters and police officers achieving advanced certification to encourage and incentive advanced training resulting in a more skilled labor force.

Based on claims trends, the budget includes an increase to both employer and employee contributions to the health insurance program, which is the first increase in six years. The citywide benefits budget also includes $1.5 million to fund a required increase of 1% for law enforcement personnel and 0.75% for other employees in the employer contribution to the Local Government Employee Retirement System (LGERS).

In the General Fund, operating costs are up approximately $1.8 million. This increase includes several one-time items such as the Urban Forestry Master Plan, the Solid Waste Master Plan, and new fleet maintenance software. The Adopted General Fund Budget also continues the City's annual contribution to the Reparations Program. The fiscal year 2024 contribution is $510,000, an increase of 2.0% compared to the prior year. Staff plans to continue a 2.0% compounding interest increase in the Reparations contribution in future proposed General Fund budgets pending City Council approval. Funding for the General Fund multi-year capital model is increased by 2.0% to $15.8 million in fiscal year 2024.

Business-type Activities – Budgets increased in all of the City's six Enterprise Funds in fiscal year 2024, primarily due to the compensation and benefits increases discussed above in the General Fund section. In the Water Resources Fund, City Council approved an increase to the water usage fee resulting in a $3.6 million revenue increase. Along with covering typical year-over-year cost increases, the additional revenue will also fund a number of operational improvements including:

- An additional maintenance crew to reduce repair response times and increase the amount of preventative line maintenance the department can complete (5 positions, $585,000).
- Enhanced night coverage for the water treatment plants to reduce safety concerns and increase ability to respond quickly to problems (3 positions, $225,000).
- Customer service staff to manage the transition to the automatic meter infrastructure (AMI) system already underway (1 position, $80,000).
- A new communication specialist to develop a program of regular engagement with customers, and improve emergency communications (1 position, $100,000).

City Council also approved a fee increase in the Stormwater Fund. The additional $1 million in revenue from the fee increase will fund an asset inventory and assessment project; position changes and additions, and ongoing capital needs. In the Parking Fund, the budget includes funding for an operations assessment and parking meter replacements; and in the Transit Fund the budget includes funding for inflationary increases and a City-County master plan.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, City of Asheville, P.O. Box 7148, Asheville NC 28802

City of Asheville **Exhibit A**

Statement of Net Position
June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Asheville ABC Board
Assets				
Current Assets:				
Cash and investments	$ 142,376,665	$ 83,688,138	$ 226,064,803	$ 4,456,491
Cash and investments – restricted	1,445,382	8,282,955	9,728,337	-
Receivables (net of allowance for uncollectibles):				
Property taxes	831,552	-	831,552	-
Due from other governments	15,953,538	566,795	16,520,333	-
Accounts receivable	3,370,888	7,756,822	11,127,710	4,348
Other receivables	994,048	-	994,048	-
Inventories and prepaids	3,016,652	2,115,148	5,131,800	7,195,201
Assets held for resale	497,633	-	497,633	-
Lease receivables	272,272	4,922	277,194	-
Notes receivable (net of allowance for uncollectibles)	12,081,258	-	12,081,258	-
Total Current Assets	180,839,888	102,414,780	283,254,668	11,656,040
Non-current Assets:				
Lease receivable, non-current	2,941,486	59,063	3,000,549	
Capital Assets, Net:				
Assets not being depreciated	94,087,976	97,793,033	191,881,009	4,307,857
Assets being depreciated, net	184,191,742	228,797,899	412,989,641	5,768,643
Right to use assets, net of amortization	2,492,309	1,168,967	3,661,276	
Total Noncurrent Assets	283,713,513	327,818,962	611,532,475	10,076,500
Total Assets	464,553,401	430,233,742	894,787,143	21,732,540
Deferred Outflows of Resources				
Pension and OPEB related deferrals	32,934,158	8,491,448	41,425,606	2,163,364
Charge on refunding	1,223,567	796,672	2,020,239	-
Total Deferred Outflows of Resources	34,157,725	9,288,120	43,445,845	2,163,364
Liabilities				
Accounts payable	9,235,583	9,761,288	18,996,871	1,076,750
Due to other governments	4,245	28,782	33,027	2,294,022
Other accrued liabilities	4,086,467	511,137	4,597,604	278,187
Customer deposits	658,153	669,472	1,327,625	-
Accrued interest payable	709,861	1,038,054	1,747,915	-
Unearned revenue	13,097,413	570,359	13,667,772	-
Estimated Claims Payable:				
Due within one year	985,330	-	985,330	-
Due in more than one year	2,697,964	-	2,697,964	-
Non-current Liabilities:				
Due within one year	12,645,280	7,059,929	19,705,209	352,748
Due in more than one year	196,706,554	91,626,390	288,332,944	4,006,869
Total Liabilities	240,826,850	111,265,411	352,092,261	8,008,576
Deferred Inflows of Resources				
Prepaid taxes	36,743	-	36,743	-
Pension and OPEB related deferrals	3,724,197	862,971	4,587,168	835,038
Leases	3,087,953	61,653	3,149,606	-
Total Deferred Inflows of Resources	6,848,893	924,624	7,773,517	835,038
Net Position				
Net investment in capital assets	151,642,282	246,805,317	398,447,599	7,546,402
Restricted for:				
Nonspendable:				
Perpetual maintenance	332,078	-	332,078	-
Stabilization by State Statute	32,614,925	-	32,614,925	-
Community development	5,817,166	-	5,817,166	-
Unrestricted	60,628,932	80,526,510	141,155,442	7,505,888
Total Net Position	$ 251,035,383	$ 327,331,827	$ 578,367,210	$ 15,052,290

See notes to financial statements.

City of Asheville **Exhibit B**

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: City of Asheville ABC Board
Primary Government:								
Governmental Activities:								
General government	$ 56,343,561	$ 25,491,733	$ -	$ -	$ (30,851,828)	$ -	$ (30,851,828)	$ -
Public safety	72,432,275	1,142,468	1,120,133	-	(70,169,674)	-	(70,169,674)	-
Environmental services	9,148,015	6,281,858	-	-	(2,866,157)	-	(2,866,157)	-
Community development	12,988,432	4,105,422	-	-	(8,883,010)	-	(8,883,010)	-
Transportation	9,728,879	1,594,715	2,437,509	26,144	(5,670,511)	-	(5,670,511)	-
Culture and recreation	18,093,576	1,890,023	-	-	(16,203,553)	-	(16,203,553)	-
Interest on long-term debt	2,636,296	-	-	-	(2,636,296)	-	(2,636,296)	-
Total Governmental Activities	181,371,034	40,506,219	3,557,642	26,144	(137,281,029)	-	(137,281,029)	-
Business-type Activities:								
Water resources	35,441,983	40,913,009	-	5,243,098	-	10,714,124	10,714,124	-
Parking services	4,517,942	6,969,641	-	-	-	2,451,699	2,451,699	-
Street Cut Utility	1,956,350	3,006,454	-	-	-	1,050,104	1,050,104	-
Stormwater	7,681,414	7,353,041	-	180,417	-	(147,956)	(147,956)	-
Harrah's Cherokee Center Asheville	5,956,745	5,423,684	-	500,000	-	(33,061)	(33,061)	-
Mass Transit	14,477,757	994,857	3,540,415	-	-	(9,942,485)	(9,942,485)	-
Total Business-type Activities	70,032,191	64,660,686	3,540,415	5,923,515	-	4,092,425	4,092,425	-
Total Primary Government	$251,403,225	$105,166,905	$ 7,098,057	$ 5,949,659	$ (137,281,029)	$ 4,092,425	$ (133,188,604)	$ -
Component Unit:								
ABC Board	$ 38,942,982	$ 40,065,364	$ -	$ -	$ -	$ -	$ -	$ 1,122,382
General revenues:								
Property taxes					80,904,369	-	80,904,369	-
Sales taxes					38,912,417	-	38,912,417	-
Other taxes					1,371,033	-	1,371,033	-
Grants and contributions not restricted to specific programs					22,033,607	-	22,033,607	-
Investment earnings					2,971,624	1,826,332	4,797,956	20,358
Miscellaneous					8,026,370	180,206	8,206,576	12,930
Gain on sale of assets					258,078	58,095	316,173	-
Transfers					(8,167,285)	8,167,285	-	-
Total general revenues and transfers					146,310,213	10,231,918	156,542,131	33,288
Changes in net position					9,029,184	14,324,343	23,353,527	1,155,670
Net position – beginning					242,006,199	313,007,484	555,013,683	13,896,620
Net position – ending					$ 251,035,383	$327,331,827	$ 578,367,210	$ 15,052,290

See notes to financial statements.

City of Asheville **Exhibit C**

Balance Sheet
Governmental Funds
June 30, 2023

	Major Funds				
	General Fund	General Capital Projects Fund	Grant Programs Fund	Non-major Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 108,051,690	$ -	$ 19,745,958	$ 1,674,770	$ 129,472,418
Cash and investments – restricted	643,518	-	-	801,864	1,445,382
Receivables (Net of Allowance for Uncollectibles):					
Property taxes	831,552	-	-	-	831,552
Due from other governments	14,278,429	680,058	211,749	783,302	15,953,538
Accounts receivable	1,728,105	129,983		-	1,858,088
Other receivables	910,180	-	-	83,868	994,048
Lease receivable	3,213,758	-	-	-	3,213,758
Notes receivable (net of allowance for uncollectibles)	9,445,304	-	-	2,635,954	12,081,258
Inventories and prepaids	565,152	2,451,500	-	-	3,016,652
Due from other funds	9,787,186	-	-	-	9,787,186
Total Assets	$ 149,454,874	$ 3,261,541	$ 19,957,707	$ 5,979,758	$ 178,653,880
Liabilities					
Accounts payable	$ 4,091,137	$ 2,877,134	$ 1,421,429	$ 371,236	$ 8,760,936
Other accrued liabilities	3,476,370	-	6,643	4,874	3,487,887
Due to other governments	4,245	-	-	-	4,245
Due to other funds	-	9,066,754	-	720,432	9,787,186
Deposits	658,153	-	-	-	658,153
Unearned revenue	3,713	-	13,093,700	-	13,097,413
Total Liabilities	8,233,618	11,943,888	14,521,772	1,096,542	35,795,820
Deferred Inflows of Resources					
Taxes	206,598	-	-	-	206,598
Leases	3,087,953	-	-	-	3,087,953
Unavailable resources	36,743	654,628	100,816	89,922	882,109
Total Deferred Inflows of Resources	3,331,294	654,628	100,816	89,922	4,176,660
Fund Balances					
Non-spendable:					
Inventories and prepaids	565,152	2,451,500	-	-	3,016,652
Perpetual maintenance	-	-	-	332,078	332,078
Notes receivable	9,445,304	-	-	2,635,954	12,081,258
Restricted:					
Stabilization by State Statute	32,614,925	-	-	-	32,614,925
Grant programs	-	-	5,335,119	482,047	5,817,166
Committed:					
Community and economic development	12,917,367	-	-	-	12,917,367
Sustainability	-	-	-	1,488,355	1,488,355
Assigned:					
Appropriated for subsequent year's budget	8,113,694	-	-	-	8,113,694
Capital improvements	44,440,897	-	-	-	44,440,897
Various projects	943,344	-	-	-	943,344
Unassigned (deficit)	28,849,279	(11,788,475)	-	(145,140)	16,915,664
Total Fund Balances	137,889,962	(9,336,975)	5,335,119	4,793,294	138,681,400
Total Liabilities, Deferred inflows of Resources and Fund Balances	$ 149,454,874	$ 3,261,541	$ 19,957,707	$ 5,979,758	$ 178,653,880

See notes to financial statements.

Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2023

Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Ending fund balance – governmental funds	$ 138,681,400
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	280,540,834
Certain assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Unavailable resources	1,051,964
Bond refunding charges	1,223,567
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements:	
General obligation bonds	(40,100,000)
Installment financing contracts and premiums	(80,007,905)
Lease liabilities	(1,645,616)
Subscription liabilities	(451,547)
Other long-term indebtedness	(8,200)
Bond premiums	(11,153,533)
Compensated absences payable	(8,313,779)
Total pension liability - LEOSSA	(7,886,818)
Net OPEB liability	(45,210,105)
Net pension liability - LGERS	(14,086,776)
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	8,036,116
Pension and OPEB related deferrals	21,518,376
Other accrual adjustments that do not require current financial resources and, therefore, are not reported in fund statements:	
Interest payable	(709,861)
The internal service fund is used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.	9,557,266
Net position of governmental activities (Exhibit A)	$ 251,035,383

See notes to financial statements.

City of Asheville **Exhibit E**

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2023

	Major Funds				
	General Fund	General Capital Projects Fund	Grant Programs Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Ad valorem taxes	$ 80,697,771	$ -	$ -	$ -	$ 80,697,771
Other taxes	40,283,450	-	-	-	40,283,450
Intergovernmental	14,250,638	26,144	9,137,850	1,518,112	24,932,744
Licenses and permits	5,221,888	-		-	5,221,888
Charges for services	13,731,620	461,145	503,743	60,521	14,757,029
Investment earnings	2,706,098	27,558		(6,147)	2,727,509
Miscellaneous	3,907,593	192,242	1,777,198	374,058	6,251,091
Total Revenues	160,799,058	707,089	11,418,791	1,946,544	174,871,482
Expenditures:					
Current:					
General government	23,326,897	2,834,769	3,364,693	607,566	30,133,925
Public safety	66,129,879	9,830,745	1,534,706	-	77,495,330
Environmental services	8,343,269	1,092,313	61,527	-	9,497,109
Community development	9,792,243	291,613	447,310	2,088,448	12,619,614
Transportation	7,082,963	5,372,757	49,854	-	12,505,574
Culture and recreation	14,942,976	7,498,238	47,540	829	22,489,583
Debt Service:					
Principal	8,343,139	-	-	18,860	8,361,999
Interest and other charges	4,103,459	-	-	-	4,103,459
Leases/SBITA's:					
Principal	858,825	12,843	-	-	871,668
Interest and other charges	33,342	-	-	-	33,342
Total Expenditures	142,956,992	26,933,278	5,505,630	2,715,703	178,111,603
Revenues Over (Under) Expenditures	17,842,066	(26,226,189)	5,913,161	(769,159)	(3,240,121)
Other Financing Sources (Uses):					
Transfers from other funds	7,143,595	4,336,696	287,292	960,841	12,728,424
Transfers to other funds	(10,802,114)	(6,681,798)	(3,261,797)	-	(20,745,709)
Proceeds from sale of capital assets	296,859	-	-	-	296,859
Proceeds from long term debt issued	25,461,357	22,148,076	-	-	47,609,433
Principle payments on refunding	(25,000,000)	-		-	(25,000,000)
Right to use liabilities issued	1,207,566	-	-	-	1,207,566
Total Other Financing Sources (Uses)	(1,692,737)	19,802,974	(2,974,505)	960,841	16,096,573
Net Change in Fund Balances	16,149,329	(6,423,215)	2,938,656	191,682	12,856,452
Fund balances (deficit) - beginning	121,740,633	(2,913,760)	2,396,463	4,601,612	125,824,948
Fund balances (deficit) - ending	$ 137,889,962	$ (9,336,975)	$ 5,335,119	$ 4,793,294	$ 138,681,400

See notes to financial statements.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2023

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances--total governmental funds (Exhibit E)	$	12,856,452
Depreciation expense is not a use of current financial resources and, therefore, is not reported in the governmental fund statements.		(12,248,172)
Capital asset additions are a use of current financial resources and, therefore, are not reported as expenditures in the Statement of Activities.		28,469,349
Cumulative effect of disposal of capital assets		(1,938,921)
Interest is paid on long-term debt when due and, therefore, not accrued in the fund statements.		(35,741)
Property tax revenue and other revenues recorded in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenues in the fund statements:		
Change in unavailable revenues for property taxes		(28,844)
Change in unavailable revenues for grants		(79,567)
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. The amount is the net effect of those differences in the treatment of long-term debt and related items.		
Repayment of long-term debt		34,233,667
Long-term debt issued		(48,816,999)
Debt for leases/SBITAs		(646,297)
Bond refunding charge		(122,066)
Amortization of premium/discount		516,486
Pension expense reported in the Statement of Activities does not require the use of current financial resources and, therefore is not reported as an expenditure in the governmental funds.		(9,401,207)
Contributions subsequent to the measurement date		8,076,110
Adjustments to other long-term obligations that do not require current financial resources and therefore, are not reported as expenditures in the governmental fund statements:		
Compensated absences payable		(738,245)
The Internal Service Funds are used by management to charge the costs of risk management to the individual funds. The net expenses of certain activities of the Internal Service Funds are reported with governmental activities.		(1,066,821)
Change in net position of governmental activities (Exhibit B)	$	9,029,184

See notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund (Non-GAAP)
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes:				
Ad valorem taxes	$ 81,524,103	$ 81,524,103	$ 80,697,771	$ (826,332)
Other taxes	38,951,112	38,951,112	40,283,450	1,332,338
Intergovernmental	12,568,706	12,410,965	14,250,638	1,839,673
Licenses and permits	5,005,080	5,005,117	5,221,888	216,771
Charges for services	13,439,663	13,647,367	13,731,620	84,253
Investment earnings	673,000	673,000	2,706,098	2,033,098
Miscellaneous	3,125,076	3,334,536	3,907,593	573,057
Total Revenues	155,286,740	155,546,200	160,799,058	5,252,858
Expenditures:				
Current:				
General government	27,685,661	28,623,892	23,326,897	5,296,995
Public safety	66,264,953	67,089,353	66,129,879	959,474
Environmental services	8,420,389	8,476,448	8,343,269	133,179
Community development	12,765,992	26,507,221	9,792,243	16,714,978
Transportation	7,472,236	7,771,922	7,082,963	688,959
Culture and recreation	14,732,208	16,332,124	14,942,976	1,389,148
Debt Service:				
Principal	7,641,999	8,361,999	8,343,139	18,860
Interest and other charges	3,216,986	4,132,501	4,103,459	29,042
Right to Use Assets:				
Principal	-	-	858,825	(858,825)
Interest and other charges	-	-	33,342	(33,342)
Total Expenditures	148,200,424	167,295,460	142,956,992	24,338,468
Revenues Over (Under) Expenditures	7,086,316	(11,749,260)	17,842,066	29,591,326
Other Financing Sources (Uses):				
Appropriated fund balance	400,000	13,418,511	-	(13,418,511)
Transfers from other funds	3,248,534	8,748,534	7,143,595	(1,604,939)
Transfers to other funds	(10,841,919)	(10,524,854)	(10,802,114)	(277,260)
Right to use liabilities issued	-	-	1,207,566	1,207,566
Proceeds from sale of debt	-	25,286,496	25,461,357	174,861
Principal payments on refunding	-	(25,286,496)	(25,000,000)	286,496
Proceeds from sale of capital assets	107,069	107,069	296,859	189,790
Total Other Financing Sources, Net	(7,086,316)	11,749,260	(1,692,737)	(13,441,997)
Net Change in Fund Balance	$ -	$ -	$ 16,149,329	$ 16,149,329

See notes to financial statements.

City of Asheville **Exhibit H**

Statement of Net Position
Proprietary Funds
June 30, 2023

	Major Funds			Totals	
	Water Resources	Mass Transit	Non-major Enterprise Funds	Enterprise Funds	Internal Service Funds
Assets					
Current Assets:					
Cash and investments	$ 64,407,342	$ 1,668,586	$ 17,612,210	$ 83,688,138	$ 12,904,247
Cash and investments - restricted	4,750,453	-	3,532,502	8,282,955	-
Accounts receivable (net of allowance for uncollectibles)	5,889,086	9,965	1,857,771	7,756,822	1,512,800
Lease receivables	-	-	4,922	4,922	-
Due from other governments	-	566,795	-	566,795	-
Inventories and prepaids	1,999,437	13,719	101,992	2,115,148	-
Total Current Assets	77,046,318	2,259,065	23,109,397	102,414,780	14,417,047
Non-current assets:					
Lease receivable, non-current	-	-	59,063	59,063	-
Capital assets:					
Assets not being depreciated	81,732,462	165,512	15,895,059	97,793,033	-
Assets being depreciated, net	187,482,938	7,367,459	33,947,502	228,797,899	-
Right to use leased assets, net of amortization	293,124	738,837	137,006	1,168,967	231,193
Total Noncurrent Assets	269,508,524	8,271,808	50,038,630	327,818,962	231,193
Total Assets	346,554,842	10,530,873	73,148,027	430,233,742	14,648,240
Deferred Outflows of Resources					
Pension and OPEB related deferrals	5,151,117	144,318	3,196,013	8,491,448	158,987
Deferred charge on refunding	782,992	-	13,680	796,672	-
Total Deferred Outflows of Resources	5,934,109	144,318	3,209,693	9,288,120	158,987
Liabilities					
Current liabilities:					
Accounts payable	2,640,409	2,949,867	4,171,012	9,761,288	474,647
Claims payable	-	-	-	-	985,330
Customer deposits	668,972	-	500	669,472	-
Interest payable	960,990	1,721	75,343	1,038,054	-
Other accrued liabilities	266,031	5,097	240,009	511,137	598,580
Due to other governments	-	9,560	19,222	28,782	-
Unearned revenue	556,971	13,388	-	570,359	-
Current portion of long-term debt	5,701,550	180,462	1,177,917	7,059,929	-
Total Current Liabilities	10,794,923	3,160,095	5,684,003	19,639,021	2,058,557
Non-current liabilities:					
Estimated claims payable	-	-	-	-	2,697,964
Long-term liabilities, less current portion	76,711,182	1,293,281	13,621,927	91,626,390	487,555
Total Liabilities	87,506,105	4,453,376	19,305,930	111,265,411	5,244,076
Deferred Inflows of Resources					
Leases	-	-	61,653	61,653	-
Pension and OPEB related deferrals	527,289	13,367	322,315	862,971	5,885
Total Deferred Inflows of Resources	527,289	13,367	383,968	924,624	5,885
Net Position					
Net investment in capital assets	198,073,533	7,076,686	41,655,098	246,805,317	231,193
Unrestricted	66,382,024	(868,238)	15,012,724	80,526,510	9,326,073
Total Net Position	$ 264,455,557	$ 6,208,448	$ 56,667,822	$ 327,331,827	$ 9,557,266

See notes to financial statements.

City of Asheville

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2023

	Major Funds			Totals	
	Water Resources	Mass Transit	Non-major Enterprise Funds	Enterprise Funds	Internal Service Funds
Operating Revenues:					
Charges for services	$ 40,906,521	$ 607,397	$ 17,564,533	$ 59,078,451	$ 20,656,975
Rents	-	-	1,334,227	1,334,227	-
Concessions	-	-	2,289,610	2,289,610	-
Other operating revenue	6,488	387,460	1,564,450	1,958,398	1,775,279
Total Operating Revenues	40,913,009	994,857	22,752,820	64,660,686	22,432,254
Operating expenses:					
Administration	1,950,619	701,147	4,131,615	6,783,381	1,922,572
Operations	24,786,947	12,113,722	12,746,682	49,647,351	21,663,813
Other operating expenses	-	321,883	819,019	1,140,902	-
Depreciation	6,390,108	1,297,291	2,121,670	9,809,069	-
Amortization - leases	-	5,013	19,006	24,019	3,754
Total Operating Expenses	33,127,674	14,439,056	19,837,992	67,404,722	23,590,139
Operating Income (Loss)	7,785,335	(13,444,199)	2,914,828	(2,744,036)	(1,157,885)
Non-operating Revenues (Expenses)					
Intergovernmental		3,540,415	-	3,540,415	-
Investment earnings	1,454,746	38,194	332,685	1,825,625	244,115
Interest earned - leases	-	-	707	707	-
Interest and other charges	(2,311,734)	(26,547)	(273,213)	(2,611,494)	-
Interest and other charges - leases	(2,575)	(12,154)	(1,246)	(15,975)	(3,051)
Gain on disposal of capital assets	4,328	-	(833)	3,495	-
Amortization of bond issuance costs	122,616	-	57,590	180,206	-
Total Non-operating Revenues (Expenses), Net	(732,619)	3,539,908	115,690	2,922,979	241,064
Income (Loss) Before Transfers	7,052,716	(9,904,291)	3,030,518	178,943	(916,821)
Transfers:					
Transfers from other funds	150,000	7,935,108	1,110,177	9,195,285	-
Transfers to other funds	-	-	(1,028,000)	(1,028,000)	(150,000)
Capital grants and contributions	5,243,098	-	680,417	5,923,515	-
Changes in Net Position	12,445,814	(1,969,183)	3,847,712	14,324,343	(1,066,821)
Total net position – beginning	252,009,743	8,177,631	52,820,110	313,007,484	10,624,087
Total net position – ending	$ 264,455,557	$ 6,208,448	$ 56,667,822	$ 327,331,827	$ 9,557,266

See notes to financial statements.

City of Asheville

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

	Major Funds			Totals	
	Water Resources	Mass Transit	Non-major Enterprise Funds	Enterprise Funds	Internal Service Funds
Cash flows from operating activities:					
Cash received from customers, users and others	$ 40,229,455	$ 712,622	$ 16,912,520	$ 57,854,597	$ 20,656,975
Cash paid for goods and services	(11,776,728)	(10,761,197)	(2,868,753)	(25,406,678)	(22,175,757)
Cash paid to employees	(13,722,712)	(561,333)	(8,767,743)	(23,051,788)	611,783
Net cash provided by (used for) operating activities	14,730,015	(10,609,908)	5,276,024	9,396,131	(906,999)
Cash flows from non-capital financing activities:					
Transfers from other funds	150,000	7,935,108	82,177	8,167,285	-
Transfers to other funds	-	-	-	-	(150,000)
Net cash provided by (used for) non-capital financing activities	150,000	7,935,108	82,177	8,167,285	(150,000)
Cash flows from capital and related financing activities:					
Receipts from capital grants or contributions	5,243,098	3,540,415	680,417	9,463,930	-
Proceeds from disposal of capital assets	4,328	-	24,064	28,392	-
Acquisition and construction of capital assets	(16,586,345)	(1,370,539)	(1,901,382)	(19,858,266)	-
Proceeds from long-term debt issued	-	-	(8,065)	(8,065)	-
Principal paid on debt	(4,694,910)	-	(1,015,655)	(5,710,565)	(53,696)
Interest and other charges paid on debt	(2,189,118)	(38,701)	(216,869)	(2,444,688)	3,051
Net cash provided by (used for) capital and related financing activities	(18,222,947)	2,131,175	(2,437,490)	(18,529,262)	(50,645)
Cash flows from investing activities:					
Interest earned	1,454,746	38,194	333,392	1,826,332	244,115
Net increase (decrease) in cash and cash equivalents	(1,888,186)	(505,431)	3,254,103	860,486	(863,529)
Cash and cash equivalents:					
Beginning of year, July 1	71,045,981	2,174,017	17,890,609	91,110,607	13,767,776
End of year, June 30	$ 69,157,795	$ 1,668,586	$ 21,144,712	$ 91,971,093	$ 12,904,247

(Continued)

See notes to financial statements

City of Asheville

Statement of Cash Flows
Proprietary Funds (Continued)
Year Ended June 30, 2023

	Major Funds			Totals	
	Water Resources	Mass Transit	Non-major Enterprise Funds	Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	$ 7,785,335	$ (13,444,199)	$ 2,914,828	$ (2,744,036)	$ (1,157,885)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	6,390,108	1,297,291	2,140,676	9,828,075	3,754
Changes in assets, liabilities and deferred outflows and inflows of resources:					
(Increase) decrease in accounts receivable	(639,783)	(3,197)	3,162,214	2,519,234	1,005,867
(Increase) decrease in capital assets	-	-	-	-	54,398
(Increase) decrease in due from other governments	-	108,422	(68,486)	39,936	-
(Increase) decrease in inventories and prepaids	52,566	(5,009)	(6,473)	41,084	-
(Increase) decrease in deferred outflows of resources for pensions	(1,698,201)	(46,206)	(1,082,090)	(2,826,497)	(57,515)
Increase (decrease) in accounts payable	333,968	1,709,681	869,148	2,912,797	(40,161)
Increase (decrease) in other accrued expenses	(386,926)	(3,016)	(285,563)	(675,505)	526,166
Increase (decrease) in unearned revenue	56,699	(276,381)	(197,213)	(416,895)	-
Increase (decrease) in customer deposits	(37,283)	-	-	(37,283)	-
Increase (decrease) in long-term debt	505,455	-	-	505,455	(6,805)
Increase (decrease) in estimated claims payable	-	-	-	-	(1,320,435)
Increase (decrease) in compensated absences	80,553	(2,505)	7,415	85,463	-
Increase (decrease) in pension liability - LGERS	5,292,591	146,435	3,296,887	8,735,913	179,907
Increase (decrease) in OPEB liability	(306,118)	(8,470)	(190,688)	(505,276)	-
Increase (decrease) in deferred inflows - leases	-	-	(3,566,148)	(3,566,148)	-
Increase (decrease) in deferred inflows of resources for pensions	(2,698,949)	(82,754)	(1,718,483)	(4,500,186)	(94,290)
Net cash provided by (used in) operating activities	$ 14,730,015	$ (10,609,908)	$ 5,276,024	$ 9,396,131	$ (906,999)
Reconciliation of cash and investments:					
Cash and investments:					
Unrestricted	$ 64,407,342	$ 1,668,586	$ 17,612,210	$ 83,688,138	$ 12,904,247
Restricted	4,750,453	-	3,532,502	8,282,955	-
Total cash and cash equivalents	$ 69,157,795	$ 1,668,586	$ 21,144,712	$ 91,971,093	$ 12,904,247
Non-cash investing, capital, and financing activities:					
Donated capital assets	$ 5,243,098	$ -	$ -	$ 5,243,098	$ -
Leases/SBITAs	$ 523,631	$ -	$ -	$ 523,631	$ -

See notes to financial statements.

City of Asheville **Exhibit K**

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	OPEB Trust Fund	Metropolitan Sewer District Custodial Fund
Assets		
Cash and investments	$ -	$ 936,810
Cash and investments held by fiscal agent:		
State Treasurer's OPEB fund	20,554,515	-
Due from customers	-	2,212,278
Total Assets	20,554,515	3,149,088
Liabilities		
Due to other governments	-	3,149,088
Total Liabilities	-	$ 3,149,088
Net Position		
Assets held in trust for OPEB benefits	$ 20,554,515	

See notes to financial statements.

City of Asheville **Exhibit L**

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2023

	OPEB Trust Fund	Metropolitan Sewer District Custodial Fund
Additions:		
Employer contributions	$ 4,303,518	$ -
Investment earnings	1,623,503	-
Sewer fees		29,736,126
Total Additions	5,927,021	29,736,126
Deductions:		
Benefits	2,703,516	-
Administrative expenses	-	-
Sewer payments	-	29,736,126
Total Deductions	2,703,516	29,736,126
Change in Net Position	3,223,505	-
Total net position – beginning	17,331,010	-
Total net position – ending	$ 20,554,515	$ -

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

The basic financial statements of the City of Asheville (the "City") have been prepared in conformity with generally accepted accounting principles ("GAAP") in the United States of America as applied to government units. The statements are also prepared in conformance with the Governmental Accounting Standards Board ("GASB:"), which is the accepted standard-setting body for establishing governmental accounting and financial reporting. The City's more significant accounting policies are described below.

A. Reporting Entity

The City is a municipal corporation that is governed by an elected mayor and a six-member council. The accompanying financial statements present the City and its component units, entities for which the City is financially accountable. Blended component units, although legally separate entities, are in substance part of the City's operations and, as such, are included in the reporting entity. Each discretely presented component unit (see the "Asheville Board of Alcoholic Control" note below for description) is reported in a separate column in the City's financial statements in order to emphasize that it is legally separate from the City.

Included within the reporting entity are:

Asheville Board of Alcoholic Control (the "ABC Board")
The Asheville Board of Alcoholic Control was organized under the provisions of House Bill No. 1124 of the North Carolina General Assembly and implemented by a citywide election held November 14, 1947. The local ABC Board may borrow money in accordance with North Carolina General Statute 18B-702(r) and the City's governing body, who appoint ABC Board members, shall in no way be held responsible for the debts of the ABC Board. The ABC Board is required by state statute to distribute its surpluses to the General Fund of the City, which represents a financial benefit to the City. Therefore, the ABC Board is reported as a discretely presented component unit. Complete financial statements for the ABC Board may be obtained from the Chief Financial Officer, Asheville Board of Alcoholic Control, Post Office Box 8834, Asheville, NC 28814.

Asheville Public Financing Corporation (the "APFC")
The Asheville Public Financing Corporation is a non-profit corporation chartered in 1991 with the specific purpose of assisting the City of Asheville in various types of financing arrangements. The APFC is governed by a board of directors whose three members serve for one year or until successors are elected. One of the three members is appointed by the City Manager. The board of directors elects the remaining directors. The APFC has no assets, liabilities, revenues or expenses. All rights, title and interest to all financing contracts with the City have been assigned to various bank trustees. All financing arrangements with the City have been disclosed in the accompanying notes to the basic financial statements. The assets and related long-term lease obligations are reported in the related governmental and business-type funds in the City's financial statements.

Not included within the reporting entity are:

Housing Authority of the City of Asheville ("Housing Authority")
The Mayor appoints the five-member board of the Housing Authority of the City of Asheville. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority.

Asheville City School System ("School System")
The Asheville City Council appoints the five-member board of the Asheville City School System. The City is accountable for the School System because it appoints a majority of the governing board; however, the City is not financially accountable for the School System.

Note 1. Summary of Significant Accounting Policies (Continued)

Jointly Governed Organization

Greater Asheville Regional Airport Authority: On June 28, 2012, the North Carolina General Assembly adopted legislation (S.L. 2012-121) changing the governance structure of the former Asheville Regional Airport from a joint governmental agency, comprised of the City of Asheville and Buncombe County, to an independent, state-sanctioned airport authority, the Greater Asheville Regional Airport Authority. The structure of the new authority is such that Henderson County is now a "member government," along with Asheville and Buncombe County. Each member government has two appointments to the board, with the seventh member to be appointed by the other six. The City no longer has any fiscal responsibility for the Airport Authority.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities, including internal services provided and used. Omission have also been made for fiduciary and fiduciary-type component units. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, 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 City and for each function of the City'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, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including the 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 non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities, such as investment earnings.

Note 1. Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for and report all financial resources not accounted for and reported in other funds. The primary revenue sources are ad valorem taxes, various other taxes and licenses and state-shared revenues. The primary expenditures are for public safety, streets and highways, sanitation, parks and recreation, general government services, risk management and benefits, information technology, and debt service for the payment of general long-term principal, interest, and related costs.

General Capital Projects Fund – The General Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to be used for the acquisition and/or construction of capital facilities and other capital assets (other than those financed by proprietary funds).

Grant Programs Fund: The Grant Programs Fund is used to account for grant revenues and related expenditures of various federal, state, and local grants.

The City reports the following non-major governmental funds:

Special Revenue Funds – Special revenue funds are used to account for and report proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The City has the following Special Revenue Funds: Community Development, Section 108 Rehabilitation, Affordable Home Ownership, and Sustainability fund.

Perpetual Care Permanent Fund – This fund is used to account for perpetual care of the City's Riverside Cemetery.

The City reports the following major proprietary funds:

Water Resources Fund – The Water Resources Fund is an enterprise fund used to account for operations and maintenance of the City's water system including operation of three water treatment plants as well as the debt service for the payment of utility long-term debt principal, interest, and related costs. This fund also covers all system development fees assessed to new customers, which are accounted for in the Water Capital Reserve Fund per NCGS §162A Article 8. This fund also covers acquisition and/or construction of major utility capital facilities and infrastructure, which are accounted for in the Water Capital Projects Fund. Both the Water Capital Reserve Fund and the Water Capital Project Fund are combined with the Water Resources Fund (the operating fund) for financial statement purposes.

Mass Transit Fund – The Mass Transit Fund is an enterprise fund used to account for the operation and maintenance of the City's transit services which include 16 bus routes throughout the city and one to the Town of Black Mountain. Acquisition of buses and/or maintenance of transit facilities are accounted for in the Mass Transit Capital Projects Fund, which is combined with the Mass Transit Fund (the operating fund) for financial statement purposes.

Note 1. Summary of Significant Accounting Policies (Continued)

The City reports the following non-major enterprise funds, some of which are combined with their own individual capital project funds for financial statement purposes:

Street Cut Utility Fund, Stormwater Fund, Parking Services Fund, and Harrah's Cherokee Center – Asheville Fund

Additionally, the City reports the following fund types:

Internal Service Fund – Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the government on a cost reimbursement basis. The City has four internal service funds, the General Insurance Fund, the Health Fund, the Workers' Compensation Fund and the Property and Casualty Fund. The General Insurance Fund accounts for other insurance related items not specifically accounted for in the other three internal service funds. The Health Fund accounts for the accumulation and allocation of costs associated with employee and family life, medical and dental insurance premiums and claims. The Workers' Compensation Fund accounts for the costs associated with workers' compensation insurance and claims. The Property and Casualty Fund accounts for the accumulation and allocation of costs associated with property and casualty insurance and claims for the City.

Fiduciary Funds: The City maintains an Other Postemployment Benefit (OPEB) Fund. Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The OPEB Fund accounts for the City's contributions for healthcare coverage provided to qualified retirees.

The City also maintains one custodial fund, Metropolitan Sewer District Agency Fund, which accounts for the collection of various sewer fees charged to City water customers. Custodial funds are used to account for assets the City holds on behalf of others.

Measurement Focus and Basis of Accounting: In accordance with North Carolina General Statutes, all funds, governmental and business-type of the City are maintained during the year using the modified accrual basis of accounting.

A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as applicable. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: The government-wide, proprietary, and fiduciary fund (excluding agency funds) financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, while fiduciary fund financial statements are reported using accrual basis accounting but have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Note 1. Summary of Significant Accounting Policies (Continued)

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements: Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Using this method, revenues are recognized as soon as they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, 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. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days of the end of the current fiscal period, except for property taxes. Ad valorem taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when motor vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues collected and held by the state at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Asheville because the tax is levied by Buncombe County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash.

Grant proceeds received but unearned at year-end are recorded as unearned revenues. Under the terms of the grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenditures are incurred, there is both restricted and unrestricted net position available to finance the program. Excluding debt funding, it is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues. In the event that debt proceeds are included, the City will spend debt proceeds first unless there is an agreement tying specific expenditures to grant proceeds. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Note 1. Summary of Significant Accounting Policies (Continued)

Budgetary Data: The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Water Resources Fund and the other non-major enterprise operating funds. Multi-year budgets are adopted for non-major governmental funds and enterprise capital projects funds. All annual appropriations lapse at the fiscal year-end. As required by state law [N. C. General Statute 159-26(d)], the City maintains encumbrance accounts, which are considered to be "budgetary accounts." Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in progress at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. These encumbrances outstanding are restricted and will be charged against next year's budget. All budgets are prepared using the modified accrual basis of accounting. N.C. General Statute 159-13(a)(3) requires the budget ordinance make appropriations by department, function or project. The City has defined its annual operating funds to be functions; therefore, expenditures may not legally exceed appropriations at the fund level for all annual operating funds. Expenditures may not legally exceed appropriations at the project level for all multi-year project funds. Amendments are required for any revisions that alter the total fund budget and must be approved by the City Council. The City internally manages expenditures on a line item and departmental basis. The Budget division must approve all of these internal budget revisions. During the year numerous budget revisions 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, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position:

Deposits and Investments: The deposits of the City and the ABC Board are secured as required by North Carolina General Statute ("G.S.") 159-31. The City may establish official depositories with any bank or savings association whose principal office is located in North Carolina. The City and the ABC Board may establish time deposits in the form of NOW and SUPERNOW accounts, money market accounts, and certificates of deposits.

State law [G.S. 159-30(c)] authorizes the City and the ABC 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, and the North Carolina Capital Management Trust (NCCMT). The City's and the ABC Board's investments are reported at fair value as determined by quoted market prices.

In accordance with state law, the City and the ABC Board have certain securities which are callable and that provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

Cash and Cash Equivalents: The City pools moneys from all funds, except unspent bond proceeds and OPEB trust funds, to facilitate disbursement and investment and maximize investment income. The City and the ABC Board consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

Restricted Assets: Certain cash balances are restricted by purpose and source. Cash balances related to customer deposits are not available for appropriations or expenditures. These balances are segregated on the Statement of Net Position and classified as restricted. Other cash balances in the major funds are restricted for unspent debt proceeds, debt service payments and unspent grant funding, and are only available for designated projects as described in the individual official statements or grant agreements and as approved by Council. Unexpended bond proceeds are classified as restricted cash because their use is completely restricted to the purpose for which the bonds were originally issued.

Note 1. Summary of Significant Accounting Policies (Continued)

Ad Valorem Taxes Receivables: In accordance with North Carolina General Statutes [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes, other than motor vehicles, on July 1, the beginning of the fiscal year. The taxes are due September 1 (lien date), but interest and penalties do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2022. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowances for Doubtful Accounts: All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years and the percentage of prior year receivables collected within the current fiscal year. In addition, an allowance is provided for certain loans where collectability is uncertain.

Lease Receivable: The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreements. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Inventories and Prepaid Items: Various inventories are maintained on either a perpetual or periodic basis and valued at cost using the weighted average or first-in, first-out methods, respectively. Inventories consist of expendable items, including supplies held for subsequent use, items held for sale, and certain materials consumed for the replacement of infrastructure. The costs thereof have been recorded at the time items were purchased. Expenditure occurs when items are issued from inventory. Inventories of the ABC Board are valued at average cost and are not in excess of market on a first-in, first-out basis.

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both government-wide and fund financial statements and are expended/expensed as balances are used.

Notes Receivable: Notes receivable are recorded in governmental funds net of an allowance for uncollectible accounts.

Capital Assets: Capital assets reported in the applicable governmental or business-type activities columns in the government-wide financial statements include land, infrastructure, buildings, improvements other than buildings, machinery and equipment, right to use leases and subscription-based information technology arrangements ("SBITAs") and intangibles. Except for debt funded assets, which are always capitalized, minimum capitalization thresholds are as follows:

City of Asheville

Category of Capital Asset	Capitalization Threshold
Land	No Threshold
Infrastructure	$50,000
Buildings	$50,000
Improvements Other than Buildings	$50,000
Machinery and Equipment	$5,000
Right of Way	$5,000
Right to Use Leases	$5,000
Software	$100,000
SBITAs	$100,000
Internally Generated Software	$1,000,000

Note 1. Summary of Significant Accounting Policies (Continued)

The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

The City has recorded SBITA assets and liabilities as a result of implementing GASB 96. The SBITA assets are initially measured at an amount equal to the initial measurement of the related SBITA liability plus any SBITA payments made prior to the subscription term, less SBITA incentives, and plus any ancillary charges necessary to place the SBITA into service. The SBITA assets are amortized on a straight-line basis over the life of the related contract. SBITAs which are based on variable payments (or user seats) are not recorded as subscription assets or liabilities and are expenses as incurred.

Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair market value at the date of the donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Costs incurred in repairing or maintaining an asset that do not extend the asset's useful life, increase its productivity, or add value to it are not capitalized. Capitalization of assets and improvements within a long-term project occur when the related asset is completed and put into use. Capitalized interest incurred during the construction phase of a project is included in the value of the asset capitalized in enterprise funds.

Three categories of capital assets are not depreciated: land, construction in progress, and most sub-classes of intangibles. Depreciable capital assets owned by the City and ABC Board are depreciated using the straight-line method over the following estimated useful lives:

City of Asheville

Category of Capital Asset	Useful Life In Years
Infrastructure	20 - 50
Buildings	20 - 50
Improvements Other than Buildings	10 - 20
Machinery and Equipment	5 - 30
Right to Use Leases	2-30
SBITAs	1-5
Software	5

ABC Board

Category of Capital Asset	Useful Life In Years
Buildings	20 - 30
Leasehold Improvements	10 - 20
Funiture and Equipment	5 - 10
Motor Vehicles	5

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net assets that applies to future period and so will not be recognized as revenue until then.

Note 1. Summary of Significant Accounting Policies (Continued)

Compensated Absences: The vacation policy of the City provides for the accumulation of up to a maximum of 40 days earned vacation leave, with such leave being fully vested when earned. All vacation pay is accrued when incurred in the government-wide, proprietary funds, and component unit financial statements. ABC Board employees may accumulate up to 30 days earned vacation and such leave is fully vested when earned.

The City also provides for the accumulation of compensatory time for non-exempt employees. Non-exempt general employees may accrue a balance of no more than 120 hours and sworn police officers and uniformed fire safety employees may accrue a balance of no more than 240 hours of compensatory time. Exceptions to this limit must be approved by the Finance and Human Resources directors. The compensatory time pay for non-exempt employees is accrued when incurred in the government-wide and proprietary funds.

On an annual basis, the City also advances holiday pay for certain employees. Employees separated from the City during the year that use more holiday pay than accrued on a pro-rata basis forfeit an equal amount of other compensated absence pay. Included in the compensated absences liability calculation is the City's net liability for holiday pay as of June 30. Any unused advanced holiday pay remaining at the end of each calendar year is forfeited. Holiday pay is accrued when incurred in the government-wide and proprietary funds.

The City and the ABC Board's sick leave policy 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 neither of the two entities is obligated for the accumulated sick leave until it is actually taken, no liability for sick leave has been recorded.

Long-term Obligations: In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method of amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as certain bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Certain issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt related expenditures.

Net Position/Fund Balances: Net position in government-wide and proprietary fund financial statements is 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 laws or regulations of other governments or imposed by law through state statute.

Note 1. Summary of Significant Accounting Policies (Continued)

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

The governmental fund types classify fund balances as follows:

Non-spendable Fund Balance: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

> Inventories, notes receivable and prepaid balances - portion of fund balance that is not available for appropriation because it represents the year-end balance of inventories, notes receivable and prepaid balances, which are not expendable available resources.
>
> Perpetual maintenance - portion of fund balance that is required to be retained in perpetuity for maintenance of the City's cemetery.

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 constrained by state statute G.S. 159-8(a) from appropriation.
>
> Restricted for Grant Programs: Portion of fund balance restricted for various grant programs.

Committed Fund Balance – This classification includes amounts that can only be spent for specific purposes imposed by majority vote by quorum of City of Asheville's governing body, the City Council (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The amounts are committed for various capital improvements and community and economic development.

Assigned Fund Balance – This classification includes amounts the City intends to use for a specific purpose. Assignments may be created, amended or eliminated by the Director of Finance and Management Services. Although managed as dedicated to specific areas, amounts are available for appropriation by Council. The majority of the amounts assigned are to be used for facility and infrastructure improvements.

Unassigned Fund Balance – This classification includes amounts of fund balance that are spendable and have not been restricted, committed, or assigned to specific purposes or other funds.

The City has a revenue spending practice that provides guidance for programs with multiple revenue sources. The Director of Finance and Management Services will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-city funds, and lastly, City 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 Director of Finance and Management Services has the authority to deviate from these practices if it is in the best interest of the City.

The City has also adopted a minimum fund balance policy for the General Fund, which instructs management to conduct the business of the City in such a manner that unassigned fund balance is greater than or at least equal to 15% of the General Fund operating expenditure budget. Any portion of the fund balance in excess of 15% of the General Fund operating expenditure budget may be appropriated by City Council through an amendment to the subsequent year's budget ordinance.

Note 1. Summary of Significant Accounting Policies (Continued)

Pensions: 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 cost sharing pension plan, the Local Governmental Employees' Retirement System ("LGERS"), and the single employer pension plan, the Law Enforcement Officer Special Separation Allowance (the "Separation Allowance") and additions to/deductions from LGERS' and the Separation Allowance fiduciary net position have been determined on the same basis as they are reported by LGERS and the Separation Allowance. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Asheville's employer contributions are recognized when due and the City has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS and the Separation Allowance. Investments are reported at fair value. For LGERS, investments are reported at fair value since these funds are held in an irrevocable trust.

Pronouncements Implemented in the Current Year

The City implemented Governmental Accounting Standards Board ("GASB") Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of this Statement had no impact on the City's reporting in the current year.

The City implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to the public-private and public-public partnership arrangements (PPPs). The implementation of this Statement had no impact on the City's reporting in the current year.

The City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. As part of implementing the statement, the City performed a comprehensive review of its SBITAs and applied the criteria within the guidance. As a result beginning net position was not affected.

The City implemented GASB Statement No. 99, paragraphs 11-25, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of this Statement had no impact on the City's reporting in the current year.

Note 2. Deposits and Investments

Deposits: All deposits of the City and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's or the ABC Board's agents in these units' names. 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 City and the ABC Board, these deposits are considered to be held by the City's and the ABC Board's agents in their names. 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 City, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City and the ABC 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 City and the ABC Board have no policy regarding custodial credit risk for deposits.

At June 30, 2023, the City's deposits had a carrying amount of $93,903,198, including $936,810 reported in a custodial fund, and a bank balance of $97,510,603. Of the bank balance, $500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. The City also had $78,984 in petty cash at year-end. The carrying amount for the ABC Board was $3,882,577 and a bank balance of $4,303,658. Of the bank balance, $4,053,658 was covered by collateral held under the Pooling Method, and $250,000 was covered by federal depository insurance. Certificates of Deposit are purchased for investment purposes and are included in the detail schedule below. All certificates held are covered by federal depository insurance and collateral held under the pooling method.

Investments: The calculation of realized gains is independent of the calculation of the net increase/decrease in the fair value of investments that have been held in more than one fiscal year and sold during the current year. The current year realized gain is recognized as an increase/decrease in the fair value of the current year investments as compared to the investments as reported in the prior year. The net increase in fair value during 2023 for the City was $502,952. This amount considers all changes in fair value (including purchases, sales and maturities) that occurred during the year. The unrealized loss on investments held at year-end was ($622,170).

As of June 30, 2023, the City had the following investments and maturities:

			Maturity			
	Valuation Measurement Method	Book Value at 6/30/2023	0 - 6 Months	6 - 12 Months	1 - 3 Years	Rating
U.S. Government Securities	Fair Value Level 2	$ 109,063,585	$ 54,783,595	$ 29,628,390	$ 24,651,600	AAA
U.S. Government Agencies	Fair Value Level 2	237,262	-	19,672	217,590	Aaa/AA+
NCCMT - Government Portfolio	Fair Value Level 1	23,446,926	23,446,926	-	-	AAAm
Bank Certificates of Deposit	Amortized Cost	10,000,000	-	10,000,000	-	Unrated
Total		$ 142,747,773	$ 78,230,521	$ 39,648,062	$ 24,869,190	

Note 2. Deposits and Investments (Continued)

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level 1: NCCMT is valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Level 2: Debt securities valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

As of June 30, 2023, the ABC Board had investments of $562,714.

Interest Rate Risk*:* In accordance with its investment policy, the City manages its exposure to declines in fair values by requiring purchases of securities to be laddered with staggered maturity dates and limiting all securities to a final maturity of generally no more than five years.

Credit Risk: State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations ("NRSROs"). The City limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The City's investments in the Federal Home Loan Bank rated of AAA by Standard & Poor's and Aaa by Moody's Investors Service. The City's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAAm-mf by Moody's Investors Service. The City's investments in bank certificates of deposits are unrated. The City's investments in commercial paper are rated A1 by Standard & Poor's and P1 by Moody's Investors Service. The City's investments in US Agencies (Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association) are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service as of June 30, 2023.

Custodial Credit Risk*:* For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's policy requires the use of a third-party custodial agent for book entry transactions, all of which will be held in the City's name.

Concentration of Credit Risk – The City's policy generally limits the amount of investment in any one issuer to 25% by security type and institution. At June 30, 2023, approximately 75% of the City's total investments were in US Government Securities, 17% were in Federal Farm Credit Bank Securities, 8% were in local bank Certificates of Deposit.

At June 30, 2023, the City's OPEB Trust had $20,554,515 invested in the State Treasurer's Local Government Other Postemployment Benefits (OPEB) Fund pursuant to G.S. 159-30.1. The State Treasurer's OPEB Fund may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the City's OPEB Fund was invested as follows: North Carolina Non-Pension Fixed Income 39.71% and BlackRock's MSCI ACWI Equity Index Non-Lendable Fund B (EIF) 60.27% (the equities were split with 62.20% in domestic securities and 37.80% in international securities).

Level of the Fair Value Hierarchy: Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at $1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2023 of 0.7 years.

Note 2. Deposits and Investments (Continued)

Ownership of the BIF is determined monthly at fair value using the same Level 2 inputs as the STIF and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. On June 30, 2023 the BIF, which does not have a credit rating, was valued at $1 per unit and had an average maturity of 8.70 years at June 30, 2023.

The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2023 the fair value of the funds was $31.815788 per share. Fair value for this Blackrock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

***Valuation technique**:* North Carolina Department of State Treasurer OPEB trust investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets and are considered Level 1 investments.

Note 3. Receivables – Allowances for Doubtful Accounts

Receivables presented on the Statement of Net Position, Balance Sheet Governmental Funds, and Statement of Fund Net Position Proprietary Funds at year-end are net of the following allowances:

	Statement of Net Position		Balance Sheet	Fund Net Position
	Governmental Activities	Business-type Activities	Governmental Funds	Proprietary/ Internal Service Funds
General Fund:				
Property Taxes Receivable	$ 133,039	$ -	$ 133,039	$ -
Accounts Receivable	2,897,569	-	2,897,569	-
Notes Receivable	45,500	-	45,500	-
Non-major Governmental Funds:				
Notes Receivable	228,125	-	228,125	-
Major Funds:				
Water Resources	-	1,267,999	-	1,267,999
Mass Transit	-	22,223	-	22,223
Non-Major Enterprise Funds	-	2,686,121	-	2,686,121
Internal Services	23,287	-	-	23,287
	$ 3,327,520	$ 3,976,343	$ 3,304,233	$ 3,999,630

Note 4. Lease Receivable

The City has recorded eleven (11) lessor agreements for various City owned buildings, land, and infrastructure. Under the leases, the City receives annual fixed payments of $391,061 in exchange for use of City facilities. The leases expire in varying terms through July 2036. The total of the deferred inflow of resources and lease receivables at June 30, 2023 was $3,149,606 and $3,277,743, respectively. There are no variable components in the lease agreements. The lease receivable is measured as the present value of the future minimum lease payments expected to be received during the lease term at the discount rate. The discount rate varies from 0.308% to 3.549% and is equal to the incremental borrowing rate to the lessee.

In fiscal year 2023, the City recognized $400,314 of lease revenue and $22,400 of interest revenue under the lease.

Note 5. Capital Assets

The City has recorded thirty right to use leased assets. The underlying assets related to these leases are copiers, lighting, tower, transit, and other equipment, building space, and land and improvements. The City has multiple IT subscription for a variety of software systems used across the City. The related liabilities are discussed in the Long-term obligations note. The right to use assets are amortized on a straight-line basis over the terms of the related leases or contract.

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balances	Additions	Retirements	Transfers In (Out)	Ending Balances
Governmental Activities:					
Capital Assets, Non-depreciable:					
Land and Improvements	$ 56,332,121	$ -	$ (27,602)	$ -	$ 56,304,519
Intangibles	5,169,149	123,958	-	148,976	5,442,083
Construction in Progress	78,528,752	20,601,998	(1,695,939)	(65,093,437)	32,341,374
Total Capital Asset, Non-depreciable	140,030,022	20,725,956	(1,723,541)	(64,944,461)	94,087,976
Capital Assets, Depreciable:					
Buildings and Improvements	76,618,576	-	-	10,711,502	87,330,078
Improvements other than Buildings	21,586,423	-	-	2,904,477	24,490,900
Machinery and Equipment	73,651,775	6,176,262	(2,197,110)	670,489	78,301,416
Infrastructure	273,517,442	-	-	50,627,128	324,144,570
Intangibles	569,775	-	-	-	569,775
Right to use Assets:					
Lease Buildings	989,542	246,679	-	-	1,236,221
Lease Equipment	1,236,222	37,128	(209,172)	-	1,064,178
Software Subscription	-	1,283,325	-	-	1,283,325
Other Capital Assets	105,999	-	-	-	105,999
Total Capital Asset, Depreciable	448,275,754	7,743,394	(2,406,282)	64,913,596	518,526,462
Less Accumulated Depreciation/Amortization for:					
Buildings and Improvements	(46,883,656)	(2,058,869)	-	-	(48,942,525)
Improvements other than Buildings	(5,455,552)	(1,284,318)	-	-	(6,739,870)
Machinery and Equipment	(49,048,141)	(5,500,551)	2,153,244	30,865	(52,364,583)
Infrastructure	(219,559,845)	(2,478,159)	-	-	(222,038,004)
Intangibles	(569,774)	-	-	-	(569,774)
Right to Use Assets:					
Lease Buildings	(80,701)	(166,866)	-	-	(247,567)
Lease Equipment	(123,784)	(146,652)	37,658	-	(232,778)
Software Subscription	-	(611,070)	-	-	(611,070)
Other Capital Assets	(90,799)	(5,441)	-	-	(96,240)
Total Accumulated Depreciation	(321,812,252)	(12,251,926)	2,190,902	30,865	(331,842,411)
Total Capital Assets, Depreciable, Net	126,463,502	(4,508,532)	(215,380)	64,944,461	186,684,051
Governmental Activities Capital Assets, Net	$ 266,493,524	$ 16,217,424	$ (1,938,921)	$ -	$ 280,772,027

Note 5. Capital Assets (Continued)

	Beginning Balances	Additions	Retirements	Transfers In (Out)	Ending Balances
Buisness-type Activities					
Capital Assets, Non-depreciable:					
Land and Improvements	$ 16,046,362	$ -	$ -	$ -	$ 16,046,362
Intangibles	31,341,263	4,480,702	-	187,050	36,009,015
Construction in Progress	37,694,340	12,184,340	(836,174)	(3,304,850)	45,737,656
Total Capital Asset, Non-depreciable	85,081,965	16,665,042	(836,174)	(3,117,800)	97,793,033
Capital Assets, Depreciable:					
Buildings and Improvements	114,988,492	-	-	2,196,720	117,185,212
Improvements Other Than Buildings	4,778,648	-	-	-	4,778,648
Machinery and Equipment	48,568,963	2,434,934	(370,354)	99,546	50,733,089
Infrastructure	263,791,650	785,073	-	852,399	265,429,122
Right to Use Assets:					
Lease Equipment	994,872	162,535	-	-	1,157,407
Lease Land and Improvements	179,331	-	-	-	179,331
Software Subscription	-	404,744	-	-	404,744
Other Capital Assets	25,000	-	-	-	25,000
Total Capital Asset, Depreciable	433,326,956	3,787,286	(370,354)	3,148,665	439,892,553
Less Accumulated Depreciation/Amortization for:					
Buildings and Improvements	(63,960,119)	(2,078,022)	-	-	(66,038,141)
Improvement Other Than Buildings	(1,316,227)	(217,297)	-	-	(1,533,524)
Machinery and Equipment	(36,739,878)	(2,631,210)	358,421	(30,865)	(39,043,532)
Infrastructure	(97,847,487)	(4,881,531)	-	-	(102,729,018)
Right to Use Assets:					
Lease Equipment	(116,092)	(149,494)	-	-	(265,586)
Lease Land and Improvements	(36,374)	(50,759)	-	-	(87,133)
Software Subscription	-	(219,796)	-	-	(219,796)
Other Capital Assets	(7,949)	(1,008)	-	-	(8,957)
Total Accumulated Depreciation	(200,024,126)	(10,229,117)	358,421	(30,865)	(209,925,687)
Total Capital Assets, Depreciable, Net	233,302,830	(6,441,832)	(11,932)	3,117,800	229,966,866
Business-type Activities Capital Assets, Net	$ 318,384,795	$ 10,223,210	$ (848,106)	$ -	$ 327,759,899

Note 5. Capital Assets (Continued)

	Beginning Balances	Additions	Retirements	Transfers In (Out)	Ending Balances
Water Services Fund:					
Capital Assets, Non-depreciable:					
Land and Improvements	$ 4,593,315	$ -	$ -	$ -	$ 4,593,315
Intangibles	30,980,374	4,458,024	-	187,050	35,625,448
Construction in Progress	32,187,509	10,895,162	(836,173)	(732,799)	41,513,699
Total Capital Asset, Non-depreciable	67,761,198	15,353,186	(836,173)	(545,749)	81,732,462
Capital Assets, Depreciable:					
Buildings and Improvements	69,150,196	-	-	-	69,150,196
Improvements Other than Buildings	396,505	-	-	-	396,505
Machinery and Equipment	22,209,160	289,031	(36,838)	7,890	22,469,243
Infrastructure	245,559,494	785,074	-	545,749	246,890,317
Right to Use Assets:					
Lease Equipment	9,632	156,392	-	-	166,024
Software Subscription	-	367,239	-	-	367,239
Total Capital Asset, Depreciable	337,324,987	1,597,736	(36,838)	553,639	339,439,524
Less Accumulated Depreciation/Amortization for:					
Buildings and Improvements	(39,692,854)	(1,101,154)	-	-	(40,794,008)
Improvement Other Than Buildings	(208,217)	(19,531)	-	-	(227,748)
Machinery and Equipment	(20,321,801)	(607,787)	36,838	(7,890)	(20,900,640)
Infrastructure	(84,839,291)	(4,661,636)	-	-	(89,500,927)
Right to Use Assets:					
Lease Equipment	(3,612)	(35,727)	-	-	(39,339)
Software Subscription	-	(200,800)	-	-	(200,800)
Total Accumulated Depreciation	(145,065,775)	(6,626,635)	36,838	(7,890)	(151,663,462)
Total Capital Assets, Depreciable, Net	192,259,212	(5,028,899)	-	545,749	187,776,062
Water Activities Capital Assets, Net	$ 260,020,410	$ 10,324,287	$ (836,173)	$ -	$ 269,508,524

Note 5. Capital Assets (Continued)

	Beginning Balances	Additions	Retirements	Transfers In (Out)	Ending Balances
Mass Transit Fund:					
Capital Assets, Non-depreciable:					
Land and Improvements	$ 157,968	$ -	$ -	$ -	$ 157,968
Intangibles	7,544	-	-	-	7,544
Total Capital Assets, Non-depreciable	165,512	-	-	-	165,512
Capital Assets, Depreciable:					
Buildings and Improvements	1,834,513	-	-	-	1,834,513
Improvements Other than Buildings	447,443	-	-	-	447,443
Machinery and Equipment	16,253,856	1,470,633	(6,735)	-	17,717,754
Right to Use Assets:					
Lease Equipment	925,557	-	-	-	925,557
Total Capital Assets, Depreciable	19,461,369	1,470,633	(6,735)	-	20,925,267
Less Accumulated Depreciation for:					
Buildings and Improvements	(1,652,522)	(36,811)	-	-	(1,689,333)
Improvement Other than Buildings	(95,273)	(29,829)	-	-	(125,102)
Machinery and Equipment	(9,593,900)	(1,230,651)	6,735	-	(10,817,816)
Right to Use Assets:					-
Lease Equipment	(93,360)	(93,360)			(186,720)
Total Accumulated Depreciation	(11,435,055)	(1,390,651)	6,735	-	(12,818,972)
Total Capital Assets, Depreciable, Net	8,026,314	79,982	-	-	8,106,296
Mass Transit Fund Capital Assets, Net	$ 8,191,826	$ 79,982	$ -	$ -	$ 8,271,808

Note 5. Capital Assets (Continued)

	Beginning Balance	Additions	Retirements	Transfers (In) Out	Ending Balance
Asheville ABC Board:					
Land	$ 3,640,788	$ -	$ -	$ -	$ 3,640,788
Construction in Progress	67,755	599,314	-	-	667,069
Total Capital Assets, Non-Depreciable	3,708,543	599,314	-	-	4,307,857
Capital Assets, Depreciable:					
Buildings	9,221,443	3,958	-	-	9,225,401
Leasehold Improvements	172,418	-	-	-	172,418
Furniture and Equipment	1,676,017	113,872	(5,727)	-	1,784,162
Vehicles	403,746	31,161	-	-	434,907
Total Capital Assets, Depreciable	11,473,624	148,991	(5,727)	-	11,616,888
Less Accumulated Depreciation for:					
Buildings	(3,705,844)	(285,174)	-	-	(3,991,018)
Leasehold Improvements	(171,291)	(592)	-	-	(171,883)
Furniture and Equipment	(1,235,910)	(131,272)	916	-	(1,366,266)
Vehicles	(279,421)	(39,657)	-	-	(319,078)
Total Accumulated Depreciation	(5,392,466)	(456,695)	916	-	(5,848,245)
Totals Capital Asset, Depreciable, Net	6,081,158	(307,704)	(4,811)	-	5,768,643
Asheville ABC Board Capital Assets, Net	$ 9,789,701	$ 291,610	$ (4,811)	$ -	$ 10,076,500

During the year, the City recorded capital contributions of $5,243,098, which represents the value of water lines, easements, and rights of way. Capital contributions are a non-cash capital related financing activity for the statement of cash flows.

Depreciation expenses charged to the City's functions were as follows:

Governmental activities:	
General government	$ 3,508,591
Public safety	2,862,686
Transportation	2,435,898
Environmental protection	603,996
Economic development	82,076
Culture and recreation	2,758,679
Total depreciation/amortization, governmental activities	$ 12,251,926
Business-type activities:	
Water resources	$ 6,626,635
Mass transit	1,390,651
Non-major enterprise funds	2,211,831
Total depreciation/amortization, business-type activities	$ 10,229,117

Note 5. Capital Assets (Continued)

The City has numerous construction projects as of June 30, 2023. The amounts the City is contractually committed to spend at June 30, 2023 are the following:

Project	Spent to Date	Remaining Commitments
Governmental:		
Building Maintenance	$ 4,620,660	$ 1,214,414
Transportation	8,797,218	13,595,104
Parks and Recreation	400,702	279,750
RADTIP	33,082,129	809,921
Bond Projects	10,660,932	6,854,375
Total Governmental	57,561,642	22,753,563
Proprietary:		
Water	26,331,723	31,186,519
North Fork Dam	4,516,735	30,833
Stormwater	1,919,351	3,015,238
U.S. Cellular Center	1,804,399	542,244
Total Proprietary	34,572,208	34,774,834
Total Commitments	$ 92,133,849	$ 57,528,398

Note 6. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2023 is as follows:

Due From Other Funds	Due to General Fund
Non-major Governmental Funds:	
Community Development Special Revenue Fund	$ 720,432
Total Due From Non-Major Governmental Funds	720,432
Major Governmental Funds:	
General Capital Project Fund	9,066,754
Total Due From Governmental Funds	9,787,186
Total Due from Other Funds	$ 9,787,186

The outstanding balances between funds result mainly from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Note 6. Interfund Receivables, Payables, and Transfers (Continued)

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

	Transfers In							
	General Fund	General Capital Projects Fund	Grant Programs Special Revenue Fund	Non-major Governmental Funds	Water Services Fund	Mass Transit Fund	Non-major Enterprise Funds	Transfers Out
General Fund	$ -	$ 1,836,696	$ 287,292	$ 960,841	$ -	$ 6,635,108	$ 1,082,177	$ 10,802,114
General Capital Projects Fund	6,681,798	-	-	-	-	-	-	6,681,798
Grants Program Special Revenue Fund	461,797	2,500,000	-	-	-	300,000	-	3,261,797
Non-major Enterprise Funds	-	-	-	-	-	1,000,000	28,000	1,028,000
Internal Service Funds	-	-	-	-	150,000	-	-	150,000
Total	$ 7,143,595	$ 4,336,696	$ 287,292	$ 960,841	$ 150,000	$ 7,935,108	$ 1,110,177	$ 21,923,709

Note 7. Long-Term Obligations

Lease and SBITA liabilities: The City has entered into agreements to lease certain equipment, buildings, and land and improvements. The lease agreements have been recorded at the present value of the future lease payments as of the date of their inception.

The future lease obligations as of June 30, 2023, were as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 425,921	$ 43,579	$ 469,500
2025	383,234	37,217	420,451
2026	293,481	31,936	325,417
2027	290,766	27,537	318,303
2028	251,488	23,243	274,731
Thereafter	1,237,251	65,681	1,302,932
	$ 2,882,141	$ 229,193	$ 3,111,334

The City has entered into subscription-based IT arrangements for the use of certain software systems. These agreements qualify as subscription-based IT arrangements under GASB 96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

The future SBITA obligations as of June 30, 2023, were as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 357,306	$ 11,484	$ 368,790
2025	140,881	5,076	145,957
2026	30,585	1,960	32,545
2027	46,269	995	47,264
	$ 575,041	$ 19,515	$ 594,556

Note 7. Long-Term Obligations (Continued)

General Obligation Bonds, Limited Obligation Bonds, Revenue Bonds, and Installment Financing Contracts: The City has issued general obligation bonds, revenue bonds, limited obligation bonds ("LOBs"), special obligation bonds (SOBs) and direct placement installment financing agreements to provide funds for the acquisition and construction of major capital facilities and capital equipment related to both general and proprietary activities. All general obligation bonds are backed by the full faith, credit, and taxing power of the City. Principal and interest requirements are appropriated when due. The revenue bonds are secured by the pledge of the net revenues derived from the acquired or constructed assets of the water system. The LOBs, SOBs and installment financing agreements are collateralized by the assets being financed and are not secured by the taxing power of the City. The revenue bonds LOBs and SOBs require the City to follow customary covenants including providing insurance certificates, budget data, and financial information on an annual basis.

Long-term obligations at June 30, 2023 are comprised of the following individual issues:

	Issue Date	Final Maturity	Interest Rate	Original Issue	Principal Balance June 30, 2023	Principal and Unamortized Balances at June 30, 2023	Governmental Activities	Business-Type
1. General Obligation Bonds:								
2020 Refunding Bonds A (Tax-Exempt)	03/25/2020	06/01/2040	2.00% - 5.00%	$ 12,625,000	$ 12,625,000	$ 14,245,994	$ 12,625,000	$ -
2020 Refunding Bonds B (Taxable)	03/25/2020	06/01/2028	1.27% - 1.80%	8,200,000	5,070,000	5,070,000	5,070,000	-
2023 GO Refunding Bonds	02/09/2023	06/1/2043	3.50% - 5.00%	22,405,000	22,405,000	25,286,496	22,405,000	-
				43,230,000	**40,100,000**	**44,602,490**	**40,100,000**	**-**
2. Installment Financing Contracts:								
2010 Installment financing (Parks & Recreation)	07/12/2010	07/12/2025	4.55%	1,100,000	183,333	183,333	183,333	-
2013 Installment financing (Green CIP)	06/13/2013	07/01/2023	1.44%	998,000	49,900	49,900	49,900	-
2017 Limited Obligation Bonds	11/09/2017	10/01/2037	3.00% - 5.00%	25,000,000	20,440,000	22,915,982	15,866,039	4,573,961
2017 Special Obligation Bonds	11/09/2017	10/01/2037	2.50% - 5.00%	17,140,000	12,840,000	13,830,716	11,106,600	1,733,400
2019 Installment financing (Equip. and Vehicles)	05/31/2019	05/01/2024	2.28%	4,330,000	1,732,000	1,732,000	1,582,000	150,000
2020 Installment financing (Equip. and Vehicles)	06/30/2020	05/01/2025	1.16%	4,650,075	2,672,248	2,672,248	2,547,147	125,101
2021 Limited Obligation Bonds	04/29/2021	04/01/2041	2.00% - 3.00%	13,350,000	13,350,000	14,435,568	13,350,000	-
2021 Special Obligation Bonds	04/29/2021	04/01/2033	3.00% - 5.00%	17,240,000	14,185,000	17,252,118	13,541,001	643,999
2022 Limited Obligation Bond Anticipation Note	06/15/2022	06/15/2025	Variable (2)	42,000,000	22,227,981	22,227,981	21,781,885	446,096
				125,808,075	**87,680,462**	**95,299,846**	**80,007,905**	**7,672,557**
3. Revenue Bonds:								
2015 Water System Revenue Refunding Bonds	06/11/2015	08/01/2032	2.0% - 5.0%	50,625,000	28,530,000	31,992,310	-	28,530,000
2021 Water System Revenue Refunding Bonds	09/30/2021	08/01/2051	1.625% - 5.0%	38,125,000	37,410,000	39,672,929	-	37,410,000
				88,750,000	**65,940,000**	**71,665,239**	**-**	**65,940,000**
4. Other long-term indebtedness:								
2001 Metropolitan Sewerage District	04/22/1985	06/30/2024	5.00%	615,000	8,200	8,200	8,200	-
2011 NC DENR, Drinking Water Revolving Loan	06/22/2011	05/01/2031	0.00%	198,194	79,277	79,277	-	79,277
				$ 813,194	**87,477**	**87,477**	**8,200**	**79,277**
Total General Obligation Bonds, Limited Obligation Bonds, Revenue Bonds, and Other Long-Term Obligations					**$ 193,807,939**	**$ 211,655,052**	**$ 120,116,105**	**$ 73,691,834**

(1) Interest is variable at SIFMA plus 38 bppa

(2) Interest is variable at SOFR plus 23 bppa

Note 7. Long-Term Obligations (Continued)

The preceding long-term obligations included in the individual issues table are as follows:

	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	$ 40,100,000	$ -	$ 40,100,000
Installment Financing Contracts	80,007,905	7,672,557	87,680,462
Revenue Bonds	-	65,940,000	65,940,000
Other Long-term Indebtedness	8,200	79,277	87,477
	$ 120,116,105	$ 73,691,834	$ 193,807,939

The principal balances compared to the principal and unamortized balances in the preceding individual issues table are the unamortized premium balances as follows:

	Unamortized Premium
General Obligation Bonds:	
2020 General Obligation Refunding Bonds	$ 1,620,994
2023 General Obligation Refunding Bonds	2,881,496
Installment Financing Contracts:	
Limited Obligation Bonds, Series 2017	2,475,982
Special Obligation Bonds, Series 2017	990,716
Limited Obligation Bonds, Series 2021	1,085,568
Special Obligation Bonds, Series 2021	3,067,118
Revenue Bonds:	
2015 Water System Revenue Refunding Bonds	3,462,310
2021 Water System Revenue Refunding Bonds	2,262,929
	$ 17,847,113

Note 7. Long-Term Obligations (Continued)

Future Maturities of Long-Term Obligations: Annual debt service requirements to maturity, including interest, are as follows (excluding compensated absences and unfunded OPEB obligations):

	General Obligation Bonds		Limited Obligation Bonds and Installment Financings		Other Long-Term Obligations		Total	
Governmental Activities	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
Year(s) Ending June 30,								
2024	$ 2,165,000	$ 1,492,250	$ 6,172,270	$ 2,766,213	$ 8,200	$ 451	$ 8,345,470	$ 4,258,914
2025	2,160,000	1,421,648	26,957,217	2,543,711	-	-	29,117,217	3,965,359
2026	2,160,000	1,350,776	3,555,897	1,703,359	-	-	5,715,897	3,054,135
2027	2,160,000	1,278,448	3,514,906	1,520,885	-	-	5,674,906	2,799,333
2028	2,160,000	1,205,080	3,518,193	1,337,285	-	-	5,678,193	2,542,365
2029-2033	10,815,000	4,559,650	16,956,554	4,384,849	-	-	27,771,554	8,944,499
2034-2038	10,800,000	2,368,000	14,747,870	1,750,050	-	-	25,547,870	4,118,050
2039-2043	7,680,000	684,000	4,585,000	229,050	-	-	12,265,000	913,050
	$ 40,100,000	$ 14,359,852	$ 80,007,907	$ 16,235,402	$ 8,200	$ 451	$ 120,116,107	$ 30,595,705

	Revenue Bonds		Limited Obligation Bonds and Installment Financings		Other Long-Term Obligations		Total	
Business-type Activities:	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
Year(s) Ending June 30,								
2024	$ 4,925,000	$ 2,183,250	$ 880,488	$ 230,940	$ 9,910	$ -	$ 5,815,398	$ 2,414,190
2025	5,165,000	1,931,000	1,218,820	198,838	9,910	-	6,393,730	2,129,838
2026	5,435,000	1,666,000	970,870	162,374	9,910	-	6,415,780	1,828,374
2027	2,815,000	1,459,750	695,094	128,153	9,910	-	3,520,004	1,587,903
2028	2,955,000	1,315,500	701,807	101,003	9,910	-	3,666,717	1,416,503
2029-2033	16,775,000	4,592,006	2,628,352	162,388	29,728	-	19,433,080	4,754,394
2034-2038	6,320,000	2,640,344	577,125	-	-	-	6,897,125	2,640,344
2039-2043	6,945,000	2,012,069	-	-	-	-	6,945,000	2,012,069
2044-2048	7,750,000	1,215,000	-	-	-	-	7,750,000	1,215,000
2049-2053	6,855,000	312,806	-	-	-	-	6,855,000	312,806
	$ 65,940,000	$ 19,327,725	$ 7,672,557	$ 983,695	$ 79,277	$ -	$ 73,691,833	$ 20,311,420

Installment Financing Contracts: In July 2010, the City entered into an Installment Financing Contract with BB&T to provide partial funding for the construction of a new Recreation Facility at Livingston Street. The $1,100,000 loan is payable over 15 years with semi-annual payments of principal at an interest rate of 4.55%. The City had installment debt payable of $183,333 as of June 30, 2023.

Note 7. Long-Term Obligations (Continued)

In June 2012, the City, through the Asheville Public Financing Corporation, a blended component unit, issued Limited Obligation Bonds in the amount of $39,160,000 to (1) finance the 2012 Projects (as described below), (2) refinance in advance of their maturities (a) the 1997A and 1997B Certificates of Participation, the proceeds of which were used to finance and refinance improvements to various City facilities, (b) the City's obligations under a 2006 installment financing contract, the proceeds of which were used to finance two fire stations, vehicles and equipment, and (c) the City's obligations under a 2011 installment financing contract, the proceeds of which were used to finance the construction of and improvements to a parking facility and (3) finance the costs of the initial execution and delivery of the 2012 Limited Obligation Bonds. The 2012 Projects include (1) the acquisition and construction of and improvements to certain streets, sidewalks, greenways, sewer facilities and other improvements related thereto in the City, (2) the renovation of and improvements to the City Building and the Harrah's Cherokee Center - Asheville and (3) the acquisition and installation of vehicles and equipment for the City's general governmental purposes.

In June 2016, the City entered into an amendment to the 2012 direct placement installment financing contract with the Asheville Public Financing Corporation a blended component unit of the City, and the Corporation issued a direct placement limited obligation bond, designated as an Additional Bond under the 2012 Indenture and a First Supplement, purchased by Bank of America, N.A. (the Bank), in an amount not to exceed $45,000,000. The funds will be used to pay the costs of (1) various projects in the City for affordable housing, public safety, transportation, economic development, parks and recreation and repair and renovation to City facilities and (2) the issuance of the 2016 Bond. Under the terms of the contract amendment and the first supplement to the 2012 Indenture, the Bank advances monies to the City from time-to-time and the City, subject to its right of non-appropriation, repays the principal component of the advance at maturity while paying interest on the outstanding amount on a monthly basis and at a rate of 70% of the 1-month LIBOR plus 32 bp, capped at 25%. The City does not pay a fee on the unused principal portion of the loan. The Bond had a term of two years and matured on June 21, 2018.

In November 2017, the City entered into a second amendment to the 2012 direct placement installment financing contract with the Asheville Public Financing Corporation, a blended component unit of the City, and the Corporation issued direct placement limited obligation bonds ("2017 LOBs") in the amount of $25,000,000. The funds were used to refinance a portion of the project costs associated with the 2016 direct placement limited obligation bonds, while the remaining amount of the 2016 project costs were refinanced through the 2017 SOBs. The 2017 direct placement LOBs also refinanced a portion of the project costs associated with the 2012 direct placement limited obligation bonds. The refinancing was accomplished by placing a series of purchased US Treasury Notes in an irrevocable trust account with an escrow agent. The principal and interest generated from the US Treasury Notes now covers the debt service payments related to the 2012 direct placement LOBs with maturity dates from 2022 to 2032. The 2017 direct placement LOBs were underwritten by Merrill Lynch, Pierce, Fenner & Smith Incorporated. The bonds have coupon rates ranging from 3.00% to 5.00% and extend out to 2037. The City had direct placement installment debt balance of $20,440,000 as of June 30, 2023,

Note 7. Long-Term Obligations (Continued)

In June 2018, the City entered into a third amendment to the 2012 direct placement installment financing contract with the Asheville Public Financing Corporation, a blended component unit of the City, and the Corporation issued a direct placement limited obligation bonds ("2018 LOBs") purchased by the Bank of America, N.A. (the "Bank"), in an amount not to exceed $48,000,000. The funds will be used to pay the costs of (1) various projects in the City for affordable housing, public safety, transportation, economic development, parks and recreation and repair and renovation to City facilities and (2) issuance of the direct placement 2018 LOB. Under the terms of the contract amendment and the third supplement to the 2012 Indenture, the Bank advances monies to the City from time-to-time and the City, subject to its right of non-appropriation, repays the principal component of the advance at maturity while paying interest on the outstanding amount on a monthly basis and at a variable rate of SIFMA (an alternative to LIBOR) plus 38 bps. The City does not pay a fee on the unused principal portion of the loan. In April, 2021, the City paid off the 2018 LOBs through the issuance of direct placement special obligation bonds and limited obligation bonds described below.

In April 2021, the City entered into a fourth amendment to the 2012 direct placement installment financing contract with the Asheville Public Financing Corporation, a blended component unit of the City, and the Corporation issued direct placement limited obligation bonds ("2021 LOBs") in the amount of $13,350,000. The funds were used to refinance a portion of the project costs associated with the 2018 direct placement limited obligation bonds. The 2021 LOBs were underwritten by BoA Securities. The bonds have coupon rates ranging from 2.00% to 3.00% and extend out to 2041.

In June 2022, the City entered into a fifth amendment to the 2012 direct placement installment financing contract with the Asheville Public Financing Corporation, a blended component unit of the City, and the Corporation issued a direct placement limited obligation bonds ("2022 LOBs") purchased by the Well Fargo Bank, NA (the "Bank"), in an amount not to exceed $42,000,000. The funds will be used to pay the costs of (1) various projects in the City for affordable housing, public safety, transportation, economic development, parks and recreation and repair and renovation to City facilities and (2) issuance of the direct placement 2022 LOB. Under the terms of the contract amendment and the fifth supplement to the 2012 Indenture, the Bank advances monies to the City from time-to-time and the City, subject to its right of non-appropriation, repays the principal component of the advance at maturity while paying interest on the outstanding amount on a monthly basis and at a variable rate of SIFMA (an alternative to LIBOR) plus 23 bps. The City does not pay a fee on the unused principal portion of the loan.

In June 2013, the City entered into a direct placement installment-financing contract with TD Bank to provide funding to improve the energy efficiency of certain capital assets of the City. The $998,000 loan is payable over ten years with semi-annual payments of principal at an interest rate of 1.44%. The City had a direct placement installment debt balance of $49,900 as of June 30, 2023.

In November 2017, the City issued special obligation bonds ("2017 SOBs") in the amount of $17,140,000. The funds will be used to refinance a portion of the project costs associated with the 2016 limited obligation bonds, specifically those located within the City's established Municipal Service Districts, or Innovation districts, and meeting the criteria for special obligation debt. The 2017 SOBs were underwritten by Merrill Lynch, Pierce, Fenner & Smith Incorporated. The bonds have coupon rates ranging from 2.50% to 5.00% and extend out to 2037. The City had special obligation bond notes payable of $12,840,000 outstanding as of June 30, 2023.

In May 2019, the city entered into an Installment Financing Contract with PNC Bank, N/A/ to provide funding for the purchase of vehicles and equipment. The $4,330,000 loan is payable over 59 months with semi-annual payments of principal and interest at a fixed rate of 2.28%. The City had installment debt payable of $1,732,000 outstanding as of June 30, 2023.

Note 7. Long-Term Obligations (Continued)

In June 2020, the City entered into a direct installment-financing contract with JPMorgan Chase Bank, N.A. to provide funding for the purchase of computers, vehicles and equipment. The $4,650,075 loan is payable over 59 months with semi-annual payments of interest and annual payments of principal at fixed rates of interest of 1.16%. The City had a direct placement installment debt balance of $2,672,248 as of June 30, 2023.

In April 2021, the City issued direct placement special obligation bonds ("2021 SOBs") in the amount of $17,240,000. The funds will be used to refinance a portion of the project costs associated with the 2018 limited obligation bonds, specifically those located within the City's established Municipal Service Districts, or Innovation districts, and meeting the criteria for special obligation debt. The 2021 SOBs were unwritten by BoA Securities. The bonds have coupon rates ranging from 3.00% to 5.00% and extend out to 2033. The City had installment debt payable of $14,185,000 outstanding as of June 30, 2023.

General Obligations Bonds: The City has issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities related to both general and proprietary activities. All general obligation bonds are backed by the full faith, credit and taxing power of the City. Principal and interest requirements are appropriated when due. In the event of a default, the City agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the City under the related agreement. On November 8, 2016, voters approved a $74 million Bond Referendum. The bonds will be used to fund $32 million in Transportation improvements, $25 million for Affordable Housing initiatives and $17 million for Parks and Recreation improvements.

In June 2018, the City issued a direct placement general obligation bond anticipation note ("2018 GO BAN") in an amount not to exceed $23,000,000. The note was purchased by Bank of America, N.A. (the "Bank"). The funds will be used to pay the costs of (1) various projects in the City for affordable housing, transportation and parks and recreation and (2) the issuance of the 2018 GO BAN. Under the terms of the bond, the Bank advances monies to the City from time to time and the City, subject to its right of non-appropriation, repays the principal component of the advance at maturity while paying interest on the outstanding amount on a monthly basis and at a variable rate of SIFMA (an alternative to LIBOR) plus 32bps. The City does not pay a fee on the unused principal portion of the loan. The City anticipates that it will issue longer-term fixed rate general obligation bonds to refinance the 2018 GO BAN once the projects are completed and before its maturity date of June 2020. The City refinanced the 2018 GO BAN with Bank of America, N.A. issuing a $12,625,000 general obligation refunding bond Series 2020A and a $8,200,000 taxable general obligation refunding bond Series 2020B.

In June 2020, the City issued a direct placement general obligation bond anticipation note ("2020 GO BAN") in an amount not to exceed $25,000,000. The note was purchased by Bank of America, N.A. (the "Bank"). The funds will be used to pay the costs of (1) various projects in the City for transportation and parks and recreation and (2) the issuance of the 2020 GO BAN. Under the terms of the bond, the Bank advances monies to the City from time to time and the City, subject to its right of non-appropriation, repays the principal component of the advance at maturity while paying interest on the outstanding amount on a monthly basis and at a variable rate of SIFMA (an alternative to LIBOR) plus 58 bps. The City pays a fee of 30 bps on the unused principal portion of the loan. The City anticipates that it will issue longer-term fixed rate general obligation bonds to refinance the 2020 GO BAN once the projects are completed and before its maturity date of June 2023. The City refinanced the 2020 GO BAN with Bank of America, N.A. issuing a $22,405,000 general obligation refunding bond Series 2023.

At June 30, 2023, the City had bonds authorized but unissued in the amount of $26.8 million.

Note 7. Long-Term Obligations (Continued)

Water System Revenue Refunding Bonds, Series 2015: In June 2015, the City issued $50,625,000 of Revenue Refunding Bonds to a) advance refund $53,980,000 of the City's outstanding Water system Revenue Bonds ($25,640,000 of the City's Water System Revenue Refunding Bonds, Series 2005 (the "2005 Bonds") maturing August 1, 2016 through August 1, 2025 and $28,340,000 of the City's Water System Revenue Bonds, Series 2007 (the "2007 Bonds") maturing August 1, 2018 through August 1, 2032 (the 2005 Bonds and 2007 Bonds being so refunded are called the "Refunded Bonds") and b) pay the fees and expenses incurred in connection with the sale and issuance of the 2015 Bonds. The refunding was accomplished by placing the proceeds of the refunding bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. Accordingly, neither the trust account assets nor the liabilities for the defeased bonds are included in the City's financial statements. The City had direct placement water revenue anticipation balance of $28,530,000 outstanding as of June 30, 2023.

The City has pledged future water customer revenues, net of specified operating expenses, to repay $50,625,000 in Revenue Refunding Bonds, Series 2015. The bonds are payable solely from water customer new revenue and are payable through 2032. At June 30, 2023, the total principal and interest remaining to be paid directly by the City on the bonds is $33,293,881.

Water System Revenue Refunding Bonds, Series 2021: In September 2021, the City issued $38,125,000 of Revenue Refunding Bonds to pay down the 2018 Water System Revenue Bond Anticipation Notes. The 2021 Water Revenue Refunding Bonds were underwritten by BoA Securities. The bonds have coupon rates ranging from 1.625% to 5.00% and extend out to 2051. The City had direct placement water revenue anticipation balance of $37,410,000 as of June 30, 2023.

The City has pledged future water customer revenues, net of specified operating expenses, to repay $38,125,000 in Revenue Refunding Bonds, Series 2021. The bonds are payable solely from water customer new revenue and are payable through 2051. At June 30, 2023, the total principal and interest remaining to be paid directly by the City on the bonds is $51,973,844.

Revenue Bonds

Water System Revenue Bond Anticipation Notes, Series 2018: In October 2018, the City issued a direct placement water revenue bond anticipation note ("2018 Water BAN") in an amount not to exceed $40,000,000. The note was purchased by Bank of America, N.A. (the "Bank"). The funds were used to pay certain engineering and construction costs associated with the North Fork Dam project. The 2018 Water BAN was retired in September 2021 when the City issued the 2021 Water System Revenue Refunding Bonds described above.

Note 7. Long-Term Obligations (Continued)

The water system revenue bonds have been issued pursuant to a General Trust Indenture dated as of December 1, 2005, Series Indenture Number 2 dated as of November 1, 2007, Series Indenture Number 3 dated as of June 1, 2015 and Series Indenture Number 4 dated as of September 30, 2021 (together the Indentures) between the City and The Bank of New York Mellon Trust Company, N.A., as trustee. The Indentures authorize and secure all outstanding revenue bonds of the City's water system and contain several financial and operating covenants governing such matters as rates, additional bonds, reserve funds, annual budgets, maintenance of the system and insurance. Management believes the City was in compliance with all such covenants during the fiscal year ended June 30, 2023.

The calculation for the rate covenant for the year ended June 30, 2023 is as follows:

Water Revenue and Expense Information

Revenues	$ 40,906,521
Current Expenses	26,737,566
Net Revenues Available for Debt Service	$ 14,168,955
Senior Debt Coverage:	
Principal and Interest	$ 7,108,500
Add 20% of Senior Debt	1,421,700
Subordinate Debt:	
Principal and Interest	9,910
Total Debt Service + 20%	$ 8,540,110
Rate Coverage Test	1.66

Note 7. Long-Term Obligations (Continued)

Other Long-Term Indebtedness: In 2001, the City agreed to assume 41% of a bond issued by Metropolitan Sewerage District of Buncombe County ("MSD"), Series 1985, for the Enka-Candler annexation in 1989. At June 30, 2023, the City has an outstanding balance of $8,200.

In 2011, the City received a loan of $198,194 from the NCDENR for improvements to the North Fork Water Treatment Plant. The loan bears interest at the rate of zero percent per annum and is payable over twenty years. At June 30, 2023, the outstanding balance is $79,278.

Changes in Long Term Liabilities:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Governmental Activities					
Bonds and Notes Payable:					
Installment Financing Contracts	$ 75,040,816	$ 12,257,850	$ 7,290,759	$ 80,007,907	$ 6,172,270
General Obligation Bonds	33,674,912	32,470,088	26,045,000	40,100,000	2,165,000
Lease Liabilities	2,055,466	69,107	238,452	1,886,121	250,992
Subscription Liabilities	-	1,138,458	686,912	451,546	331,366
Other Long-term Indebtedness	34,440	-	26,240	8,200	8,200
Unamortized Bond Premiums	8,788,522	2,881,496	516,486	11,153,532	660,640
Total Bonds and Loans Payable, Ne	119,594,156	48,816,999	34,803,849	133,607,306	9,588,468
Compensated Absences Payable	7,575,534	3,772,401	3,034,156	8,313,779	3,056,813
Net Pension Obligation - LGERS	12,354,404	33,102,751		45,457,155	-
Net Pension Obligation - LEOSSA	8,311,457	700,589	1,125,228	7,886,818	-
Net OPEB Obligation	16,001,407	3,996,233	5,910,864	14,086,776	-
Total Governmental Activities	$ 163,836,958	$ 90,388,973	$ 44,874,097	$ 209,351,834	$ 12,645,281
Business-type Activities					
Bonds and Notes Payable:					
Revenue Bonds	$ 70,625,000	$ -	$ 4,685,000	$ 65,940,000	$ 4,925,000
Installment Financing Contracts	8,610,488	-	937,931	7,672,557	880,488
Lease Liabilities	1,026,587	144,357	174,924	996,020	174,929
Subscription Liabilities	-	395,744	272,249	123,495	25,387
Other Long-term Indebtedness	89,187	-	9,910	79,277	9,910
Unamortized Bond Premiums	7,202,490	-	508,909	6,693,581	510,651
Total Bonds and Loans Payable, Ne	87,553,752	540,101	6,588,923	81,504,930	6,526,365
Compensated Absences Payable	1,371,152	589,697	493,276	1,467,573	533,564
Net Pension Obligation - LGERS	3,260,364	8,735,912	-	11,996,276	-
Net OPEB Obligation	4,222,817	1,054,617	1,559,894	3,717,540	-
Total Business-type Activities	$ 96,408,085	$ 10,920,327	$ 8,642,093	$ 98,686,319	$ 7,059,929

Note 7. Long-Term Obligations (Continued)

The following table contains Debt activity for the Water Revenue Fund. The activity in the Mass Transit Fund and the Non-major Enterprise Funds are contained within the Business-type Activities Debt Summary (above):

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Water System Activities					
Bonds and Notes Payable:					
Revenue Bonds	$ 70,625,000	$ -	$ 4,685,000	$ 65,940,000	$ 4,925,000
Lease Liabilities	6,020	138,216	15,665	128,571	25,388
Subscription Liabilities	-	367,241	258,473	108,768	
Other Long-term Indebtedness	89,187	-	9,910	79,277	9,910
Unamortized Bond Premiums	6,132,961	-	407,722	5,725,239	410,124
Total Bonds and Loans Payable, Net	76,853,168	505,457	5,376,770	71,981,855	5,370,422
Compensated Absences Payable	824,183	392,301	305,713	910,771	331,128
Net Pension Obligation - LGERS	1,975,268	5,292,591	-	7,267,859	-
Net OPEB Obligation	2,558,365	638,933	945,051	2,252,247	-
Total Water System Activities	$ 82,210,984	$ 6,829,282	$ 6,627,534	$ 82,412,732	$ 5,701,550

Debt Margin: The City is subject to the Local Government Bond Act of North Carolina, which limits the amount of net bonded debt the City may have outstanding to 8% of the appraised value of property subject to taxation. At June 30, 2023, such statutory limit for the City was approximately $1,590,348,000 providing a legal debt margin of approximately $1,435,736,000. The City does not intend to extend its debt to any amount near the legal debt limit.

Component Unit Debt: On January 29, 2009, the ABC Board entered into a financing agreement with a commercial bank providing for the advance of $2,750,000 to finance the acquisition and construction of facilities. The agreement has a twenty-year term and requires semi-annual payments including principal and interest of $100,176 beginning July 29, 2009. The loan is secured by real estate, improvements and fixtures at 145 Tunnel Road, 337 New Leicester Highway, 131 Old Charlotte Highway and 3933 Sweeten Creek Road and bears interest at 3.96% per annum.

On October 25, 2017, the Board entered into a financing agreement with a commercial bank providing for the advance of $3,200,000 to finance the acquisition and renovation of facilities for warehousing and administration. This loan requires eighteen monthly payments of interest on the unpaid balance beginning November 25, 2017 using the interest rate of 4.25% and 101 monthly principal and interest payments of $20,946 beginning May 25, 2019 and one principal and interest payment of $2,059,747 on October 25, 2027. The loan was secured by real estate and improvement at 24 Old Brevard Road and 1 Cherry Street. At June 30, 2023, all of the loan commitment for renovations had been drawn.

Note 7. Long-Term Obligations (Continued)

Future maturities of the component unit debt are as follows:

Year Ending June 30,	Prinicpal	Interest
2024	$ 352,748	$ 98,962
2025	367,500	84,210
2026	382,870	68,839
2027	398,885	52,825
2028	833,540	21,974
2029	194,555	5,797
	$ 2,530,098	$ 332,607

Note 8. Net Position and Fund Balance

Net Position: Net investment in capital assets consists of the following:

	Governmental Activities	Business-Type Activities
Capital Assets, Net of Depreciation	$ 280,772,027	$ 327,759,899
Less: Capital Asset-related Debt	(131,269,639)	(80,385,416)
Other capital asset-related liabilities	(2,922,536)	(1,365,838)
Add Deferred Outflows	-	796,672
Add: Unspent bond proceeds	5,062,430	-
Net Investment in Capital Assets	$ 151,642,282	$ 246,805,317

Fund Balance – General Fund: The following schedule provides information on the portion of fund balance that is available for appropriation in the General Fund:

Total Fund Balance - General Fund	$ 137,889,962
Less: Non-spendable Items	10,010,456
Less: Stabilization by State Statute	32,614,925
Funds Available for Appropriation	95,264,581
Less: Committed	12,917,367
Less: Assigned	53,497,935
Less: Fund Balance Policy	23,186,919
Remaining Fund Balance	$ 5,662,360

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. As of year-end, the City's outstanding encumbrances were $4,932,315 and $23,118,843 in the General Fund and General Capital Projects Fund, respectively.

Note 9. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions on behalf of employees, elected officials, public officials, and appointed members of boards and commissions; injuries to employees; and a variety of losses stemming from natural disasters and perils.

The City self-insures employee benefits, general liability and workers' compensation risks and purchases stop-loss insurance for claims that exceed certain specific and aggregate limits. The City purchases insurance for risks of loss on real and personal property assets. Revenues and expenses associated with the risk management program are recorded in the City's internal service funds.

For all of the self-insured retention (SIR) programs, the City retains the services of outside third-party administrators for the professional management and adjustment of claims, including estimates for claims incurred but not reported (IBNR).

The City's SIR for liability claims is $650,000 per occurrence and carries excess liability insurance with limits of $15 million across all liability lines: general, public officials, law enforcement, employment practices, employee benefits, and automobiles. The City also purchases insurance for real and personal property assets in the amount of $385,854,136. Coverage limits include $10 million sub-limits each for flood and earthquake. Additionally, the City purchases dam insurance with limits of $15 million for three structures.

Since the City is in an area of the state that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the City is eligible to purchase flood insurance through the National Flood Insurance Plan (NFIP). However, due to the self-insurance coverage and the flood coverage provided under the City's property insurance policy, the City chooses not to participate in the NFIP.

The City is also self-insured as provided under North Carolina General Statutes for Workers' Compensation and Employer Liability. The City's SIR for workers' compensation claims is $600,000 per occurrence. Excess workers' compensation insurance with statutory limits is maintained for any claims exceeding the $600,000 self-insured retention.

In accordance with G.S. 159-29, City employees are covered by a crime insurance policy with a $500,000 limit per occurrence. The policy provides $500,000 in coverage for employee dishonesty/forgery as well as computer and electronic funds transfer fraud coverage and $5000,000 in theft coverage. The Director of Financial and Management Services and the Assistant Finance Director are individually bonded for $1,000,000 and $250,000, respectively.

Revenues and expenses associated with the employee health benefits program are recorded in the Health Fund. The employee health benefits program is funded by both employee and employer contributions. Employee benefits paid through this program include health, dental, life and disability insurance. The City's health benefits are self-insured for claims below a $200,000 specific stop-loss coverage limit. Claims are covered above the specific limit through the purchase of specific stop-loss insurance.

The health program annually has several cases that exceed specific stop-loss and therefore result in the recovery of excess losses. In fiscal year 2022, there were nine claimants with $161,009 in claims. In fiscal year 2023, there were two claimants with $83,973 in claims.

Note 9. Risk Management (Continued)

The following is a summary of changes in estimated claims payable in the Workers' Compensation and Property and Casualty funds at June 30:

	2023	2022
Beginning Balance	$ 3,481,177	$ 3,784,914
Add: Incurred Claims and Changes in IBNR	17,053,797	15,659,067
Less: Claim Payments	(17,837,010)	(15,962,804)
Ending balance	$ 2,697,964	$ 3,481,177

The ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has commercial property, general liability, auto liability, workers' compensation, and employee health coverage. The ABC Board also has liquor legal liability coverage.

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

In accordance with G.S. 18B-700(i), the ABC Board bonds each member of their board and the employees designated as the General Manager and Finance Officer in the amount of $100,000, secured by a corporate surety. In addition, the store managers and all other employees who have access to funds are covered under a blanket bond for $100,000.

Note 10. Pension Plan Obligations

North Carolina Local Governmental Employees' Retirement System

Plan Description: The City of Asheville and the Asheville Board of Alcoholic Control are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS 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 Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina.

The State's ACFR includes financial statements and required supplementary information for LGERS. 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.

Note 10. Pension Plan Obligations (Continued)

Benefits Provided: LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% 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. 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. 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 (age 55 for firefighters). 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 (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) 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.

LGERS 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 128-30 and may be amended only by the North Carolina General Assembly. City and ABC Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City's and ABC Board's contractually required contribution rates for the year ended June 30, 2023, were both 12.10% of compensation for law enforcement officers and 13.00% for general employees, 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 City were $9,776,635 for the year ended June 30, 2023, and the ABC Board were $366,754.

Refunds of Contributions: City and ABC Board employees who have terminated service as a contributing member of LGERS, 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 LGERS.

Note 10. Pension Plan Obligations (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2023, the City and ABC Board reported a liability of $57,453,431 and $1,829,519, respectively, for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The City's and ABC Board's proportions of the net pension liability were based on a projection of the City's and ABC Board's long-term shares of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employer's, actuarially determined. At June 30, 2023, the City's proportion was 1.01842%, which was an increase of 0.00024% from its proportion measured as of June 30, 2022. The ABC Board's proportion was 0.03243% which was an increase of 0.00091% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the City and ABC Board recognized pension expense of $15,139,721 and $716,336, respectively. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,475,616	$ 242,720
Changes of assumptions	5,732,564	-
Net difference between projected and actual earnings on pension plan investments	18,988,960	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	1,125,787
City contributions subsequent to the measurement date	9,776,635	-
Total	$ 36,973,775	$ 1,368,507

The ABC Board reported deferred inflows and deferred outflows of resources as related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 78,832	$ 7,729
Changes of assumptions	182,545	-
Net difference between projected and actual earnings on pension plan investments	604,674	-
Changes in proportion and differences betw een City contributions and proportionate share of contributions	98,286	-
Board contributions subsequent to the measurement date	366,754	-
Total	$ 1,331,091	$ 7,729

Note 10. Pension Plan Obligations (Continued)

$9,776,635 and $366,754 reported as deferred outflows of resources related to pensions resulting from City and ABC Board contributions subsequent to the measurement date, respectively, will be recognized as an increase of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	City of Asheville	ABC Board
2024	$ 7,917,898	$ 319,695
2025	6,835,359	268,539
2026	2,028,679	80,296
2027	9,046,697	288,078
Total	$ 25,828,633	$ 956,608

Actuarial Assumptions: The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.5 percent
Salary Increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment Rate of Return	6.50 percent, net of pension plan invesemtne 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, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

Note 10. Pension Plan Obligations (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.1%
Global Equity	42.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	7.5%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. 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 2.25%. All rates of return and inflation are annualized.

Discount Rate: The discount rate used to measure the total pension liability was 6.50%. 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 City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*:** The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the net pension liability (asset)	$ 103,696,044	$ 57,453,431	$ 19,346,833

***Sensitivity of the ABC Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*:** The following presents the ABC Board's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Board's proportionate share of the net pension liability (asset)	$ 3,302,039	$ 1,829,519	$ 616,070

Note 10. Pension Plan Obligations (Continued)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) for the State of North Carolina.

Law Enforcement Officers Special Separation Allowance

Plan Description: The City and the ABC Board each administer a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's and the ABC Board's qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Separate financial statements are not issued for the Separation Allowance Plan.

All full-time law enforcement officers of the City and the ABC Board are covered by the Separation Allowance. At December 31, 2022, the Separation Allowance membership consisted of:

	City	ABC Board
Retirees Receiving Benefits	31	0
Active Plan Members	176	2
Total	207	2

A separate report was not issued for the plan.

Summary of Significant Accounting Policies: The City and the ABC Board have chosen to fund the Separation Allowance on a pay-as-you-go basis. For the City, pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. The financial statements of the ABC Board are prepared using the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative expenses are recognized as incurred.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 73:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, non-employer contributing entities, the plan administrator, and plan members.

Method Used to Value Investments: No funds are set aside to pay benefits and administration costs. These expenditures are paid as they become due.

Plan Contribution: The City and ABC Board are required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and have chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made, in the City's case, in the General Fund operating budget. The City and ABC Board's obligations to contribute to this plan are established and may be amended by the North Carolina General Assembly. There were no contributions made to the plan by employees of the City or the ABC Board. For the current year, the City and the ABC Board paid benefits of $569,057 and $0, respectively, as benefits came due for the reporting period.

Note 10. Pension Plan Obligations (Continued)

The City's total pension liability for the current year was determined as part of the June 30, 2022 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 4.05% discount rate per annum compounded annually and (b) projected salary increases of 3.25% to 7.80% per year. Both (a) and (b) included an inflation component of 2.5%. The assumptions did not include postemployment benefit increases. The discount rate used to measure the total pension liability is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2023, the City reported a total pension liability of $7,886,818 for their proportionate share of the net pension liabilities. The total pension liability was measured as of December 31, 2022 based on a June 30, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the City recognized pension expense of $841,691.

At June 30, 2023, the ABC Board reported a total pension liability of $32,068 for the Law Enforcement Officers Special Separation Allowance. This amount was deemed immaterial to the financial statements by the ABC Board and accordingly no actuarial valuation was performed.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 146,460	$ 298,692
Changes of assumptions and Other Inputs	372,715	403,834
City benefit payments and plan administrative expense made subsequent to the measurement date	300,842	-
Total	$ 820,017	$ 702,526

Deferred outflows of resources for the City of $300,842 as related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Pension Expense Adjustment
2024	$ 44,487
2025	(25,465)
2026	(76,409)
2027	(94,483)
2028	(31,481)
Total	$ (183,351)

Note 10. Pension Plan Obligations (Continued)

Sensitivity of the City's total pension liability to changes in the discount rate: The following presents the City's total pension liability calculated using the discount rate of 4.05%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	1% Decrease (3.05%)	Discount Rate (4.05%)	1% Increase (5.05%)
Total pension liability	$ 8,506,690	$ 7,886,818	$ 7,321,294

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

	City of Asheville	ABC Board
Beginning balance	$ 8,311,457	$ 52,958
Service Cost	535,001	(20,890)
Interest on the total pension liability	165,588	-
Differences between expected and actual experience in the measurement of the total pension liability	(106,890)	-
Changes of assumptions or other inputs	(449,281)	-
Benefit payments	(569,057)	-
Other changes	-	-
Ending balance of the total pension liability	$ 7,886,818	$ 32,068

The discount rate used to measure the total pension liability is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

The plan currently uses mortality tables that vary by age, 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 sources of the mortality tables are as listed below:

Deaths after Retirement (Healthy): Pub-2010 Safety Retirees Mortality Table projected generationally using MP2019. The male and female rates are set forward 1 year and adjusted by 97% for all ages.

Deaths before Retirement: Pub-2010 Safety Employees Male and Female Mortality tables projected generationally with MP-2019.

Deaths after Retirement (Disabled): Pub-2010 General Disabled Retirees Mortality Table projected generationally using MP-2019. The male and female rates are set back 3 years.

Note 10. Pension Plan Obligations (Continued)

Supplemental Retirement Income Plan

401(k) Retirement Plan*:* The City and the ABC Board contribute to the Supplemental Retirement Income Plan (Plan), a section 401(k) defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City and the ABC Board. City Council has also extended this benefit to all regular full-time and regular part-time non-law enforcement City employees. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefits provisions to the North Carolina Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy*:* Article 12E of G.S. Chapter 143 requires the City and the ABC Board to contribute each month an amount equal to five percent of each officer's base salary and all amounts contributed are vested immediately. In addition to the required contribution for law enforcement officers, the City makes a monthly contribution equal to five percent of non-law enforcement employees' base salary. Also, both law enforcement officers and non-law enforcement employees of the City may make voluntary contributions to the Plan.

The City contribution for law enforcement officers for the year ended June 30, 2023 was $674,546 and the officers' voluntary contributions were approximately $822,703. The City's contribution for non-police personnel was $3,274,614 with employee voluntary contributions of approximately $2,392,499. The ABC Board's required contribution for the year ended June 30, 2023 was $7,935.

Other Postemployment Benefits (OPEB):

Healthcare Benefits Plan Description – The City administers, under the terms of a City resolution, a single- employer defined benefit healthcare benefits ("HCB") plan. The City Council has the authority to establish and amend the benefit terms and financing requirements. The plan provides postemployment healthcare benefits to employees retiring from the City with at least five years of creditable services that are eligible to receive benefit from the North Caroline Local Government Employees Retirement System and do not have other insurance available. The plan has been closed for employees who were hired after June 30, 2012. The plan, which has a June 30, 2023 year-end, does not issue a stand-alone report. Management of the HCB plan is vested with the City of Asheville City Council.

For the ABC Board, the postemployment benefits provided for eligible employees who retire from the Board consist of an allowance for law enforcement officers. Due to the relative insignificance of the liability, the Board elected to accrue the entire obligations of $32,068 for the year ended June 30, 2023. As of June 30, 2023, none of this cost was contributed which resulted in an unfunded net OPEB obligation of $32,068.

Membership of the City's HCB Plan consisted of the following at June 30, 2023 the date of the latest actuarial valuation:

	City HCB Plan Membership
Inactive Employees or Beneficiaries Currently Receiving Benefits	201
Active Employees	365
Total	566

Note 10. Pension Plan Obligations (Continued)

Benefits Paid: The benefit provided by the City include healthcare, prescription drug and vision benefits. The cost of the program is shared between plan members and the City, which pays about 60% of the cost of coverage, with a lower subsidy provided for fewer years of service. Dependent coverage is provided id enrolled at the time of the employee's retirement. In addition, if the retiree ceased to coverage or dies, dependent coverage will terminate.

Contributions: Retirees hired on or before December 31, 2006 without access to other insurance and who retire based on the provisions of the NC Local Governmental Employees' Retirement System will receive 100 percent of the subsidy amount. For those without access to other insurance who were hired between January 1, 2007 and June 30, 2012 and fulfill all eligibility requirements and for those who were hired on or before December 31, 2006 retiring on or after January 1, 2007 with access to other insurance through their spouse's employment, the City contribution towards the total cost of each plan based on the number of years of service with the City as follows:

Years of Service with the City	Percent of Subsidy Paid by the City
25 or more	100%
20 or more but less than 25	80%
15 or more but less than 20	65%
10 or more but less than 15	55%
5 or more but less than 10	50%
Less than 5	No subsidy or not eligible

Per a City resolution, the City is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the board. For the current year, the City contributed $1,600,000. The Fund is account for as a trust fund.

Investments: The City has elected to partially pre-pay the future overall cost of coverage for these benefits by establishing a trust agreement according to General Statue 159-30.1(b). Investments of the OPEB Trust funds are made pursuant to a Deposit Agreement with the North Carolina Department of State Treasurer. The State Treasurer has the discretion to invest the proceeds in equities of certain publicly held companies and long or short-term fixed income investments as detailed in G.S. 147-69.2(b) (1-6) and (8). At June 30, 2023 the Plan assets totaled $20,548,698 invested in the State Treasurer's Local Government Other Post Employment Benefits (OPEB Fund pursuant to G.S. 147-69.4. The State Treasure's OPEB fund may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statue. At year-end, the State Treasurer's OBEB fund was invested as follows: State Treasurer's Long-Term Investment Fund (LTIF) 39.71% and BlackRock's MSCI ACWI Equity Index Non-Lendable Fund B 60.27%. The BlackRock MSCI ACWI Equity Non-Lendable Fund B is priced at $31.815788 per share at June 30, 2023.

The target asset allocation for the plan by each major class is summarized in the table below:

Asset Class	Target Allocation
Fixed Income	45%
Equity Funds	55%
Total	100%

Note 10. Pension Plan Obligations (Continued)

Rate of Return: For the year ended June 30, 2023, the annual money weighted rate of return of the investment, net of investment expense was 8.95%. The money weighted rate of return expresses investment performance, net investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the City as of June 30, 2023 were as follows:

Total OPEB liability	$	38,358,831
Plan fiduciary net position		20,554,515
City's Net OPEB Liability	$	17,804,316
Plan fiduciary net position as a percentage of the total OPEB liability		53.58%

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods including the measurement unless otherwise specified:

Inflation Rate	2.5 percent
Payroll Growth Assumption	3.25 percent, including inflation
Discount Rate	5.5 percent
Expected Long-term Rate of Return on Assets	5.5 percent
Annual Health Care Trends	7.5 percent decreasing to 4.5 percent in 2030

Mortality rates were based on the RP-2014 Total Data Set Mortality Table projected to the valuation date using the MP-2015, projected forward generationally from the valuation date using the MP-2015. For general employees, rates are adjusted by 115% (male) and 79% (female) for ages 50 – 78 and by 135% (male and 116% (female) for age 78 and older. For ages less than 50 the RP-2014 is used with no adjustments.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Discount Rate: The discount rate used to measure the total OPEB liability at June 30, 2023 was 5.50%. Pursuant to GASB 75, the discount rate should be a blend of a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) and the Expected Long-term Rate of Return on Assets. The Fidelity GO AA 20 Year index is often cited as an appropriate municipal bond benchmark, and that index was 3.86% on June 30, 2023. Since the Fiduciary Net Position is sufficient to cover the projected benefit payments, a discount rate of 5.50% was used to determine the TOL as of the Measurement Date. A discount rate of 5.50% was used at the prior measurement date.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5 %) than the current discount rate:

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Net OPEB Liability	$ 20,859,906	$ 17,804,316	$ 15,029,402

Note 10. Pension Plan Obligations (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current	1% Increase
Net OPEB Liability	$ 14,629,204	$ 17,804,316	$ 21,407,747

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resource, Related to OPEB: At June 30, 2023 the City reported a net OPEB liability of $17,804,318. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Changes in Total OPEB Liability

	Total OPEB Liability	Plan Net Position	Net OPEB Liabity
Balance as of June 30, 2022	$ 37,555,234	$ 17,331,010	$ 20,224,224
Changes for the Year:			
Service Cost at the End of the Year	915,738	-	915,738
Interst on TOL and Cash Flows	1,991,232	-	1,991,232
Difference Between Expected and Actual Experience	(1,543,737)	-	(1,543,737)
Changes in Assumption	2,143,880	-	2,143,880
Contributions - Employer	-	4,303,518	(4,303,518)
Net Investment income	-	1,623,503	(1,623,503)
Benfit Payments	(2,703,516)	(2,703,516)	-
Net Changes	803,597	3,223,505	(2,419,908)
Balance as of June 30, 2023	**$ 38,358,831**	**$ 20,554,515**	**$ 17,804,316**

Changes in Assumptions: The medical trend was updated resulting in an outflow. The recommendations from the 2019 experience study for the NCLGERS pension plan were adopted. The following assumptions were updated for all groups (General, Firefighters and Law Enforcement Officers): salary increase rates, retirement rates, termination rates, disability rates, pre-retirement mortality and postretirement mortality. Collectively, these assumption changes resulted in a net outflow.

Note 10. Pension Plan Obligations (Continued)

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB: For the year ended June 30, 2023, the City recognized OPEB expenses of $1,955,765. At June 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experince	$ 978,574	$ 1,337,563
Changes in assumption or other inputs	1,697,238	1,113,029
Net difference between projected and actual earnings on plan investments	890,454	-
Changed in proportion and difference between City contributions and proportionate share contributions	65,548	65,544
Total	$ 3,631,814	$ 2,516,136

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits will be amortized and recognized as OPEB expense as follows:

Measurement Period Ending June 30,	
2024	$ 83,619
2025	196,486
2026	877,701
2027	(36,634)
2028	(5,494)
Thereafter	-
	$ 1,115,678

Reconciliation of deferred outflows and deferred inflows for OPEB due to change in fund allocations:

Deferred Ouflows Reconcilaition - OPEB	Per Actuary	Change in Fund Allocation	Total Deferred Outflows
Governmental Activities	$ 2,821,630	$ 47,154	$ 2,868,784
Water Resources Fund	451,132	-	451,132
Parking Services Fund	70,969	14,162	85,131
Mass Transit Fund	12,482	2,428	14,910
Street Cut Utility Ffund	24,607	1,457	26,064
Stormwater Fund	117,330	347	117,677
Harrah's Cherokee Center	68,116	-	68,116
	$ 3,566,266	$ 65,548	$ 3,631,814

Note 10. Pension Plan Obligations (Continued)

Deferred Inflows Reconcilaition - OPEB	Per Actuary	Change in Fund Allocation	Total Deferred Outflows
Governmental Activities	$ 1,938,908	$ -	$ 1,938,908
Water Resources Fund	310,000	22,801	332,801
Parking Services Fund	48,767	14,572	63,339
Mass Transit Fund	8,577	8,079	16,656
Street Cut Utility Ffund	16,909	2,519	19,428
Stormwater Fund	80,625	-	80,625
Harrah's Cherokee Center	46,806	17,573	64,379
	$ 2,450,592	$ 65,544	$ 2,516,136

Amounts reported as Deferred Outflows of Resource and Deferred Inflows of Resources related to change in fund allocations for OPEB will be recognized in OPEB expense in the funds as follows:

	Net Deferred Outflows(Inflows of Resources)							
Years ended June 30:	Governemntal Activites	Water Resources	Parking Services	Mass Transit	Street Cut Utility	Stormwater	Harrah's Cherokee Center	Total
2024	38,860	(21,373)	(14,572)	2,427	1,457	-	(6,799)	-
Total	38,860	(21,373)	(14,572)	2,427	1,457	-	(6,799)	-

Total Pension and OPEB-Related deferred outflows of resources:

Total Pension Related Deferred Outflows of Resources:	LGERS	LEOSSA	OPEB	Total
Differences between expected and actual experience	$ 2,475,616	$ 146,460	$ 978,574	$ 3,600,650
Changes of assumptions	5,732,564	372,715	1,697,238	7,802,517
Net difference between project and actual earnings on pension plan investments	18,988,960	-	890,454	19,879,414
Change in proportionate share between City funds contributions and proportionate share contributions	-	-	65,548	65,548
City contributions subsequent to measurement date	9,776,635	300,842	-	10,077,477
Total	$ 36,973,775	$ 820,017	$ 3,631,814	$ 41,425,606

Total Pension and OPEB-related deferred inflows of resources:

Total Pension Related Deferred Inflows of Resources:	LGERS	LEOSSA	OPEB	Total
Difference between expected and actual experience	$ 242,720	$ 298,692	$ 1,337,563	$ 1,878,975
Changes of assumptions	-	403,834	1,113,028	1,516,862
Changes in proportion and differences between City contributions and proportionate share of contributions	1,125,787	-	65,544	1,191,331
Total	$ 1,368,507	$ 702,526	$ 2,516,135	$ 4,587,168

Note 10. Pension Plan Obligations (Continued)

Other Employment Benefits: In order to meet its statutory obligations for a death benefit under NCLGERS, the City opts to provide a death benefit through a group term life insurance program, which is provided on a non-contributory basis to all members of the retirement system after 30 days of employment. The benefit pays the designated beneficiary an amount equal to one time the annual salary based on rate of pay at the time of death. The plan also provides an accidental death and dismemberment benefit of two time's annual salary in the event of death by a covered member.

The ABC Board has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed $50,000 or be less than $25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the ABC Board, the ABC Board does not determine the number of eligible participants. The ABC Board has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. The ABC Board considers these contributions to be immaterial.

Note 11. Deferred Outflows and Inflows of Resources

The City has several deferred outflows and inflows of resources. The City's deferred outflows at June 30, 2023 compromised of the following:

	Governmental Activities	Business-Type Activities
Contributions to the Pension Plans Subsequent the Measurement Date	$ 8,036,116	$ 2,041,361
Other Pension and OPEB Related Deferrals	24,898,042	6,450,087
Deferred Charge on Refunding	1,223,567	796,672
Total Deferred Outflows	$ 34,157,725	$ 9,288,120

Note 11. Deferred Outflows and Inflows of Resources (Continued)

Deferred inflows of resources comprised of the following:

	Governmental Activities	Business-Type Activities
General Fund:		
Prepaid Ad Valorem Taxes	$ 36,743	$ -
Taxes Receivable, Less Penalties	206,598	-
Lease Receivable	3,087,953	-
General Capital Projects Fund:		
Grant Funds Receivable	654,628	-
Grants Program Fund:		
Grant Funds Receivable	100,816	-
Non-major Governmental Funds:		
Grant Funds Receivable	89,922	-
Total Governmental Funds Deferred Inflows	4,176,660	-
Pension Deferrals	1,785,289	285,744
OPEB Deferrals	1,938,908	577,227
Lease Receivable	-	61,653
Revenue Recongnized on the Governmental Activities	(1,051,964)	-
Total Deferred Inflows	$ 6,848,893	$ 924,624

Note 12. Unearned Revenue

The balance in unearned revenue at year-end is comprised of the following:

General Fund:	
General Revenue	$ 3,713
Grant Programs Fund:	
Grants	13,093,700
Total Governmental Activies	$ 13,097,413
Water Resources Fund:	
Prepaid Water Charges	556,971
Mass Transit Fund:	
Grants	13,388
Total Business-type Activities	$ 570,359

Note 13. Commitments and Contingent Liabilities

Federal and State Assisted Programs: The City 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.

Claims and Litigation: The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's attorney and management that the resolution of these matters will not have a material adverse effect on the City's financial position.

Note 14. Subsequent Events

The City has evaluated events subsequent to October 31, 2023, to assess the need for potential recognition or disclosure in this report. Such events were evaluated through the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or disclosure in the financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Required Supplementary Financial Data

(unaudited)

This section contains additional information required by generally accepted accounting principles.

- Schedule of Changes in Net OPEB Liability and Related Ratios
- OPEB Schedule of Employer Contributions
- Schedule of Net OPEB Liability
- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Law Enforcement Officers' Special Separation Allowance – Schedule of Changes in Total Pension Liability

City of Asheville

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last Seven Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:							
Service cost at end of year	**$ 915,738**	$ 889,061	$ 982,590	$ 931,367	$ 1,329,239	$ 1,387,138	$ 1,484,673
Interest on the total OPEB liability	**1,991,232**	1,974,609	1,928,067	1,887,361	1,477,508	1,357,441	1,193,537
Difference between expected and actual experience	**(1,543,737)**	(170,408)	862,157	796,290	614,907	229,013	-
Changes of assumptions or other inputs	**2,143,880**	-	(363,344)	-	(2,550,116)	(1,260,476)	(1,834,783)
Benefit payments**	**(2,703,518)**	(2,250,363)	(2,705,778)	(3,003,716)	(2,549,739)	(1,833,676)	(1,796,639)
Net Change in Total OPEB Liability	**803,595**	442,899	703,692	611,302	(1,678,201)	(120,560)	(953,212)
Total OPEB liability - beginning	**37,555,236**	37,112,337	36,408,645	35,797,343	37,475,544	37,596,104	38,549,316
Total OPEB liability - ending (a)	**38,358,831**	37,555,236	37,112,337	36,408,645	35,797,343	37,475,544	37,596,104
Plan fiduciary net position:							
Contributions - employer***	**4,303,518**	5,450,363	2,705,778	4,603,716	3,949,739	1,833,676	2,796,639
Net investment income	**1,623,505**	(2,660,422)	2,832,796	617,425	753,413	1,628,683	647,620
Benefit payments**	**(2,703,518)**	(2,250,363)	(2,705,778)	(3,003,716)	(2,549,740)	(1,833,676)	(1,796,639)
Administrative expense			-	-	-	(18,222)	-
Net Change in Plan Fiduciary Net Position	**3,223,505**	539,578	2,832,796	2,217,425	2,153,412	1,610,461	1,647,620
Plan fiduciary net position – beginning	**17,331,010**	16,791,432	13,958,636	11,741,211	9,587,799	7,977,338	6,329,718
Plan fiduciary net position – ending (b)	**20,554,515**	17,331,010	16,791,432	13,958,636	11,741,211	9,587,799	7,977,338
Net OPEB Liability - Ending (a) - (b)	**$ 17,804,316**	$ 20,224,226	$ 20,320,905	$ 22,450,009	$ 24,056,132	$ 27,887,745	$ 29,618,766

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period.

Fiscal Year	Rate
2018	3.50%
2019	3.18%
2020	4.93%
2021	5.50%
2022	3.50%
2023	5.50%

Year Ending June 30,	Annual Money-weighted Rate of Return Net of Investment Expenses
2017	3.10%
2018	3.18%
2019	3.18%
2020	4.93%
2021	20.29%
2022	-14.47%
2023	8.95%

* This schedule will not present ten years' worth of information until available.

** Benefit payments are net of participant contributions. Net benefit payments of $2,703,518 paid directly from the employer are also included.

*** Employer contributions include $2,703,518 paid directly from the employer and $1,600,000 contributions made to the OPEB Trust.

CITY OF ASHEVILLE
Required Supplementary Information
OPEB Schedule of Employer Contributions
Last Eight Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	**$ 2,278,947**	$ 2,088,820	$ 2,022,369	$ 2,813,919	$ 2,617,180	$ 3,154,334	$ 2,956,218	$ 3,074,210
Contributions in relation to the Actuarially Determined Contribution	**4,303,518**	5,450,363	2,705,778	4,603,716	3,949,739	1,833,676	2,796,639	2,732,062
Annual contribution deficiency (excess)	**$ (2,024,571)**	$ (3,361,543)	$ (683,409)	$ (1,789,797)	$ (1,332,559)	$ 1,320,658	$ 159,579	$ 342,148
Covered employee payroll**	**$ 27,083,839**	$ 29,742,583	$ 29,742,583	$ 31,230,511	$ 31,230,511	$ 51,490,890	$ 51,490,890	$ 51,490,890
Contribution as a percentage of covered-employee payroll	**15.89%**	18.33%	9.10%	14.74%	12.65%	3.56%	5.43%	5.31%

* This schedule will not present ten years' worth of information until available.
** For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation

City of Asheville

Required Supplementary Information
Schedule of Net OPEB Liability
Last Eight Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB liability	**$ 38,358,831**	$ 37,555,236	$ 37,112,337	$ 36,408,645	$ 35,797,346	$ 37,475,544	$ 37,596,104	$ 38,549,316
Plan fiduciary net position	**20,554,515**	17,331,010	16,791,432	13,958,636	11,741,211	9,587,799	7,977,338	6,329,717
Net OPEB Liability	**$ 17,804,316**	$ 20,224,226	$ 20,320,905	$ 22,450,009	$ 24,056,135	$ 27,887,745	$ 29,618,766	$ 32,219,599
Plan fiduciary net position as a percentage of the total OPEB liability	**53.58%**	46.15%	45.24%	38.34%	32.80%	25.58%	21.22%	16.42%
Covered employee payroll**	**$ 27,083,839**	$ 29,742,583	$ 29,742,583	$ 31,230,511	$ 31,230,511	$ 51,490,890	$ 51,490,890	$ 51,490,890
Net OPEB liability as percentage of covered employee payroll	**65.74%**	68.00%	68.32%	71.88%	77.03%	54.16%	57.52%	62.57%

* This schedule will not present ten years' worth of information until available.

**For years following the valuation date (when no new valuation is performed), covered payroll has been sent equal to the covered payroll from the most recent valuation

City of Asheville

Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability (Asset) for
Local Government Employees' Retirement System
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset) (%)	1.02%	1.02%	1.05%	1.04%	1.03%	0.99%	0.98%	1.02%	0.99%	1.02%
City's proportion of the net pension liability (asset) ($)	**$ 57,453,431**	$ 15,614,768	$ 37,418,058	$ 28,358,986	$ 24,417,330	$ 15,266,244	$ 20,765,576	$ 4,563,170	$ (5,818,381)	$ 12,314,203
City's covered payroll	**$ 67,421,102**	$ 62,678,524	$ 64,324,536	$ 60,642,521	$ 57,979,959	$ 55,124,606	$ 54,033,708	$ 52,814,511	$ 47,243,636	$ 49,979,929
City's proportion of the net pension liability (assets) as a percentage of its coverede paryoll	**85.22%**	24.91%	58.17%	46.76%	42.11%	27.69%	38.43%	8.64%	-12.32%	24.64%
Plan fiduciary net position as a percentage of the total pension liability**	**84.14%**	95.51%	88.61%	91.63%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

** This will be the same percentage for all participant employers in the LGERS plan.

City of Asheville

Required Supplementary Information
Schedule of Contributions to
Local Government Employees' Retirement System
Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	**$ 9,776,635**	$ 8,518,795	$ 7,013,294	$ 6,182,372	$ 5,147,263	$ 4,714,508	$ 4,317,255	$ 3,725,217	$ 3,792,738	$ 3,568,128
Contributions in relation to the contractually required contribution	**9,776,635**	8,518,795	7,013,294	6,182,372	5,147,263	4,714,508	4,317,255	3,725,217	3,792,738	3,568,128
Contribution Deficiency (Excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	**$ 66,897,356**	$ 67,421,102	$ 62,678,524	$ 64,324,536	$ 60,642,521	$ 57,979,959	$ 55,124,606	$ 54,033,708	$ 52,814,551	$ 47,243,636
Contributions as a percentage of covered payroll	**14.61%**	12.64%	11.19%	9.61%	8.49%	8.13%	7.83%	6.89%	7.18%	7.55%

City of Asheville

Required Supplementary Information
Schedule of Changes in Total Pension Liability
Law Enforcement Officier's Special Separation Allowance

	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability							
Service cost at end of the year	**$ 535,001**	$ 513,563	$ 354,936	$ 342,934	$ 341,057	$ 270,136	$ 293,341
Interest	**165,588**	167,038	254,233	273,300	225,204	263,231	254,404
Difference between expected and actual experience	**(106,890)**	28,124	(431,249)	74,674	805,349	89,765	-
Changes of assumptions or other inputs	**(449,281)**	40,421	542,125	246,953	(305,018)	408,573	(158,932)
Benefit payments	**(569,057)**	(633,683)	(645,218)	(649,873)	(720,265)	(728,632)	(662,420)
Net Change in Total Pension Liability	**(424,639)**	115,463	74,827	287,988	346,327	303,073	(273,607)
Total pension liability - beginning	**8,311,457**	8,195,994	8,121,167	7,833,179	7,486,852	7,183,779	7,457,386
Total Pension Liability - ending	**$ 7,886,818**	$ 8,311,457	$ 8,195,994	$ 8,121,167	$ 7,833,179	$ 7,486,852	$ 7,183,779
Covered Employee Payroll	**$ 10,686,008**	$ 14,006,091	$ 14,006,091	$ 12,923,253	$ 11,649,921	$ 10,663,986	$ 11,005,974
Total pension liability as a percentage of covered employee payroll	**73.81%**	59.34%	58.52%	62.84%	67.24%	70.21%	65.27%

* This schedule will not present ten years' worth of information until available

Notes to the Schedule:
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 73 nor does the plan provide pay related benefits.

December 31, 2022 Measurement Date: The Municipal Bond Index Rate Decreased from 2.06% to 4.05%.
December 31, 2021 Measurement Date: The Municipal Bond Index Rate Decreased from 2.12% to 2.06%.
December 31, 2020 Measurement Date: The Municipal Bond Index Rate Decreased from 3.26% to 2.12%.
December 31, 2019 Measurement Date: The Municipal Bond Index Rate Decreased from 3.64% to 3.26%.
December 31, 2018 Measurement Date: The Municipal Bond Index Rate Increased from 3.16% to 3.64%.
December 31, 2017 Measurement Date: The Municipal Bond Index Rate Decreased from 3.86% to 3.16%.
December 31, 2016 Measurement Date: The Municipal Bond Index Rate increased from 3.57% to 3.86%.
The assumed inflation rate has been reduced from 3.00% to 2.50% and assumed wage inflation has been increased from 0.5% to 1.0%.

THIS PAGE INTENTIONALLY LEFT BLANK

Supplementary Information – Major Funds

Capital Project Funds are used to account for the acquisition and construction of capital assets other than those recorded and used by proprietary funds and trust funds.

Enterprise funds are used to account for revenues resulting primarily from charges for services provided to the general public and the related costs of such services.

Governmental Fund Type:

General Capital Projects Fund – This fund is used to account for and report financial resources that are restricted, committed, or assigned to be used for the acquisition and/or construction of major capital facilities and other capital assets.

Grant Programs Fund – This fund is used to account for grant revenues and related expenditures of various federal, state, and local grants.

Proprietary Fund Type:

Water Resources Fund – This fund accounts for the revenues and expenses related to the operations and maintenance of the City's water system.

Mass Transit Fund – This fund accounts for the revenues and expenses related to the City's mass transportation system**.**

City of Asheville

General Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
– Governmental Fund
From Inception and for the Year Ended June 30, 2023

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Intergovernmental revenue	$ 51,699,301	$ 47,102,271	$ 26,144	$ (8,251,103)	$ 38,877,312	$ (12,821,989)
Licenses and permits	-	1,403,503	-	-	1,403,503	1,403,503
Charges for services	3,687,018	3,084,188	461,145	(143,326)	3,402,007	(285,011)
Investment earnings	182,360	255,279	27,558	(1,162)	281,675	99,315
Miscellaneous	8,173,472	4,160,604	192,242	(3,180,246)	1,172,600	(7,000,872)
Total Revenues	63,742,151	56,005,845	707,089	(11,575,837)	45,137,097	(18,605,054)
Expenditures:						
General Government	36,557,959	32,304,175	2,847,612	(4,392,755)	30,759,032	5,798,927
Public Safety	27,360,552	15,325,902	9,830,745	(15,868,115)	9,288,532	18,072,020
Environmental Services	3,820,388	717,512	1,092,313	(3,075,660)	(1,265,835)	5,086,223
Community Development	3,669,289	12,115,663	291,613	(8,683,677)	3,723,599	(54,310)
Transportation	143,258,280	100,623,325	5,372,757	(16,252,020)	89,744,062	53,514,218
Culture and Recreation	36,390,007	27,651,673	7,498,238	(12,574,124)	22,575,787	13,814,220
Total Expenditures	251,056,475	188,738,250	26,933,278	(60,846,351)	154,825,177	96,231,298
Revenues Over (Under) Expenditures	(187,314,324)	(132,732,405)	(26,226,189)	49,270,514	(109,688,080)	77,626,244
Other financing sources (uses):						
Long-term debt issued	177,749,990	107,023,025	22,148,076	(37,632,739)	91,538,362	(86,211,628)
Premiums on long-term debt issued	-	708,342	-	-	708,342	708,342
Proceeds from sale of capital assets	2,575,000	2,632,988	-	-	2,632,988	57,988
Transfers from other funds	23,149,666	28,188,809	4,336,696	(11,640,982)	20,884,523	(2,265,143)
Transfers to other funds	(16,160,332)	(4,772,540)	(6,681,798)	-	(11,454,338)	4,705,994
Total Other Financing Sources, Net	187,314,324	133,780,624	19,802,974	(49,273,721)	104,309,877	(83,004,447)
Net Change in Fund Balance	$ -	$ 1,048,219	(6,423,215)	$ (3,207)	$ (5,378,203)	$ (5,378,203)
Fund balance – beginning			(2,913,760)			
Fund balance – ending			$ (9,336,975)			

City of Asheville

Grant Programs Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

From Inception and for the Year Ended June 30, 2023

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Intergovernmental revenue	$ 41,620,556	$ 19,344,623	$ 9,137,850	$(1,459,949)	$ 27,022,524	$(14,598,032)
Charges for services	1,047,479	762,359	503,743	-	1,266,102	218,623
Investment earnings (losses)	66,161	66,160	-	-	66,160	(1)
Private donations	1,239,674	789,663	1,777,198	(100,282)	2,466,579	1,226,905
Total Revenues	43,973,870	20,962,805	11,418,791	(1,560,231)	30,821,365	(13,152,505)
Expenditures:						
General government	14,388,905	796,932	3,364,693	(276,315)	3,885,310	10,503,595
Public safety	7,218,489	5,585,902	1,534,706	(696,268)	6,424,340	794,149
Environmental services	520,550	61,447	61,527	(39,735)	83,239	437,311
Community development	14,692,621	10,540,139	447,310	(214,556)	10,772,893	3,919,728
Transportation	1,496,116	1,286,035	49,854	(556,166)	779,723	716,393
Culture and recreation	791,451	773,441	47,540	(133,453)	687,528	103,923
Total Expenditures	39,108,132	19,043,896	5,505,630	(1,916,493)	22,633,033	16,475,099
Revenues Over (Under)	4,865,738	1,918,909	5,913,161	356,262	7,832,070	2,966,332
Other financing sources (uses):						
Transfers from other funds	2,548,719	2,710,145	287,292	(356,262)	2,641,175	92,456
Transfers to other funds	(7,414,457)	(2,232,593)	(3,261,797)	-	(5,494,390)	1,920,067
Financing Sources, Net	(4,865,738)	477,552	(2,974,505)	(356,262)	(2,853,215)	2,012,523
Net Change in Fund Balance	$ -	$ 2,396,461	2,938,656	$ -	$ 4,978,855	$ 4,978,855
Fund balance (deficit) – beginning			2,396,463			
Fund balance – ending			$ 5,335,119			

City of Asheville

Water Resources Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 39,864,600	$ 39,506,939	$ (357,661)
Other operating revenue	-	6,488	6,488
Investment earnings (losses)	432,000	1,454,746	1,022,746
Total Revenues	40,296,600	40,968,173	671,573
Expenditures:			
Administration	2,185,704	1,950,619	235,085
Operations	26,359,520	24,455,323	1,904,197
Capital outlay	371,066	-	371,066
Debt service:			
Principal	4,694,910	4,694,910	-
Interest and other charges	2,438,501	2,410,394	28,107
Leases/SBITAs:			
Principal	-	284,017	(284,017)
Interest and other charges	-	2,575	(2,575)
Total Expenditures	36,049,701	33,797,838	2,251,863
Revenue Under Expenditures	4,246,899	7,170,335	2,923,436
Other Financing Sources (Uses):			
Transfers from other funds	(5,608,695)	(5,608,695)	-
Proceeds from disposal of capital assets	50,000	4,328	(45,672)
Appropriated fund balance	1,311,796	0	(1,311,796)
Total Other Financing Uses, Net	(4,246,899)	(5,604,367)	(1,357,468)
Net Change in Fund Balance	$ -	1,565,968	$ 1,565,968

Reconciliation of budgetary basis (Non-GAAP) to full accrual basis:

Net change in fund balance:	
Revenues over expenditures and other financing sources:	
Water Capital Reserve Fund	1,399,582
Water Capital Projects Fund	(4,306,531)
Total	(1,340,981)
Reconciling items:	
Change in allowance for doubtful accounts	5,680
Reduction of long-term debt principal	4,953,376
Proceeds on leases and SBITAs, net	505,454
Amortization of premium on long-term debt issued	407,704
Amortization of refunding loss	(82,420)
Amortization of leases and SBITAs	(202,668)
Capitalized assets	9,842,565
Increase in deferred outflows of resources - OPEB	88,613
Increase in deferred outflows of resources - pensions	1,660,602
Increase in deferred inflows of resources - OPEB	(74,940)
Decrease in deferred inflows of resources - pensions	2,773,888
Decrease in OPEB liability	306,119
Increase in net pension liability	(5,292,591)
Depreciation	(6,390,108)
Donated assets	5,243,098
Change in interest payable	97,604
Change in compensated absences	(55,181)
Change in net position	$ 12,445,814

City of Asheville

Water Capital Projects Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2023

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Capital grants and contributions	$ 400,000	$ 70,060	$ -	$ (71,315)	$ (1,255)	$ (401,255)
Investment earnings (losses)	-	78,724	-	-	78,724	78,724
Other revenue	-	601,195	-	-	601,195	601,195
Total Revenues	400,000	749,979	-	(71,315)	678,664	278,664
Expenditures:						
Distribution System Projects	5,272,976	12,805,504	53,353	(9,094,161)	3,764,696	1,508,280
NC Department of Transportation Projects	4,882,444	623,841	126,366	-	750,207	4,132,237
Neighborhood Water Line Replacement Projects	32,266,014	25,388,811	5,943,870	(9,867,318)	21,465,363	10,800,651
Water Production Projects	72,993,782	64,210,266	297,401	(192,621)	64,315,046	8,678,736
Water System Master Plan Project	52,529,286	7,130,593	3,644,236	-	10,774,829	41,754,457
Azalea Road Improvements	-	437,977	-	(437,977)	-	-
Haywood Street Improvements	-	598,372	-	(598,372)	-	-
RADTIP	93,997	-	-	-	-	93,997
Total Expenditures	168,038,499	111,195,364	10,065,226	(20,190,449)	101,070,141	66,968,358
Revenues Under Expenditures	(167,638,499)	(110,445,385)	(10,065,226)	20,119,134	(100,391,477)	67,247,022
Other financing sources (uses):						
Transfer from the Water Fund	104,895,314	106,617,743	5,758,695	(20,119,134)	92,257,304	(12,638,010)
Transfers from other funds	146,246	-	-	-	-	(146,246)
Transfers to other funds	(6,212,969)	(158,090)	-	-	(158,090)	6,054,879
Proceeds from issuance of debt	68,809,908	39,877,677	-	-	39,877,677	(28,932,231)
Total Other Financing Sources	167,638,499	146,337,330	5,758,695	(20,119,134)	131,976,891	(35,661,608)
Net Change in Fund Balance	$ -	$ 35,891,945	$ (4,306,531)	$ -	$ 31,585,414	$ 31,585,414

City of Asheville

Water Capital Reserve Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2023

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Charges for services	$ 100,000	$ 5,907,698	$ 1,399,582	$ -	$ 7,307,280	$ 7,207,280
Total Revenues	100,000	5,907,698	1,399,582	-	7,307,280	7,207,280
Expenditures:						
Operations	100,000	-	-	-	-	100,000
Total Expenditures	100,000	-	-	-	-	100,000
Revenues Over Expenditures	-	5,907,698	1,399,582	-	7,307,280	7,307,280
Net Change in Fund Balance	$ -	$ 5,907,698	$ 1,399,582	$ -	$ 7,307,280	$ 7,307,280

City of Asheville

Mass Transit Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Operating Revenues:			
Charges for services	$ 536,852	$ 607,397	$ 70,545
Other operating revenue	369,706	387,460	17,754
Investment earnings (losses)	-	38,194	38,194
Intergovernmental revenue	2,811,302	1,948,190	(863,112)
Total Revenues	3,717,860	2,981,241	(736,619)
Operating expenditures:			
Administration	810,121	701,147	108,974
Operations	13,967,640	12,001,797	1,965,843
Capitalized assets	11,631	11,631	-
Interest and other charges	-	24,826	(24,826)
Leases:			
Principal	-	112,654	(112,654)
Total Expenditures	14,789,392	12,852,055	1,937,337
Revenues Over (Under) Expenditures	(11,071,532)	(9,870,814)	1,200,718
Other Financing Sources (Sses):			
Transfer from other funds	9,016,932	9,016,932	-
Appropriated fund balance	2,054,600	-	2,054,600
Total Other Financing Sources	11,071,532	9,016,932	2,054,600
Net Change in Fund Balance	$ -	(853,882)	$ 3,255,318
Reconciliation of Budgetary Basis (Non-GAAP) to			
Full Accrual Basis:			
Revenues Under Expenditures and Other Financing SAources:			
Mass Transit Capital Projects Fund		(1,270,483)	
Total		(2,124,365)	
Reconciling items:			
Depreciation		(1,297,291)	
Amortization - leases		(5,013)	
Change in interest payable		(1,721)	
Capitalized assets		1,470,632	
Decrease in deferred outflows of resources - OPEB		(608)	
Increase in deferred outflows of resources - pensions		46,814	
Increase in deferred inflows of resources - OPEB		6,006	
Increase in deferred inflows of resources - pensions		76,748	
Increase in OPEB liability		8,469	
Increase in net pension liability		(147,039)	
Change in compensated absences		(1,815)	
Change in Net Position		$ (1,969,183)	

City of Asheville

Mass Transit Capital Projects Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2023

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Capital grants and contributions	$ 30,778,270	$ 12,103,571	$ 1,592,225	$ (1,979,969)	$ 11,715,827	$ (19,062,443)
Total Revenues	30,778,270	12,103,571	1,592,225	(1,979,969)	11,715,827	(19,062,443)
Expenditures:						
Transit AVL System	-	433,301	-	(433,301)	-	-
JARC Mountain Mobility	584,667	527,798	-	(194,711)	333,087	251,580
Henderson County Bus Purchase	-	145,862	-	(145,862)	-	-
Transit Bench and Shelters FY 15	-	13,910	-	(13,910)	-	-
Transit Buses	17,528,098	8,849,880	1,418,827	-	10,268,707	7,259,391
Transit Bus Batteries and Security Cam	-	390,064	-	(390,064)	-	-
Bus Stop Improvements	1,295,082	27,800	23,171	-	50,971	1,244,111
FTA 5339 - Hybrid Bus Batteries	-	-	-	-	-	-
Transit Pass-Through Grants	1,561,813	1,196,465	-	(926,031)	270,434	1,291,379
FTA 5310 - Enhanced Mobility	1,438,542	1,189,102	204,544	-	1,393,646	44,896
CARES Sub-Recipients	4,936,900	250,237	94,168	-	344,405	4,592,495
Street Furniture 2	-	131,223	-	(57,294)	73,929	(73,929)
CARES Transit Protective Barriers	170,195	1,134,186	40,174	-	1,174,360	(1,004,165)
American Rescue Plan	4,113,905	608,616	-	-	608,616	3,505,289
Transit Capital Reserve	787,933	-	-	-	-	787,933
Total Expenditures	32,417,135	14,898,444	1,780,884	(2,161,173)	14,518,155	17,898,980
Revenues Under Expenditures	(1,638,865)	(2,794,873)	(188,659)	181,204	(2,802,328)	(1,163,463)
Other Financing Sources (Uses):						
Long-term debt issued	1,588,162	446,096	-	-	446,096	(1,142,066)
Transfers from other funds	1,640,612	2,474,728	(281,824)	(180,198)	2,012,706	372,094
Transfers to Mass Transit Fund	(1,589,909)	(1,176,632)	(800,000)	(1,006)	(1,977,638)	(387,729)
Total Other Financing Sources	1,638,865	1,744,192	(1,081,824)	(181,204)	481,164	(1,157,701)
Net Change in Fund Balance	$ -	$ (1,050,681)	$ (1,270,483)	$ -	$ (2,321,164)	$ (2,321,164)

Non-Major Governmental Funds Combining Statements and Schedules

Non-major governmental funds are combined and presented in the aggregate as “non-Major governmental funds” in the basic financial statements. The City’s non-major governmental funds are as follows:

Special Revenue Funds:

Community Development Fund – This fund is used to account for the City’s Community Development Block Grant (CDBG) received from the U.S. Department of Housing and Urban Development.

Affordable Home Ownership Fund – This fund is used to account for HOME grant expenditures and the related revenue received from the U.S. Department of Housing and Urban Development.

Section 108 Rehabilitation Fund – This fund is used to account for revenues, expenditures and revolving loans by grants from the U.S. Department of Housing and Urban Development.

Sustainability Fund – This fund is used to account for revenues and expenditures related to the sustainability and green projects.

Permanent Fund:

Permanent Fund – This fund is used to account for funds received for the perpetual care of the City’s cemetery.

City of Asheville
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Community Development	Affordable Home Ownership	Section 108 Rehabilitation	Sustainability	Permanent Fund	Total Non-major Governmental Funds
Assets						
Cash and investments	$ -	$ 212,572	$ -	$ 1,462,198	$ -	$ 1,674,770
Cash and investments – restricted	-	-	471,442	-	330,422	801,864
Receivables:						
Due from other governments	723,514	59,788	-	-	-	783,302
Other receivable	(8,761)	5,368	10,605	75,000	1,656	83,868
Notes receivable	1,234,641	637,008	764,305	-	-	2,635,954
Total Assets	$ 1,949,394	$ 914,736	$ 1,246,352	$ 1,537,198	$ 332,078	$ 5,979,758
Liabilities						
Accounts payable	$ 283,096	$ 44,171	$ -	$ 43,969	$ -	$ 371,236
Other accrued liabilities			-	4,874	-	4,874
Due to other funds	720,432	-	-	-	-	720,432
Unearned revenue	-	-	-	-	-	-
Total Liabilities	1,003,528	44,171	-	48,843	-	1,096,542
Deferred inflows of resources						
Unavailable revenue	30,134	59,788	-	-	-	89,922
Total Deferred Inflows of Resources	30,134	59,788	-	-	-	89,922
Fund balances						
Nonspendable:						
Notes receivable	1,234,641	637,008	764,305	-	-	2,635,954
Perpetual maintenance	-	-	-	-	332,078	332,078
Restricted:						-
Grant programs	-	-	482,047	-	-	482,047
Committed	-	-	-	1,488,355	-	1,488,355
Unassigned	(318,909)	173,769	-	-	-	(145,140)
Total fund balances	915,732	810,777	1,246,352	1,488,355	332,078	4,793,294
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,949,394	$ 914,736	$ 1,246,352	$ 1,537,198	$ 332,078	$ 5,979,758

City of Asheville

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2023

	Community Development	Affordable Home Ownership	Section 108 Rehabilitation	Sustainability	Permanent Fund	Total Non-major Governmental Funds
Revenues:						
Intergovernmental revenue	$ 1,020,385	$ 497,727	$ -	$ -	$ -	$ 1,518,112
Charges for services	60,521	-	-	-	-	60,521
Investment earnings	-	-	-	-	(6,147)	(6,147)
Miscellaneous	49,997	230,181	17,263	76,617	-	374,058
Total Revenues	1,130,903	727,908	17,263	76,617	(6,147)	1,946,544
Expenditures:						
Current:						
General government	-	-	-	607,566	-	607,566
Community development	1,203,536	884,912	-	-	-	2,088,448
Culture and recreation	-	-	-	-	829	829
Debt service:						
Principal	3,597	-	15,263	-	-	18,860
Total Expenditures	1,207,133	884,912	15,263	607,566	829	2,715,703
Revenues Over (Under) Expenditures	(76,230)	(157,004)	2,000	(530,949)	(6,976)	(769,159)
Other financing sources (uses):						
Transfers from other funds	-	-	-	960,841	-	960,841
Total Other Financing Sources (Uses), Net	-	-	-	960,841	-	960,841
Net Change in Fund Balances	(76,230)	(157,004)	2,000	429,892	(6,976)	191,682
Fund balances – beginning	991,962	967,781	1,244,352	1,058,463	339,054	- 4,601,612
Fund balances – ending	$ 915,732	$ 810,777	$ 1,246,352	$ 1,488,355	$ 332,078	$ 4,793,294

City of Asheville

Community Development Special Revenue Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance – Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2023

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Intergovernmental revenue	$ 23,108,774	$ 18,735,101	$ 1,020,385	$ -	$ 19,755,486	$ (3,353,288)
Charges for services	376,624	529,946	60,521	-	590,467	213,843
Miscellaneous	3,059,288	2,292,113	49,997	-	2,342,110	(717,178)
Total Revenues	26,544,686	21,557,160	1,130,903	-	22,688,063	(3,856,623)
Expenditures:						
Community development	27,471,870	23,085,046	1,203,536	-	24,288,582	3,183,288
Total Expenditures	27,471,870	23,085,046	1,203,536	-	24,288,582	3,183,288
Revenues Under Expenditures	(927,184)	(1,527,886)	(72,633)	-	(1,600,519)	(673,335)
Other financing sources (uses):						
Transfer to other funds	(901,981)	(1,020,395)	-	-	(1,020,395)	(118,414)
Proceeds from sale of capital assets	1,829,165	2,164,289	-	-	2,164,289	335,124
Total Other Financing Sources (Uses), Net	927,184	1,143,894	-	-	1,143,894	216,710
Net Change in Fund Balance	$ -	$ (383,992)	(72,633)	$ -	$ (456,625)	$ (456,625)
Reconciliation of budgetary basis (Non-GAAP) to modified accrual basis:						
Reconciling items:						
Loan repayments			(3,597)			
Change in Fund Balance			(76,230)			
Fund balance – beginning			991,962			
Fund balance – ending			$ 915,732			

City of Asheville

Affordable Home Ownership Special Revenue Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance – Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2023

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Intergovernmental revenue	$ 27,913,798	$ 20,106,982	$ 497,727	$ -	$ 20,604,709	$ (7,309,089)
Miscellaneous	1,334,112	1,144,426	230,181	-	1,374,607	40,495
Total Revenues	29,247,910	21,251,408	727,908	-	21,979,316	(7,268,594)
Expenditures:						
Community development	29,247,910	21,180,372	884,912	-	22,065,284	7,182,626
Total Expenditures	29,247,910	21,180,372	884,912	-	22,065,284	7,182,626
Net Change in Fund Balance	$ -	$ 71,036	(157,004)	$ -	$ (85,968)	$ (85,968)
Reconciliation of Budgetary Basis (Non-GAAP) to Modified Accrual Basis:						
Reconciling Items:						
Loan repayments			-			
Change in Fund Balance			(157,004)			
Fund balance – beginning			967,781			
Fund balance – ending			$ 810,777			

City of Asheville

Section 108 Rehabilitation Special Revenue Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance – Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2023

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Intergovernmental revenue	$ 2,300,000	$ 2,300,006	$ -	$ -	$ 2,300,006	$ 6
Miscellaneous	1,370,665	1,728,993	17,263	-	1,746,256	375,591
Total Revenues	3,670,665	4,028,999	17,263	-	4,046,262	375,597
Expenditures:						
Current:						
Community Development:						
Loan 1	1,502,575	1,502,479	-	-	1,502,479	96
Loan 2	773,687	729,041	-	-	729,041	44,646
Debt Service:						
Principal	1,900,908	1,850,908	-	-	1,850,908	50,000
Interest and other charges	556,052	538,793	-	-	538,793	17,259
Total Expenditures	4,733,222	4,621,221	-	-	4,621,221	112,001
Revenues Over (Under) Expenditures	(1,062,557)	(592,222)	17,263	-	(574,959)	263,596
Other financing sources:						
Transfers from other funds	1,062,557	1,057,006	-	-	1,057,006	(5,551)
Net Change in Fund Balance	$ -	$ 464,784	$ 17,263	$ -	$ 482,047	$ 482,047

Reconciliation of Budgetary Basis (Non-GAAP) to Modified Accrual Basis:	
Reconciling Items:	
Loan repayments	(15,263)
Change in Fund Balance	2,000
Fund balance – beginning	1,244,352
Fund balance – ending	$ 1,246,352

City of Asheville

Sustainability Special Revenue Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance – Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Miscellaneous	$ 82,500	$ 76,617	$ 5,883
Total Revenues	82,500	76,617	5,883
Expenditures:			
Current:			
Operations	1,981,475	607,566	1,373,909
Total Expenditures	1,981,475	607,566	1,373,909
Revenues Under Expenditures	(1,898,975)	(530,949)	(1,368,026)
Other financing sources (uses):			
Transfers from other funds	840,512	960,841	(120,329)
Appropriated fund balance	1,058,463	-	1,058,463
Total Other Financing Sources, Net	1,898,975	960,841	938,134
Net Change in Fund Balance	$ -	429,892	$ (429,892)
Fund balance – beginning		1,058,463	
Fund balance – ending		$ 1,488,355	

THIS PAGE INTENTIONALLY LEFT BLANK

Proprietary Funds, Non-Major Enterprise Funds

Enterprise funds are used to account for revenues resulting primarily from charges for services provided to the general public and the related costs of such services.

Street Cut Utility Fund – This fund accounts for the revenues and expenses related to the City's street cut repair program.

Stormwater Fund – This fund accounts for the revenues and expenses related to the City's stormwater drainage program.

Harrah's Cherokee Center - Asheville Fund – This fund accounts for the revenues and expenses related to the City's Harrah's Cherokee Center - Asheville operations.

Parking Services Fund – This fund accounts for the revenues and expenses related to the City's public parking system.

City of Asheville

Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2023

	Street Cut Utility	Stormwater	Harrah's Cherokee Center Asheville	Parking Services	Total Non-major Enterprise Funds
Assets					
Current Assets:					
Cash and investments	$ 1,199,168	$ 4,877,249	$ 6,407,634	$ 5,128,159	$ 17,612,210
Cash and investments - restricted	-	-	3,532,002	500	3,532,502
Accounts receivable (net of allowance for uncollectibles)	782,973	522,491	111,944	440,363	1,857,771
Lease receivable	-	-	-	4,922	4,922
Inventories and prepaids	-	-	101,992	-	101,992
Total Current Assets	1,982,141	5,399,740	10,153,572	5,573,944	23,109,397
Non-current assets:					
Lease receivable, non-current	-	-	32,022	27,041	59,063
Capital assets:					
Assets not being depreciated	-	3,705,226	806,167	11,383,666	15,895,059
Assets being depreciated, net	376,184	8,721,493	13,800,512	11,049,313	33,947,502
Right to use leased assets, net of amortization	-	22,317	16,861	97,828	137,006
					-
Total Noncurrent Assets	376,184	12,449,036	14,655,562	22,557,848	50,038,630
Total Assets	2,358,325	17,848,776	24,809,134	28,131,792	73,148,027
Deferred outflows of resources					
Pension and OPEB related deferrals	281,184	1,333,767	774,315	806,747	3,196,013
Deferred charge on refunding	-	-	-	13,680	13,680
Total Deferred Outflows of Resources	281,184	1,333,767	774,315	820,427	3,209,693
Liabilities					
Current Liabilities:					
Accounts payable	64,276	199,229	3,708,500	199,007	4,171,012
Interest payable	-	15,562	18,835	40,946	75,343
Other accrued liabilities	14,356	72,561	116,695	36,397	240,009
Customer deposits	-	-	-	500	500
Due to other governments	-	-	4,187	15,035	19,222
Current portion of long-term liabilities	17,831	380,816	267,535	511,735	1,177,917
Total Current Liabilities	96,463	668,168	4,115,752	803,620	5,684,003
Non-current Liabilities:					
Long-term liabilities, less current portion	550,493	4,140,318	3,312,237	5,618,879	13,621,927
Total Liabilities	646,956	4,808,486	7,427,989	6,422,499	19,305,930
Deferred inflows of resources					
Pension and OPEB related deferrals	26,352	125,648	79,743	90,572	322,315
Leases	-	-	30,819	30,834	61,653
Total Deferred Inflows of Resources	26,352	125,648	110,562	121,406	383,968
Net Position					
Net investment in capital assets	376,184	10,639,580	12,618,594	18,020,740	41,655,098
Unrestricted	1,590,017	3,608,829	5,426,304	4,387,574	15,012,724
Total Net Position	$ 1,966,201	$ 14,248,409	$ 18,044,898	$ 22,408,314	$ 56,667,822

City of Asheville

Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Enterprise Funds
Year Ended June 30, 2023

	Street Cut Utility	Stormwater	Harrah's Cherokee Center Asheville	Parking Services	Total Non-major Enterprise Funds
Operating Revenues:					
Charges for services	$ 2,982,272	$ 7,350,152	$ 1,244,454	$ 5,987,655	$ 17,564,533
Rents	-	-	1,307,515	26,712	1,334,227
Concessions	-	-	2,289,610	-	2,289,610
Other operating revenue	24,182	2,889	582,105	955,274	1,564,450
Total Operating Revenues	3,006,454	7,353,041	5,423,684	6,969,641	22,752,820
Operating Expenses:					
Administration		2,476,450	1,655,165	-	4,131,615
Operations	1,838,676	4,456,270	3,133,157	3,318,579	12,746,682
Other operating expenses	-	3,783	377,286	437,950	819,019
Depreciation	117,674	683,222	728,392	592,382	2,121,670
Amortization - leases	-	2,145	16,861	-	19,006
Total Operating Expenses	1,956,350	7,621,870	5,910,861	4,348,911	19,837,992
Operating Income (Loss)	1,050,104	(268,829)	(487,177)	2,620,730	2,914,828
Non-operating Revenues (Expenses):					
Investment earnings (losses)	-	103,386	126,662	102,637	332,685
Interest earned - leases	-	-	370	337	707
Interest and other charges	-	(59,299)	(45,884)	(168,030)	(273,213)
Interest and other charges - leases	-	(245)	-	(1,001)	(1,246)
Gain (loss) on disposal of capital assets	-	-	-	(833)	(833)
Amortization of bond issuance	-	-	-	57,590	57,590
Total Non-operating Revenues (Expenses)	-	43,842	81,148	(9,300)	115,690
Income (Loss) Before Transfers and Capital Grants and Contributions	1,050,104	(224,987)	(406,029)	2,611,430	3,030,518
Transfers, Capital Grants and Contributions:					
Transfers to other funds	-	-	(28,000)	(1,000,000)	(1,028,000)
Transfers from other funds	-	-	1,110,177	-	1,110,177
Capital grants and contributions	-	180,417	500,000	-	680,417
Total Transfers, Capital Grants and Contributions	-	235,017	1,582,177	(1,000,000)	817,194
Changes in Net Position	1,050,104	10,030	1,176,148	1,611,430	3,847,712
Total net position – beginning	916,097	14,238,379	16,868,750	20,796,884	52,820,110
Total net position – ending	$ 1,966,201	$ 14,248,409	$ 18,044,898	$ 22,408,314	$ 56,667,822

City of Asheville

Combining Statement of Cash Flows
Non-Major Enterprise Funds
Year Ended June 30, 2023

	Street Cut Utility	Stormwater	Harrah's Cherokee Center Asheville	Parking Services	Total Non-major Enterprise Funds
Cash flows from operating activities:					
Cash received from customers, users and others	$ 2,385,432	$ 7,443,212	$ 1,147,347	$ 5,936,529	$ 16,912,520
Cash paid for goods and services	(1,008,187)	(3,362,786)	2,498,753	(996,533)	(2,868,753)
Cash paid to employees	(785,016)	(3,680,028)	(2,552,504)	(1,750,195)	(8,767,743)
Net cash provided by (used for) operating activities	592,229	400,398	1,093,596	3,189,801	5,276,024
Cash flows from non-capital financing activities:					
Transfers (to)/from other funds	-	-	1,082,177	(1,000,000)	82,177
Net cash provided by (used for) non-capital financing activities	-	-	1,082,177	(1,000,000)	82,177
Cash flows from capital and related financing activities:					
Receipts from capital grants or contributions	-	180,417	500,000	-	680,417
Proceeds from disposal of capital assets	-	54,600	-	(30,536)	24,064
Acquisition and construction of assets	-	(1,508,385)	(30,532)	(362,465)	(1,901,382)
Proceeds from long-term debt issued	-	-	-	-	-
Amortization Premiums on long-term debt issued	-	(8,065)	-	-	(8,065)
Principal paid on debt	(48,000)	(315,884)	(186,642)	(465,129)	(1,015,655)
Interest and other charges paid on debt	-	(59,544)	(45,884)	(111,441)	(216,869)
Net cash provided by (used for) capital and related financing activities	(48,000)	(1,656,861)	236,942	(969,571)	(2,437,490)
Cash flows from investing activities:					
Interest earned	-	103,386	127,032	102,974	333,392
Net increase in cash and cash equivalents	544,229	(1,153,077)	2,539,747	1,323,204	3,254,103
Cash and cash equivalents:					
Beginning of year, July 1	654,939	6,030,326	7,399,889	3,805,455	17,890,609
End of year, June 30	$ 1,199,168	$ 4,877,249	$ 9,939,636	$ 5,128,659	$ 21,144,712

(Continued)

City of Asheville

Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
Year Ended June 30, 2023

	Street Cut Utility	Stormwater	Harrah's Cherokee Center Asheville	Parking Services	Total Non-major Enterprise Funds
Reconciliation of operating loss to net cash provided by (used for) operating activities:					
Operating income (loss)	$ 1,050,104	$ (268,829)	$ (487,177)	$ 2,620,730	$ 2,914,828
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:					
Depreciation	117,674	685,367	745,253	592,382	2,140,676
Changes in assets, liabilities and deferred outflows and inflows of resources:					
(Increase) decrease in accounts receivable	(596,840)	290,273	3,451,421	17,360	3,162,214
(Increase) decrease in due from other goverments	-	-	-	(68,486)	(68,486)
(Increase) decrease in prepaids and inventories	-	-	(6,473)	-	(6,473)
(Increase) decrease in deferred outflows of resources for pensions	(94,424)	(456,825)	(265,410)	(265,431)	(1,082,090)
Increase (decrease) in accounts payable	23,452	(122,463)	968,703	(544)	869,148
Increase (decrease) in accrued expenses	(27,973)	(115,499)	(97,835)	(44,256)	(285,563)
Increase (decrease) in unearned revenue	-	(197,213)	-	-	(197,213)
Increase (decrease) in compensated absences	(2,020)	(9,350)	8,401	10,384	7,415
Increase (decrease) in pension obligation - LGERS	288,687	1,376,492	799,119	832,589	3,296,887
Increase (decrease) in OPEB obligation	(16,697)	(79,615)	(46,220)	(48,156)	(190,688)
Increase (decrease) in deferred inflows - leases			(3,548,528)	(17,620)	(3,566,148)
Increase (decrease) in deferred inflows of resources for pensions	(149,734)	(701,940)	(427,658)	(439,151)	(1,718,483)
Net cash provided by (used for) operating activities	$ 592,229	$ 400,398	$ 1,093,596	$ 3,189,801	$ 5,276,024
Reconciliation of cash and cash equivalents:					
Cash and investments:					
Unrestricted	$ 1,199,168	$ 4,877,249	$ 6,407,634	$ 5,128,159	$17,612,210
Restricted	-	-	3,532,002	500	3,532,502
Total cash and cash equivalents	$ 1,199,168	$ 4,877,249	$ 9,939,636	$ 5,128,659	$21,144,712

City of Asheville

Street Cut Utility Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 1,949,101	$ 2,982,272	$ 1,033,171
Intergovernmental revenue	60	24,182	24,122
Total Revenues	1,949,161	3,006,454	1,057,293
Expenditures:			
Operations	2,022,240	1,812,866	209,374
Capital outlay	258,965	-	258,965
Debt service:			
Principal	-	48,000	(48,000)
Interest and other charges	-	408	(408)
Total Expenditures	2,281,205	1,861,274	419,931
Revenues Over (Under) Expenditures	(332,044)	1,145,180	637,362
Other financing sources:			
Proceeds from long-term debt issued	249,000	-	(249,000)
Appropriated fund balance	83,044	-	(83,044)
Total Other Financing Sources (Uses)	332,044	-	(332,044)
Net Change in Net Position	$ -	1,145,180	$ 1,145,180
Reconciliation of Budgetary Basis (Non-GAAP) to Full Accrual Basis:			
Reconciling items:			
Depreciation		(117,674)	
Change in compensated absences		3,169	
Reduction of principal on long-term debt		48,000	
Change in interest payable		408	
Increase in deferred outflows of resources - OPEB		2,133	
Increase in deferred outflows of resources - pensions		92,291	
Increase in deferred inflows of resources - OPEB		(1,569)	
Decrease in deferred inflows of resources - pensions		151,303	
Decrease in OPEB liability		16,698	
Increase in net pension liability		(289,835)	
Change in Net Position		$ 1,050,104	

City of Asheville

Stormwater Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 7,482,524	$ 7,350,152	$ (132,372)
Other operating revenue	1,500	2,889	1,389
Investment earnings (loss)	15,000	103,386	88,386
Total Revenues	7,499,024	7,456,427	(42,597)
Expenditures:			
Administration	2,802,919	2,499,128	303,791
Operations	4,586,261	4,018,170	568,091
Debt service:			
Principal	254,027	292,026	(37,999)
Interest and other charges	61,790	62,113	(323)
Leases/SBITAs:			
Principal	-	23,858	-
Interest and other charges	-	245	-
Total Expenditures	7,704,997	6,895,540	833,560
Revenues Over Expenditures	(205,973)	560,887	766,860
Other Financing Sources (Uses):			
Transfer to Stormwater Capital Projects Fund	(350,000)	(350,000)	-
Proceeds from disposal of capital assets	5,000	54,600	49,600
Appropriated fund balance	550,973	-	(550,973)
Total Other Financing Sources, Net	205,973	(295,400)	(501,373)
Net Change in Net Position	$ -	265,487	$ 265,487
Reconciliation of Budgetary Basis (Non-GAAP) to Full Accrual Basis:			
Revenues Over Expenditures and Other Financing Sources:			
Stormwater Capital Projects Fund		(971,391)	
Total		(705,904)	
Reconciling Items:			
Change in allowance for uncollectible accounts		(301,113)	
Amortization - leases/SBITAs		(2,145)	
Amortization of bond premium/discount		8,065	
Proceeds from leases/SBITAs		3,784	
Reduction of principal on long-term debt		295,810	
Depreciation		(683,222)	
Increase in deferred outflows of resources - OPEB		16,769	
Increase in deferred outflows of resources - pensions		440,056	
Increase in deferred inflows of resources - OPEB		(19,490)	
Decrease in deferred inflows of resources - pensions		721,430	
Decrease in OPEB liability		79,615	
Increase in net pension liability		(1,382,042)	
Capitalized assets		1,520,703	
Change in interest payable		2,814	
Change in compensated absences		14,900	
Change in Net Position		$ 10,030	

City of Asheville

Stormwater Capital Projects Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2023

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Capital grants and contributions	$ 2,189,721	$ 3,272,717	$ 180,417	$ (2,245,208)	$ 1,207,926	$ (981,795)
Total Revenues	2,189,721	3,272,717	180,417	(2,245,208)	1,207,926	(981,795)
Expenditures:						
Azalea Road Improvements	-	1,883,084	-	(1,883,084)	-	-
FEMA Parks and Streets Debris Cleanup	-	6,125	-	(6,125)	-	-
FEMA Stormwater Repairs	-	302,812	-	(302,812)	-	-
FEMA Skyview Place	-	48,689	-	(48,689)	-	-
Parks Stormwater Projects	900,000	-	-	-	-	900,000
RADTIP	635,416	618,456	-	-	618,456	16,960
Shelburne Road Decanting	825,000	-	-	-	-	825,000
French Broad River W. Greenway	-	48,662	-	(48,662)	-	-
Biltmore Avenue Bridge	1,522,000	359,214	-	-	359,214	1,162,786
Morris Street	-	873,179	-	(873,178)	1	(1)
Edwin/Celia/Canterbury	4,117,300	590,588	-	-	590,588	3,526,712
Shiloh Park Culvert Repair	525,000	-	-	-	-	525,000
McCormick Phase 1	952,500	69,990	-	-	69,990	882,510
Dingle Creek	150,000	-	-	-	-	150,000
Stormwater Fleet Replacement - FY21	299,318	242,169	57,148	-	299,317	1
Resurfacing/Pipe Replacement - FY18	-	1,138,572	-	(1,138,572)	-	-
Sulphur Springs	2,165,271	1,008,706	174,498	-	1,183,204	982,067
Lake Craig Sediment	675,331	293,655	-	-	293,655	381,676
Stormwater Fleet Replacement - FY20	-	209,257	-	(209,257)	-	-
Stormwater Fleet Replacement - FY23	1,061,297	-	475,450	-	475,450	585,847
Carter-Ann SW Improvement	3,520,729	216,370	760,121	-	976,491	2,544,238
Kenilworth/Forest Hill/Caledonia	325,021	303,300	3,350		306,650	18,371
Stormwater - Vehicle/Equip	180,385	149,144	31,241	-	180,385	-
E Building-Town Branch Culvert Repairs	380,000	-	-	-	-	380,000
Druid Dr Feasibility Study	150,000	-	-	-	-	150,000
Pebble Creek	-	443,086	-	(443,086)	-	-
Total Expenditures	18,384,568	8,805,058	1,501,808	(4,953,465)	5,353,401	13,031,167
Revenues Under Expenditures	(16,194,847)	(5,532,341)	(1,321,391)	(2,708,257)	(4,145,475)	12,049,372
Other financing sources:						
Proceeds from long-term debt	13,120,908	898,097	-	(257,919)	640,178	(12,480,730)
Transfers from Stormwater Fund	3,073,939	5,345,016	350,000	(2,470,146)	3,224,870	150,931
Total Other Financing Sources	16,194,847	6,243,113	350,000	(2,728,065)	3,865,048	(12,329,799)
Net Change in Net Position	$ -	$ 710,772	$ (971,391)	$ 19,808	$ (280,427)	$ (280,427)

City of Asheville

Harrah's Cherokee Center - Asheville
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 1,263,400	$ 1,244,454	$ (18,946)
Rents	880,084	1,310,878	430,794
Concessions	2,515,983	2,289,610	(226,373)
Other operating revenue	250,000	404,284	154,284
Interest earned - leases	-	370	370
Investment earnings (losses)	53,000	126,662	73,662
Total Revenues	4,962,467	5,376,258	413,791
Expenditures:			
Administration	1,827,085	1,655,165	171,920
Operations	3,243,862	3,089,646	154,216
Debt service:			
Principal	186,642	186,642	-
Interest and other charges	80,872	80,872	-
SBITAs:			
Principal	-	10,000	(10,000)
Total Expenditures	5,338,461	5,022,325	316,136
Revenues Under Expenditures	(375,994)	353,933	729,927
Other financing sources (uses):			
Transfers from other funds	860,437	860,437	-
Transfers to Harrah's Cherokee Center Capital Projects	(512,927)	(28,000)	484,927
Appropriated fund balance	28,484	-	(28,484)
Total Other Financing Sources, Net	375,994	832,437	456,443
Net Change in Net Position	$ -	1,186,370	$ 1,186,370
Reconciliation of budgetary basis (Non-GAAP) to full accrual basis:			
Revenues under expenditures and other financing sources (uses):			
Harrah's Cherokee Center Capital Projects Fund		552,325	
Total		1,738,695	
Reconciling Items:			
Depreciation		(745,253)	
Reduction of principal on long-term debt		196,642	
Proceeds for SBITAs		24,721	
Amortization of premium on long-term debt		32,224	
Capitalized assets		(2,050)	
Change in interest payable		2,764	
Change in lease revenue		(3,363)	
Increase in deferred outflows of resources - OPEB		9,937	
Increase in deferred outflow s of resources - pensions		255,473	
Decrease in deferred inflows of resources - OPEB		8,833	
Decrease in deferred inflows of resources - pensions		418,825	
Decrease in OPEB liability		46,220	
Increase in net pension liability		(803,479)	
Change in compensated absences		(4,041)	
Change in Net Position		$ 1,176,148	

City of Asheville

Harrah's Cherokee Center - Asheville
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2023

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Capital grants and contributions	$ 6,594,236	$ 5,901,783	$ 500,000	$ (255,765)	$ 6,146,018	$ (448,218)
Other revenue	200,000	175,370	177,821	-	353,191	153,191
Total Revenues	6,794,236	6,077,153	677,821	(255,765)	6,499,209	(295,027)
Expenditures:						
General Improvements	-	-	-	-	-	-
Thomas Wolfe Fire Exits	54,716	53,596	-	-	53,596	1,120
U.S. Cellular Center Maintenance	2,947,483	749,068	348,719	-	1,097,787	1,849,696
TPDF Theater Project	5,293,654	5,236,296	4,245	-	5,240,541	53,113
Thomas Wolfe Roof Replacement	-	-	-	(179,953)	(179,953)	179,953
Thomas Wolfe Renovations	700,000	406,334	-	-	406,334	293,666
USCC Fan Experience	1,448,000	1,345,252	12,844	-	1,358,096	89,904
USCC Brand Change	-	255,765	-	(255,765)	-	-
USCC Water Mitigation	1,317,924	1,257,355	9,428	-	1,266,783	51,141
HCCA Stage Equipment	28,000	-	-	-	-	28,000
Total Expenditures	11,789,777	9,303,666	375,236	(435,718)	9,243,184	2,546,593
Revenues Over (Under) Expenditures	(4,995,541)	(3,226,513)	302,585	179,953	(2,743,975)	2,251,566
Other Financing Sources (Uses):						
Proceeds from long-term debt issued	1,320,312	813,000	-	-	813,000	(507,312)
Transfer to Civic Center Fund	-	(60,000)	-	-	(60,000)	(60,000)
Transfers from Harrah's Cherokee Cente	1,350,038	1,322,038	28,000	(125,000)	1,225,038	(125,000)
Transfers from other funds	2,325,191	2,170,076	221,740	(54,953)	2,336,863	11,672
Total Other Financing Sources, Net	4,995,541	4,245,114	249,740	(179,953)	4,314,901	(680,640)
Net Change in Net Position	$ -	$ 1,018,601	$ 552,325	$ -	$ 1,570,926	$ 1,570,926

City of Asheville

Parking Services Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 4,930,000	$ 5,987,655	$ 1,057,655
Rents	20,000	26,452	6,452
Other operating revenue	666,885	955,274	288,389
Interest earned - leases	-	337	337
Investment earnings (losses)	35,000	102,637	67,637
Total Revenues	5,651,885	7,072,355	1,420,470
Expenditures:			
Operations	4,316,723	3,255,457	1,061,266
Capital Outlay	35,000	-	35,000
Debt Service:			
Principal	411,263	411,263	-
Interest and other charges	172,275	172,275	-
Leases:			
Principal - leases	411,263	53,866	357,397
Interest and other charges- leases	-	1,001	(1,001)
Total Expenditures	4,935,261	3,893,862	1,096,266
Revenues Over Expenditures	716,624	3,178,493	324,204
Other Financing Sources (Uses):			
Transfers to Parking Capital Project Fund	(1,000,000)	(1,000,000)	-
Proceeds from sale of capital assets	-	11,099	11,099
Appropriated fund balance	433,376	-	(433,376)
Total Other Financing Sources (Uses), Net	(716,624)	(1,138,901)	(422,277)
Net Change in Fund Balance	$ -	2,039,592	$ (98,073)
Reconciliation of Budgetary Nasis (Non-GAAP) to Full Accrual Basis:			
Net Change in Fund Balance:			
Revenues Over Expenditures and Other Financing Sources:			
Parking Services Capital Projects Fund		(287,950)	
Total		1,751,642	
Reconciling Items:			
Bad debt expense		(364,924)	
Change in lease revenue		260	
Proceeds on leases		6,142	
Reduction of principal on long-term debt		411,263	
Amortization of premium on long-term debt		60,918	
Amortization of refunding loss on long term debt		(3,065)	
Changes in interest payable		4,245	
Depreciation		(592,645)	
Capitalized assets		442,827	
Loss on capital asset disposal		(11,932)	
Increase in deferred outflows of resources - OPEB		(3,809)	
Decrease in deferred outflows of resources - pensions		266,174	
Decrease in deferred inflows of resources - OPEB		2,784	
Decrease in deferred inflows of resources - pensions		436,367	
Decrease in OPEB liability		48,156	
Increase in net pension liability		(836,630)	
Change in compensated absences		(6,343)	
Change in Net Position		$ 1,611,430	

City of Asheville

Parking Services Capital Projects Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2023

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Charges for services	$ -	$ 44,046	$ -	$ -	$ 44,046	$ 44,046
Total Revenues	-	44,046	-	-	44,046	44,046
Expenditures:						
French Broad River W. Greenway	-	45,518	-	(45,518)	-	-
Battery Park Parking Deck	20,900,000	4,046,632	-	-	4,046,632	16,853,368
RADTIP	160,676	152,067	-	-	152,067	8,609
Parking Elevator Rehabilitation	925,000	871,659	51,217	-	922,876	2,124
Structural Maint Civic Center Parking	1,184,909	513,744	-	-	513,744	671,165
Rankin Structural Maintenance	165,000	37,805	-	-	37,805	127,195
Wall Structural Maintenance	165,000	26,277	49,305	-	75,582	89,418
Parc Gate Equipment	750,000	395,930	68,681	-	464,611	285,389
Garage Assessment	595,000	-	217,639	-	217,639	377,361
Parking Vehicles	60,000	97,332	-	(97,332)	-	60,000
Parking Meter Replacement	55,000	-	51,108	-	51,108	3,892
Total Expenditures	24,960,585	6,186,964	437,950	(142,850)	6,482,064	18,478,521
Revenues Under Expenditures	(24,960,585)	(6,142,918)	(437,950)	142,850	(6,438,018)	18,522,567
Other Financing Sources (Uses):						
Proceeds from issuance of debt	21,810,676	197,585	-	(45,518)	152,067	(21,658,609)
Transfers from other funds	3,149,909	2,251,813	-	-	2,251,813	(348,096)
Transfers from Parking Services Fund	-	1,000,000	150,000	(97,332)	1,052,668	500,000
Total Other Financing Sources, Net	24,960,585	3,449,398	150,000	(142,850)	3,456,548	(21,506,705)
Net Change in Fund Balance	$ -	$ (2,693,520)	$ (287,950)	$ -	$ (2,981,470)	$ (2,984,138)

Proprietary Funds, Internal Service Funds

Internal Service Funds are a sub-classification of the Proprietary Fund Types and are used to account for the operations of enterprises established to provide services primarily to other City functions. The financial statement of the Internal Service Funds represents the revenues and expenses related to the City's healthcare, workers' compensation and general liabilities insurance.

General Insurance Fund – This fund is used to account for other insurance related items not specifically accounted for in the other internal service funds**.**

Health Fund - This fund is used to account for costs associated with insurance for employee and family medical, dental, and life benefits.

Workers' Compensation Fund – This fund is used to account for the costs associated with workers' compensation claims.

Property and Casualty Fund – This fund is used to account for the accumulation and allocation of costs associated with property and casualty insurance and claims for the City.

City of Asheville

Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	General Insurance	Health	Workers' Compensation	Property and Casualty	Total Internal Service Funds
Assets					
Current Assets:					
Cash and investments	$ 1,193,802	$ 2,840,632	$ 4,396,550	$ 4,473,263	$ 12,904,247
Accounts receivable (net of allowance for uncollectibles)	-	1,500,546	-	12,254	1,512,800
Total Current Assets	1,193,802	4,341,178	4,396,550	4,485,517	14,417,047
Non-current assets:					
Right to use leased asset, less amortization	-	231,193	-	-	231,193
Total Assets	1,193,802	4,572,371	4,396,550	4,485,517	14,648,240
Deferred Outflows of Resources					
Pension deferrals	-	125,711	-	33,276	158,987
Total Deferred Outflows of Resources	-	125,711	-	33,276	158,987
Liabilities					
Current Liabilities:					
Accounts payable	-	108,987	280,611	85,049	474,647
Other accrued liabilities	-	596,627	-	1,953	598,580
Estimated claims payable, current	-	985,330	-	-	985,330
Total Current Liabilities	-	1,690,944	280,611	87,002	2,058,557
Non-current Liabilities:					
Net pension liability	-	195,342	-	51,708	247,050
Long-term debt, less current maturies - leases	-	240,505	-	-	240,505
Estimated claims payable, long-term	-	-	722,655	1,975,309	2,697,964
Total Liabilities	-	2,126,791	1,003,266	2,114,019	5,244,076
Deferred Inflows of Resources					
Pension deferrals	-	4,653	-	1,232	5,885
Total Deferred Inflows of Resources	-	4,653	-	1,232	5,885
Net Position					
Net investment in capital assets	-	231,193	-	-	231,193
Unrestricted	1,193,802	2,335,445	3,393,284	2,403,542	9,326,073
Total Net Position	$ 1,193,802	$ 2,566,638	$ 3,393,284	$ 2,403,542	$ 9,557,266

City of Asheville

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2023

	General Insurance	Health	Workers' Compensation	Property and Casualty	Total Internal Service Funds
Operating Revenues:					
Charges for services	$ -	$ 16,941,597	$ 1,473,974	$ 2,241,404	$ 20,656,975
Other operating revenue	-	1,551,207	73,121	150,951	1,775,279
Total Operating Revenues	-	18,492,804	1,547,095	2,392,355	22,432,254
Operating Expenses:					
Administration	-	1,598,630	47,710	276,232	1,922,572
Benefits	-	18,593,415	1,150,447	1,919,951	21,663,813
Amortization - leases	-	3,754	-	-	3,754
Total Operating Expenses	-	20,195,799	1,198,157	2,196,183	23,590,139
Operating Income	-	(1,702,995)	348,938	196,172	(1,157,885)
Non-operating Revenues:					
Investment earnings (losses)	-	60,434	90,664	93,017	244,115
Interest and other charges - leases	-	(3,051)	-	-	(3,051)
Total Non-operating Revenues	-	57,383	90,664	93,017	241,064
Income Before Transfers and Change in Net Position	-	(1,645,612)	439,602	289,189	(916,821)
Transfers:					-
Transfers to other funds	-	-	-	(150,000)	(150,000)
Change in Net Position	-	(1,645,612)	439,602	139,189	(1,066,821)
Total net position – beginning	1,193,802	4,212,250	2,953,682	2,264,353	10,624,087
Total net position – ending	$ 1,193,802	$ 2,566,638	$ 3,393,284	$ 2,403,542	$ 9,557,266

City of Asheville

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2023

	General Insurance	Health	Workers' Compensation	Property and Casualty	Total Internal Service Funds
Cash flows from operating activities:					
Cash received from customers, users and others	$ -	$ 16,941,597	$ 1,473,974	$ 2,241,404	$ 20,656,975
Cash paid for goods and services	-	(18,313,796)	(1,438,752)	(2,423,209)	(22,175,757)
Cash paid to employees	-	596,913	-	14,870	611,783
Net cash provided (used) by operating activities	-	(775,286)	35,222	(166,935)	(906,999)
Cash flows from non-capital financing activities:					
Transfers to other funds	-	-	-	(150,000)	(150,000)
Net cash used for non-capital financing activities	-	-	-	(150,000)	(150,000)
Cash flows from capitaland related financing activities:					
Principal paid on debt	-	(53,696)	-	-	(53,696)
Interest and other charges paid on debt	-	3,051	-	-	3,051
Net cash used for non-capital financing activities	-	(50,645)	-	-	(50,645)
Cash flows from investing activities:					
Interest earned	-	60,434	90,664	93,017	244,115
Net change in cash and cash equivalents	-	(765,497)	125,886	(223,918)	(812,884)
Cash and cash equivalents:					
Beginning of year, July 1	1,193,802	3,606,129	4,270,664	4,697,181	13,767,776
End of year, June 30	$ 1,193,802	$ 2,840,632	$ 4,396,550	$ 4,473,263	$ 12,904,247
Reconciliation of operating income to net cash provided by (used for) operating activities:					
Operating income (loss)	$ -	$ (1,702,995)	$ 348,938	$ 196,172	$ (1,157,885)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	-	3,754	-	-	3,754
Changes in assets, liabilities and deferred outflows and inflows of resources:					
(Increase) decrease in accounts receivable	-	1,000,307	-	5,560	1,005,867
(Increase) decrease in capital assets	-	54,398	-	-	54,398
(Increase) decrease in deferred outflows of resources for pensions	-	(45,477)	-	(12,038)	(57,515)
Increase (decrease) in accounts payable	-	(138,159)	84,684	13,314	(40,161)
Increase (decrease) in other accrued liabilities	-	529,216	-	(3,050)	526,166
Increase (decrease) in long-term debt		(6,805)	-	-	(6,805)
Increase (decrease) in estimated claims payable	-	(537,222)	(398,400)	(384,813)	(1,320,435)
Increase (decrease) in pension obligation - LGERS	-	142,252	-	37,655	179,907
Increase (decrease) in deferred inflows of resources for pensions	-	(74,555)	-	(19,735)	(94,290)
Net cash provided (used) by operating activities	$ -	$ (775,286)	$ 35,222	$ (166,935)	$ (906,999)

City of Asheville

Health Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 15,892,500	$ 16,941,597	$ 1,049,097
Other operating revenue	1,033,460	1,551,207	517,747
Investment earnings (losses)	40,000	60,434	20,434
Total Revenues	16,965,960	18,553,238	1,587,278
Expenditures:			
Administration	1,867,742	1,544,934	322,808
Benefits	16,356,405	18,593,415	(2,237,010)
Leases:			
Principal	-	53,696	
Interest and other charges	-	3,051	
Total Expenditures	18,224,147	20,195,096	(1,914,202)
Revenues Over (Under) Expenditures	(1,258,187)	(1,641,858)	3,501,480
Other financing sources (uses):			
Appropriated fund balance	1,258,187	-	(1,258,187)
Net Change in Net Position	$ -	(1,641,858)	$ 1,641,858
Reconciliation of Budgetary Basis (Non-GAAP) to Full Accrual Basis:			
Reconciling items:			
Amortization - leases		(3,754)	
Change in Net Position		$ (1,645,612)	

City of Asheville

Workers' Compensation Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 1,398,974	$ 1,473,974	$ 75,000
Other operating revenue	167,026	73,121	(93,905)
Investment earning (losses)	15,000	90,664	75,664
Total Revenues	1,581,000	1,637,759	56,759
Expenditures:			
Administration	163,182	47,710	115,472
Benefits	1,480,000	1,548,847	(68,847)
Total Expenditures	1,643,182	1,596,557	46,625
Revenues Over Expenditures	(62,182)	41,202	10,134
Other financing sources:			
Appropriated fund balance	62,182	-	(62,182)
Net Change in Net Position	$ -	41,202	$ (52,048)
Reconciliation of budgetary basis (Non-GAAP) to full accrual basis:			
Reconciling items:			
Change in estimate for claims incurred but not reported		398,400	
Change in Net Position		$ 439,602	

City of Asheville

Property and Casualty Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 2,316,404	$ 2,241,404	$ (75,000)
Other operating revenue	300,000	150,951	(149,049)
Investment earnings (losses)	20,000	93,017	73,017
Total Revenues	2,636,404	2,485,372	(151,032)
Expenditures:			
Administration	478,528	276,232	202,296
Benefits	2,407,755	2,298,882	108,873
Total Expenditures	2,886,283	2,575,114	311,169
Revenues Over Expenditures	(249,879)	(89,742)	160,137
Other Financing Sources (Uses):			
Transfers out	(150,000)	(150,000)	-
Appropriated fund balance	399,879	-	(399,879)
Total Other Financing Sources (Uses)	249,879	(150,000)	-
Net Change in Net Position	$ -	(239,742)	$ 160,137
Reconciliation of Budgetary Basis (Non-GAAP) to Full Accrual Basis:			
Reconciling Items:			
Pension expense		(5,882)	
Change in estimate for claims incurred but not reported		384,813	
Change in Net Position		$ 139,189	

THIS PAGE INTENTIONALLY LEFT BLANK

Other Supplementary Information

This section consists of the following additional information required by Accounting Principles Generally Accepted in the United States of America:

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy and Secondary Market Disclosures

City of Asheville

Schedule of Ad Valorem Taxes Receveiable
June 30, 2023

	Taxes Receivable July 1, 2022	Additions	Collections and Other Reductions	Taxes Receivable June 30, 2023
Fiscal years ended June 30:				
2013 and prior	$ 69,913		$ 32,083	$ 37,830
2014	32,351		236	32,115
2015	1,760		70	1,690
2016	740		60	680
2017	3,402		1,977	1,425
2018	5,476		283	5,085
2019	9,499		731	8,663
2020	26,295		6,843	18,925
2021	90,731		18,967	71,764
2022	665,148		47,701	69,615
2023		80,758,856	80,042,057	716,799
Totals	$ 905,315	$ 80,758,856	$ 80,151,008	964,591
Less: Allowance for uncollectible ad valorem tax receivable				(133,039)
General Fund Property taxes receivable per the fund financial statement (Exhibit C)				$ 831,552

Reconcilement to revenues collected:

Revenue - General Fund	$ 80,697,771
Increase (decrease) in allowance for uncollectible taxes	(29,722)
Adjustments: interest and penalties	(249,972)
Other adjustments	(267,069)
Collections and other reductions	$ 80,151,008

City of Asheville

Analysis of Current Tax Levy and Secondary Market Disclosures
City - Wide Levy
Year Ended June 30, 2023

	City - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	$ 19,848,467,827	$ 0.4030	$ 80,634,402	$ 76,828,489	$ 3,805,913
Discoveries	60,280,893	Various	242,932	242,932	-
Releases	(29,399,007)	0.4030	(118,478)	(118,478)	-
Total Property Valuation	$ 19,879,349,713				
Net Levy			80,758,856	76,952,943	3,805,913
Uncollected taxes at June 30, 2022			(102,381)	(102,381)	
Current Year's Taxes Collected			$ 80,656,475	$ 76,850,562	$ 3,805,913
Current levy collection percentage			99.87%	99.87%	100.00%

Secondary Market Disclosures:	
Assessed Valuation:	
Assessment ratio	100%
Real property	$ 17,455,675,635
Personal property	1,372,475,960
Public service companies	224,253,256
Motor vehicles	826,944,862
Total Assessed Valuation	$ 19,879,349,713
Tax rate per $100	0.4030
Total tax levy (excluding penalties)	$ 80,758,856

Source: Buncombe County Tax Collector and North Carolina Department of Motor Vehicles

THIS PAGE INTENTIONALLY LEFT BLANK

Statistical Section (Unaudited)

This part of the City of Asheville's annual comprehensive financial report presents detailed information as a context for understanding what information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

Contents

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

Revenue Capacity
These schedules contain information to help the reader access the city's most significant local revenue source, the ad valorem or property tax.

Debt Capacity
These schedules present information to help the reader access the affordability of the government's current levels of outstanding debt and government's ability to issue additional debt in the future.

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within the city's financial activities take place.

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

Continuing Disclosures
These schedules contain financial, statistical and other operating data for the benefit of holders and beneficial owners of the City's outstanding bonds. This section, combined with the financial statements, note disclosures' required supplementary information; and statistical section, is designed to meet the City's continuing disclosure requirements of Rule 15c2-12 pursuant to the Securities Exchange Act of 1934.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

City of Asheville

Net Position by Componet
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	2014	2015	2016	2017
Governmental Activities:				
Net investment in capital assets	$ 134,534	$ 141,191	$ 131,310	$ 106,280
Restricted	15,967	13,577	26,269	59,437
Unrestricted	25,131	28,112	38,261	4,275
Total Governmental Activities Net Position	$ 175,632	$ 182,880	$ 195,840	$ 169,992
Business-type Activities:				
Net investment in capital assets	$ 138,358	$ 135,964	$ 146,854	$ 153,910
Restricted	-	-	-	-
Unrestricted	55,313	68,114	73,315	82,152
Total Business-type Activities Net Position	$ 193,671	$ 204,078	$ 220,169	$ 236,062
Primary Government:				
Net investment in capital assets	$ 272,892	$ 277,155	$ 278,164	$ 260,190
Restricted	15,967	13,577	26,269	59,437
Unrestricted	80,444	96,226	111,576	86,427
Total Primary Government Net Position	$ 369,303	$ 386,958	$ 416,009	$ 406,054

2018	2019	2020	2021	2022	2023
$ 92,930	$ 113,451	$ 130,826	$ 143,206	$ 145,863	**$ 151,642**
61,829	62,152	56,744	31,363	39,482	**38,764**
13,188	12,240	9,778	44,483	56,661	**60,629**
$ 167,947	$ 187,843	$ 197,348	$ 219,052	$ 242,006	**$ 251,035**
$ 175,742	$ 193,433	$ 213,000	$ 219,592	$ 231,326	**$ 246,805**
-	-	-	-	2,156	**-**
73,246	73,581	69,448	71,538	79,525	**80,527**
$ 248,988	$ 267,014	$ 282,448	$ 291,130	$ 313,007	**$ 327,332**
$ 268,672	$ 306,884	$ 343,826	$ 362,798	$ 377,189	**$ 398,447**
61,829	62,152	56,744	31,363	41,638	**38,764**
86,434	85,821	79,226	116,021	136,186	**141,156**
$ 416,935	$ 454,857	$ 479,796	$ 510,182	$ 555,013	**$ 578,367**

City of Asheville

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	2014	2015	2016	2017
Expenses:				
Governmental Activities:				
General Government	$ 17,909	$ 18,461	$ 19,710	$ 32,078
Public Safety	45,206	46,311	46,350	52,690
Environmental Services	6,083	6,099	5,848	5,676
Community Development	8,682	8,054	8,065	9,337
Transportation	17,456	14,654	6,533	7,996
Culture and Recreation	9,923	10,423	11,765	11,156
Interest on Long-term Debt	856	757	791	724
Total Governmental Activities Expenses	106,115	104,759	99,062	119,657
Business-type Activities:				
Water Resources	28,107	28,733	27,536	27,470
Parking Services	3,121	3,288	3,550	3,870
Street Cut Utility	1,417	1,407	1,464	1,477
Stormwater	3,318	4,069	4,614	5,240
U.S. cellular center	3,636	3,726	3,598	3,977
Mass Transit	7,293	7,143	6,993	7,552
Golf Course	-	-	-	-
Total Business-type Activities Expenses	46,891	48,366	47,755	49,586
Total Primary Government Expenses	$ 153,006	$ 153,125	$ 146,817	$ 169,243

Continued

2018	2019	2020	2021	2022	2023
$ 15,618	$ 14,402	$ 14,352	$ 17,940	$ 22,251	**$ 56,344**
61,135	53,705	56,601	54,444	62,155	**72,432**
6,928	6,043	5,645	6,624	7,189	**9,148**
11,486	11,036	21,244	16,399	17,988	**12,988**
6,503	20,342	22,714	19,030	12,551	**9,729**
14,752	10,507	7,820	7,345	15,543	**18,094**
1,431	2,225	2,551	2,912	3,229	**2,636**
117,853	118,260	130,927	124,694	140,906	**181,371**
27,903	30,262	33,101	31,325	32,042	**35,442**
4,692	4,678	3,919	4,118	3,697	**4,518**
1,625	1,719	1,708	1,503	1,591	**1,956**
5,131	5,724	5,157	6,947	5,349	**7,681**
4,839	4,672	4,871	3,655	5,514	**5,957**
9,515	11,248	12,237	16,035	14,446	**14,478**
-	-	-	-	-	
53,705	58,303	60,993	63,583	62,639	**70,032**
$ 171,558	$ 176,563	$ 191,920	$ 188,277	$ 203,545	**$ 251,403**

City of Asheville

Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	2014	2015	2016	2017
Program Revenues:				
Governmental Activities:				
Charges for Services:				
General Government	$ 8,262	$ 9,414	$ 8,595	$ 22,300
Public Safety	1,622	1,348	1,468	1,472
Other Activities	8,402	8,452	9,650	11,626
Operating Grants and Contributions	6,092	7,325	5,184	5,600
Capital Grants and Contributions	3,240	7,887	4,209	3,526
Total Governmental Activities Program Revenues	27,618	34,426	29,106	44,524
Business-type Activities:				
Charges for Services:				
Water Resources	34,186	35,564	37,765	38,659
Parking Services	4,385	5,221	5,311	5,251
Street Cut Utility	1,350	1,461	1,625	1,722
Stormwater	3,149	5,036	5,329	5,614
U.S. cellular center	2,418	1,622	2,236	2,997
Mass Transit	1,281	1,215	1,139	997
Golf Course	-	-	-	
Operating Grants and Contributions	2,504	2,818	2,789	2,828
Capital Grants and Contributions	4,973	3,760	4,166	3,760
Total Business-type Activities Program Revenues	54,246	56,697	60,360	61,826
Total Primary Government Program Revenues	$ 81,864	$ 91,123	$ 89,466	$ 106,351
Net Expense (Revenue):				
Governmental Activities	$ (78,497)	$ (70,333)	$ (69,956)	$ (75,133)
Business-type Activities	7,355	8,331	12,605	12,241
Total Primary Government Net Expense	$ (71,142)	$ (62,002)	$ (57,351)	$ (62,892)

Continued

2018	2019	2020	2021	2022	2023
$ 9,552	$ 10,514	$ 10,501	$ 9,783	$ 8,521	**$ 25,492**
3,306	738	723	1,719	1,547	**1,143**
11,140	12,527	11,201	12,054	14,530	**13,871**
3,245	4,217	2,442	2,309	10,967	**3,558**
7,443	5,902	4,682	2,574	5,984	**26**
34,686	33,898	29,549	28,439	41,549	**44,090**
39,204	39,517	40,167	33,366	38,432	**40,913**
6,030	6,712	5,191	4,179	4,937	**6,970**
1,733	1,679	1,867	1,671	1,737	**3,007**
5,852	6,298	6,482	6,499	6,588	**7,353**
4,104	3,420	3,431	337	4,555	**5,424**
1,051	1,026	850	405	927	**995**
-	-	-		-	
836	6,408	2,415	8,833	9,068	**3,540**
7,570	4,029	6,985	7,962	7,692	**5,923**
66,380	69,089	67,388	63,252	73,936	**74,125**
$ 101,066	$ 102,987	$ 96,937	$ 91,691	$ 115,485	**$ 118,215**
$ (83,167)	$ (84,362)	$ (101,378)	$ (96,255)	$ (99,357)	**$ (137,281)**
11,841	10,786	6,395	(331)	11,297	**4,093**
$ (71,326)	$ (73,576)	$ (94,983)	$ (96,586)	$ (88,060)	**$ (133,188)**

City of Asheville

Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	2014	2015	2016	2017
General Revenues and Other Changes in Net Position:				
Governmental Activities:				
Taxes				
Property taxes	$ 52,052	$ 51,783	$ 52,407	$ 55,473
Sales taxes	17,250	21,372	20,941	22,455
Other taxes	890	540	669	684
Unrestricted grants and contributions	8,682	13,058	11,200	11,408
Investment earnings and miscellaneous	1,337	1,199	782	(284)
Transfers out	(2,286)	(3,133)	(3,083)	(5,125)
Total General Revenues, Transfers and Special Item	77,925	84,819	82,916	84,611
Business-type Activities:				
Miscellaneous	298	450	404	361
Transfers In	2,286	3,133	3,082	5,125
Total Business-type Activities Change in Net Position	2,584	3,583	3,486	5,486
Total Primary Government	$ 80,509	$ 88,402	$ 86,402	$ 90,097
Change in Net Position:				
Governmental Activities	$ (572)	$ 14,486	$ 12,960	$ 9,478
Business-type Activities	9,939	11,914	16,091	17,727
Total Primary Government	$ 9,367	$ 26,400	$ 29,051	$ 27,205

Continued

2018	2019	2020	2021	2022	2023
$ 62,957	$ 65,094	$ 69,096	$ 73,567	$ 79,760	**$ 80,904**
24,876	26,123	26,922	31,293	36,629	**38,912**
688	927	1,042	1,006	1,318	**1,371**
8,980	14,637	17,860	18,207	14,933	**22,034**
8,166	2,206	2,734	2,430	(62)	**11,256**
(5,153)	(4,728)	(6,772)	(8,545)	(10,269)	**(8,167)**
100,514	104,259	110,882	117,958	122,309	**146,310**
745	2,510	2,265	469	314	**2,065**
5,153	4,728	6,772	8,545	10,269	**8,167**
5,898	7,238	9,037	9,014	10,583	**10,232**
$ 106,412	$ 111,497	$ 119,919	$ 126,972	$ 132,892	**$ 156,542**
$ 17,347	$ 19,897	$ 9,504	$ 21,702	$ 22,952	**$ 9,029**
17,739	18,024	15,432	8,683	21,880	**14,325**
$ 35,086	$ 37,921	$ 24,936	$ 30,385	$ 44,832	**$ 23,354**

City of Asheville

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	2014	2015(a)	2016	2017
General Fund:				
Non-spendable	$ 469	$ 7,407	$ 7,558	$ 8,660
Restricted	9,426	12,394	15,039	13,659
Committed	623	842	1,134	1,541
Assigned	6,545	8,683	16,605	20,493
Unassigned	15,040	16,647	18,010	20,091
Total General Fund	$ 32,103	$ 45,973	$ 58,346	$ 64,444
All Other Governmental Funds:				
Non-spendable	317	4,613	4,585	317
Restricted	6,224	866	1,185	45,460
Committed	915	-	-	
Unassigned	-	(3,535)	(61)	(30,099)
Total All Other Government Funds	$ 7,456	$ 1,944	$ 5,709	$ 15,678

(a) The fund balance in the governmental funds increased primarily due to changes in accounting principles for revolving loans and pensions.

2018	2019	2020	2021	2022	2023
$ 8,081	$ 7,046	$ 10,747	$ 12,117	$ 9,196	**$ 10,011**
16,238	15,692	23,104	30,552	27,744	**32,615**
1,632	2,167	3,201	4,403	6,427	**12,917**
33,484	34,294	38,845	44,135	43,727	**53,498**
18,289	23,808	18,066	18,132	34,587	**28,849**
$ 77,724	$ 83,007	$ 93,963	$ 109,339	$ 121,681	**$ 137,890**
314	6,272	5,577	4,990	5,428	**5,420**
45,999	46,126	1,378	458	465	**5,817**
	818	1,270	719	1,058	**1,488**
(14,894)	(31,047)	(3,092)	(7,083)	(2,868)	**(11,934)**
$ 31,419	$ 22,169	$ 5,133	$ (916)	$ 4,083	**$ 791**

City of Asheville

Governmental Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	2014	2015	2016	2017
Revenues:				
Taxes	$ 70,192	$ 71,901	$ 77,901	$ 79,334
Intergovernmental	14,697	20,519	19,626	21,518
Licenses and permits	5,585	5,974	4,526	5,957
Charges for services	9,055	9,459	10,405	12,533
Investment earnings	173	142	331	221
Miscellaneous	2,017	2,457	2,178	2,925
Total Revenues	101,719	110,452	114,967	122,488
Expenditures:				
Current:				
General Government	13,177	18,427	16,266	15,551
Public Safety	45,721	44,840	44,233	49,224
Environmental Services	5,609	5,669	5,422	5,668
Community Development	6,081	8,524	8,132	9,565
Transportation	7,267	6,826	4,867	5,287
Culture and Recreation	8,314	9,072	10,297	9,718
Capital Outlay	9,837	15,458	16,809	19,292
Debt Service:				
Principal	3,516	3,906	4,150	5,712
Interest	1,201	1,105	1,133	1,063
Leases:				
Principal				
Interest				
Total Expenditures	100,723	113,827	111,309	121,080
Revenues Over/Under Expenditures	996	(3,375)	3,658	1,408
Other Financing Sources (Uses):				
Transfer from other funds	1,152	1,107	913	2,719
Transfer to other funds	(3,343)	(3,788)	(3,932)	(7,727)
Long-term debt issued	1,591	2,815	27,525	7,288
Payment to defease long-term debt	-	-	-	-
Lease liabilities issued				
Sale of capital assets	351	347	38	315
Total Other Financing Sources (Uses)	(249)	481	24,544	2,595
Net Change in Fund Balance	$ 747	$ (2,894)	$ 28,202	$ 4,003

2018	2019	2020	2021	2022	2023
$ 87,836	$ 92,346	$ 97,060	$ 105,866	$ 117,856	**$ 120,981**
20,824	21,974	24,984	23,090	31,426	**24,933**
5,078	5,739	5,528	5,473	6,139	**5,222**
12,485	13,065	12,430	11,813	13,699	**14,757**
517	2,179	1,870	36	(385)	**2,728**
3,179	4,976	4,579	6,271	4,760	**6,251**
129,919	140,279	146,451	152,549	173,495	**174,872**
9,875	7,428	12,284	18,508	19,135	**30,134**
52,502	55,667	58,150	56,925	60,839	**77,495**
5,845	6,399	6,313	6,700	7,032	**9,497**
13,697	10,096	23,196	14,496	18,186	**12,620**
16,473	17,256	6,502	6,239	10,996	**12,506**
9,782	9,554	8,826	10,323	13,070	**22,490**
26,043	33,521	42,104	33,113	22,663	**-**
5,058	6,817	6,440	7,257	8,668	**8,362**
1,371	2,225	2,495	2,841	3,332	**4,103**
				121	**872**
				28	**33**
140,646	148,963	166,310	156,402	164,070	**178,112**
(10,727)	(8,684)	(19,859)	(3,853)	9,425	**(3,240)**
4,040	9,413	7,421	4,450	6,868	**12,728**
(9,038)	(14,182)	(13,834)	(12,445)	(17,136)	**(20,746)**
7,250	9,255	41,713	51,249	15,968	**47,609**
-	-	(22,176)	(33,969)	-	**(25,000)**
				1,886	**1,208**
37,497	232	582	3,894	393	**297**
39,749	4,718	13,706	13,179	7,979	**16,096**
$ 29,022	$ (3,966)	$ (6,153)	$ 9,326	$ 17,404	**$ 12,856**

THIS PAGE INTENTIONALLY LEFT BLANK

City of Asheville

General Government Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

Fiscal Year Ended June 30	Ad Valorem Taxes	Local Option Sales Taxes	Other Taxes	Total
2014	52,053	17,250	890	70,193
2015	51,888	19,473	540	71,901
2016	54,449	22,841	611	77,901
2017	56,196	22,515	623	79,334
2018	62,960	24,175	701	87,836
2019	65,295	26,192	859	92,346
2020	69,096	26,922	1,042	97,060
2021	73,567	31,293	1,006	105,866
2022	79,909	36,629	1,318	117,856
2023	**80,698**	**38,912**	**1,371**	**120,981**

Note: Classification changes affect comparability across fiscal years.

City of Asheville

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

	Real Property				Personal Property	
Fiscal Year	Residential Property (a)	Commercial Property (a)	Less: Tax Exempt Real Property	Total Taxable Valuation of Real Property	Motor Vehicles (a)	Other (a)
2014	5,719,358	4,078,583	(144,639)	9,653,302	597,911	731,028
2015	5,680,302	4,306,928	(346,839)	9,640,391	584,183	742,083
2016	5,775,981	4,370,666	(347,430)	9,799,217	632,842	761,919
2017	6,052,609	4,334,722	(343,165)	10,044,166	676,644	867,846
2018	7,833,194	5,283,179	(460,421)	12,655,952	719,248	869,386
2019	7,741,610	5,495,130	-	13,236,741	743,651	892,630
2020	8,184,918	8,999,867	(3,053,243)	14,131,542	723,905	985,420
2021	8,366,418	9,314,520	(3,174,602)	14,506,336	836,588	1,549,337
2022	10,408,733	10,236,181	(3,253,336)	17,391,578	865,863	1,374,922
2023	**10,648,063**	**10,367,418**	**(3,559,805)**	**17,455,676**	**826,945**	**1,372,476**

(a) NC Department of Revenue, Municipal Certification Valuation & Property Tax Levies, NC Division of Motor Vehicles, and Buncombe County.

(b) Buncombe County Tax Assessor, tax rates are per $100 of assessed value.

(c) NC Department of Revenue, Sales Assessment Ratio Studies, as of January 12021 as this is the most updated data available.

Note:

The levy of property taxes each year is based on the assessed value of taxable property as of January 1, preceding the beginning of the fiscal year on July 1. All taxable property was assessed at one hundred percent (100%) of its estimated actual value at time of revaluation. Revaluation of real property is required by statute at least once every eight years, but is done every four years in Buncombe County. Revaluations were effective in fiscal years 2014 and 2018.

Public Service Assessed Value	Total Taxable Assessed Value (a)	Total City Direct Tax Rate (b)	Sales Assessment Ratio (c)
185,757	11,167,998	0.46	95.17%
181,201	11,147,858	0.46	90.00%
217,134	11,411,112	0.475	84.55%
213,802	11,802,458	0.475	98.73%
213,978	14,458,564	0.475	91.67%
218,580	15,091,601	0.475	86.25%
199,590	16,040,457	0.429	84.33%
200,598	17,092,859	0.429	98.73%
224,703	19,857,066	0.403	98.73%
224,253	**19,879,350**	**0.403**	**98.73%**

City of Asheville

Property Tax Rates
Direct and Overlapping (a) Governments
Last Ten Fiscal Years

	City of Asheville			Buncombe County	Asheville City Schools	Total Direct &
Fiscal Year	Operating Millage	Debt Service Millage	Total Millage	Total County Millage (b)	Total District Millage (b)	Overlapping Rates
2014	(1.403)	1.863	0.460	0.569	0.150	1.179
2015	0.438	0.022	0.460	0.604	0.150	1.214
2016	0.452	0.023	0.475	0.604	0.150	1.229
2017	0.448	0.027	0.475	0.604	0.150	1.229
2018	0.409	0.020	0.429	0.529	0.120	1.078
2019	0.407	0.022	0.429	0.529	0.120	1.078
2020	0.407	0.022	0.429	0.529	0.120	1.078
2021	0.375	0.028	0.403	0.529	0.120	1.052
2022	0.371	0.032	0.403	0.488	0.106	0.997
2023	**0.312**	**0.091**	**0.403**	**0.488**	**0.106**	**0.997**

Source: NC Department of Revenue
"Property Tax Rates and Latest Year of Revaluation for North Carolina Counties and Municipalities"

(a) Overlapping rates are those of local and county governments that apply to property owners within the City of Asheville. Not all overlapping rates apply to all City of Asheville property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district.)

(b) Operating and debt service milage are not available for Bunombe County and Asheville City Schools.

City of Asheville

Principal Property Taxpayers
Current and Nine Years Ago
(Amounts Expressed in Thousands)

	June 30, 2023			June 30, 2014		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
MH Mission Hospital LLLP	$ 939,029	1	4.89%	-		-
GPI Resort Holdings LLC	146,281	2	0.76%	104,565	2	0.96%
Ingles Markets	130,037	3	0.68%	69,686	5	0.64%
New Belgium Brewing Company Inc	114,663	4	0.60%	-		-
Linamar North Carolina Inc.	105,647	5	0.55%	60,393	6	0.56%
Town Square West LLC	94,007	6	0.49%	107,583	1	0.99%
MHG Asheville	80,018	7	0.42%	-		-
Unison Engine Components	61,777	8	0.32%	-		0.00%
Asheville Retail Associates LLC	57,566	9	0.30%	75,986	4	0.70%
Asheville LLC	53,733	10	0.28%	29,047	10	0.27%
Duke Energy Progress Inc.	-		-	92,292	3	0.85%
Bellsouth Telephone Co. (dba AT&T NC)	-		-	29,818	9	0.28%
Day International, Inc.	-		-	30,131	8	0.28%
The Forest at Asheville Prop Etal	-		-	31,500	7	0.29%
	$ 1,782,758		9.29%	$ 631,001		5.82%

THIS PAGE INTENTIONALLY LEFT BLANK

City of Asheville

Property Tax Levies and Collections
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Current Outstanding Balance	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy			Amount	Percentage of Levy
2014	52,284	51,604	98.70%	12	668	52,272	99.98%
2015	50,677	50,605	99.86%	19	53	50,658	99.96%
2016	54,221	54,173	99.91%	36	12	54,185	99.93%
2017	56,093	56,057	99.94%	36	-	56,057	99.94%
2018	62,861	62,823	99.94%	32	6	62,829	99.95%
2019	65,011	64,980	99.95%	32	-	64,980	99.95%
2020	69,164	68,934	99.67%	230	-	68,934	99.67%
2021	73,315	73,047	99.63%	163	-	73,047	99.63%
2022	79,627	79,518	99.86%	163	-	79,518	99.86%
2023	**80,759**	**80,656**	**99.87%**	**133**	**-**	**80,656**	**99.87%**

City of Asheville

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities				
Fiscal Year	General Obligation Bonds	Installment Financing Contracts and Other Long-Term Debt	Total Governmental Activities	Percentage of Actual Property Value	Debt Per Capita
2014	670,000	26,092,000	26,762,000	24.00%	305
2015	570,000	27,011,000	27,581,000	25.00%	309
2016	470,000	50,160,958	50,630,958	44.00%	557
2017	370,000	51,547,375	51,917,375	43.96%	565
2018	7,175,384	77,720,433	84,895,817	57.93%	923
2019	12,745,384	75,091,653	87,837,037	58.13%	949
2020	27,581,965	74,167,288	101,749,253	63.43%	1,089
2021	29,986,341	79,039,473	109,025,814	63.78%	1,168
2022	35,295,906	82,242,784	117,538,690	28.00%	1,214
2023	**44,602,490**	**89,004,816**	**133,607,306**	**28.00%**	1,425

Business-Type Activities				
Revenue Bonds	Installment Financing Contracts and Other Long-Term Debt	Total Primary Government	Percentage of Personal Income	Debt Per Capita
62,685,000	12,682,000	102,129,000	3.19%	1,162
57,499,000	18,647,000	103,727,000	2.86%	1,162
59,218,640	15,441,970	125,291,568	3.30%	1,378
55,687,416	14,811,271	122,416,062	3.08%	1,332
52,064,878	14,141,240	151,109,660	3.80%	1,642
67,922,714	12,855,171	168,344,922	4.14%	1,825
74,268,261	10,353,907	186,371,421	4.39%	1,995
80,491,216	10,570,361	200,087,391	4.29%	2,143
76,757,943	9,769,223	204,065,856	4.22%	2,107
71,665,239	**9,839,691**	**215,112,236**	4.59%	2,294

City of Asheville

Direct and Overlapping Governmental Activities Debt
As of June, 2023
(Amounts Expressed in Thousands)

	Outstanding Debt		Percentage Applicable to City (b)	Amount Applicable to City
Direct Debt:				
City of Asheville	$ 119,568	(a)	100.00%	$ 119,568
Overlapping Debt [(D)]:				
Buncombe County	373,124		40.44%	150,878
Total direct and overlapping debt	$ 492,692			$ 270,446

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Asheville. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

(a) Net bonded debt was calculated as general obligation bonds plus installment financing agreements and other long-term indebtedness less general obligation bonds incurred for Water Resources Enterprise Fund. See Legal Debt Margin Information schedule for net bonded debt calculation.

(b) Allocation based on assessed valuation.

City of Asheville

Legal Debt Margin Informaiton
Last Ten Fiscal Years
(Amounts in Thousands)

Fiscal Year	Total Taxable Assessed Value	Debt Limit (8% of Total Assessed Value)	Outstanding Debt (a)	Legal Debt Margin	Net Debt as a % of Debt Limit
2014	11,167,999	893,440	38,826	854,614	4.35%
2015	11,010,345	880,828	40,482	840,346	4.60%
2016	11,411,112	912,889	85,636	827,253	9.38%
2017	11,810,567	944,845	156,827	788,018	16.60%
2018	14,654,367	1,172,349	193,288	979,061	16.49%
2019	15,156,336	1,212,507	189,512	1,022,995	15.63%
2020	16,123,956	1,289,916	159,448	1,130,468	12.36%
2021	17,092,859	1,367,429	164,092	1,203,337	12.00%
2022	19,857,066	1,588,565	165,923	1,422,642	10.44%
2023	**19,879,350**	**1,590,348**	**154,612**	**1,435,736**	**9.72%**

(a) Excludes debt not applicable to the limit.

Notes:

(1) Calculation for net debt applicable to debt limit:

	2022	**2023**
Governmental general obligation bonds (includes related premium & discount)	$ 33,675	**$ 40,100**
General obligation bonds authorized, not issued	40,325	**26,824**
Installment financing contracts	91,888	**87,680**
Other debt agreements	124	**87**
Gross Outstanding Debt	166,012	**154,691**
Statutory deductions:		
Incurred for water enterprise system	(89)	**(79)**
Net Debt Applicable to Debt Limit	$ 165,923	**$ 154,612**

City of Asheville

Pledged Revenue Coverage - Per Indenture
Water Revenue Bonds
Last Ten Fiscal Years
(Amounts in Thousands)

Fiscal Year	Revenues	Current Expenses	Net Revenues Available for Debt Service	Revenue Bond Debt Service	
				Principal	Interest
2014	34,394	17,795	16,599	2,885	3,048
2015	35,994	18,135	17,859	3,005	2,921
2016	37,764	18,649	19,115	3,145	2,466
2017	38,659	19,209	19,450	3,150	2,208
2018	39,204	19,907	19,297	3,250	2,109
2019	39,517	21,378	18,139	3,340	2,173
2020	40,167	22,625	17,542	3,490	2,201
2021	33,366	22,687	10,679	3,650	1,825
2022	38,431	22,824	15,607	3,800	1,931
2023	**40,913**	**26,738**	**14,175**	**4,685**	**2,424**

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest, depreciation or amortization expense.

Total Revenue Bond Debt Service	Coverage	Subordinated Debt Service	Total System Debt Service	Total System Debt Service Coverage
5,933	2.80	492	6425	2.58
5,926	3.01	175	6101	2.93
5,611	3.41	170	5781	3.31
5,358	3.63	165	5523	3.52
5,359	3.60	10	5369	3.59
5,513	3.29	10	5523	3.28
5,691	3.08	10	5701	3.08
5,475	1.95	10	5485	1.95
5,731	2.72	10	5741	2.72
8,531	**1.66**	**10**	**8541**	**1.66**

City of Asheville

Pledged Revenue Coverage
Special Obligation Bonds
Last Ten Fiscal Years
(Amounts in Thousands)

	Pledged Funds
Utility Taxes	10,099
Article 39	18,007
Article 40	6,858
Article 42	8,751
Article 44	5,297
FY23 Total Pledged Funds	**49,012**

		Special Obligation Bond Debt Service		Parity Obligation Debt Services	
Fiscal Year	Pledged Funds	Principal	Interest	Principal	Interest
2018	31,643	-	260	-	-
2019	34,625	860	641	-	-
2020	34,625	860	602	-	-
2021	36,689	860	568	-	-
2022	45,851	2,385	1,297	-	-
2023	**49,012**	**2,390**	**1,130**	**-**	**-**

*Pledged funds as defined by the Revenue Bond Order
*Bonds originated in fiscal year 2018 and 2021

Total SOB & Parity Obligations Debt Service	Pledged Funds minus Total SOB & Party Obl. Debt Service	Subordinate Debt Debt Service		Total Subordinate Debt Service	Coverage
		Principal	Interest		
260	260	-	-	-	N/A
1,501	641	-	-	-	23.07
1,462	602	-	-	-	23.68
1,428	568	-	-	-	25.69
3,682	1,297	-	-	-	12.45
3,520	**1,130**	**-**	**-**	**-**	**13.92**

City of Asheville

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	City Population (a)	Per Capita Personal Income (b)	Personal Income (Expressed in Thousands)	School Enrollment (c)	Unemployment Rate (d)
2014	86,367	36,470	3,149,804	4,377	5.1%
2015	87,855	38,445	3,377,585	4,422	4.8%
2016	89,387	40,591	3,628,308	4,553	4.0%
2017	91,145	41,779	3,807,947	4,570	3.6%
2018	91,798	43,235	3,968,887	4,559	3.1%
2019	92,452	45,433	4,200,372	4,460	3.3%
2020	92,870	49,930	(e)	4,526	8.8%
2021	93,350	(e)	(e)	4,219	4.1%
2022	96,829	(e)	(e)	4,286	3.0%
2023	**93,782**	**(e)**	**(e)**	**4,036**	**2.9%**

Sources:
(a) US Census Bureau American FactFinder
(b) US Department of Commerce, Bureau of Economic Analysis; for the Asheville Metropolitan Statistical Area
(c) Asheville City Schools
(d) Department of Labor statistics
(e) Information not available

City of Asheville

Principal Employers
Current and Nine Years Ago

		2023			2014		
Employer	**Industry**	**Rank**	**Employees Range**	**Percent of Total Employed**	**Rank**	**Employees Range**	**Percent of Total Employed**
Mh Hospital Manager Llc	Health Care and Social Assistance	**1**	1000+	0.75%	1	1000+	0.87%
Buncombe County Board Of Education	Educational Services	**2**	1000+	0.75%	2	1000+	0.87%
Ingles Markets, Inc	Retail Trade	**3**	1000+	0.75%	3	1000+	0.87%
Veterans Administration	Health Care and Social Assistance	**4**	1000+	0.75%	4	1000+	0.87%
Biltmore Workforce Management Inc	Arts, Entertainment, and Recreation	**5**	1000+	0.75%	11	500-999	0.87%
County Of Buncombe	Public Administration	**6**	1000+	0.75%	5	1000+	0.87%
City Of Asheville	Public Administration	**7**	1000+	0.75%	6	1000+	0.87%
Wal-Mart Associates Inc.	Retail Trade	**8**	1000+	0.75%	7	1000+	0.87%
Eaton Corporation	Manufacturing	**9**	1000+	0.75%	9	1000+	0.87%
Kendro Laboratory Products LP	Manufacturing	**10**	500-999	0.56%	16	500-999	0.66%
Mountain Area Health Education Cent	Health Care and Social Assistance	**11**	500-999	0.56%			
A-B Technical Community College	Educational Services	**12**	500-999	0.56%	8	1000+	0.87%
Parallon Enterprises LLC	Health Care and Social Assistance	**13**	500-999	0.56%			
UNC Asheville	Educational Services	**14**	500-999	0.56%	13	500-999	0.66%
Mission Health Community Multispeci	Health Care and Social Assistance	**15**	500-999	0.56%			
Asheville City Schools	Educational Services	**16**	500-999	0.56%	12	500-999	0.66%
Teletech Services Corporation	Other Services (except Public Administra	**17**	500-999	0.56%			
Lowes Home Centers, Inc	Retail Trade	**18**	500-999	0.56%	19	500-999	0.66%
Omni Hotels Management Corp	Accommodation and Food Services	**19**	500-999	0.56%			
NC Dept Of Health & Human	Public Administration	**20**	500-999	0.56%	14	500-999	0.66%

Note:
Information is for the Buncombe County area and was obtained from the Employment Security Commission, Labor Market Information Division

THIS PAGE INTENTIONALLY LEFT BLANK

City of Asheville

Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Service Function	2014	2015 (b)	2016 (c)	2017	2018	2019	2020	2021	2022	2023
Primary Government:										
General Government	122	134	149	158	170	168	151	154	157	154
Public Safety:										
Fire Department	259	257	261	261	261	271	277	277	292	293
Police Department	241	279	283	284	300	301	301	288	269	269
Building Safety	41	-	-	-	-	-	-	-	-	-
Environmental Services	38	37	38	44	45	46	59	59	59	62
Community and Economic Development	21	64	75	78	71	78	81	85	109	112
Transportation	54	65	52	54	54	52	59	59	60	61
Culture and Recreation	100	94	91	93	95	95	96	105	101	103
Business Type:										
Water Resources	143	148	149	155	155	155	162	162	164	164
Parking Services	20	22	22	23	26	27	29	29	29	29
Street Cut Utility	9	10	11	11	11	11	11	11	11	11
Stormwater	27	30	39	39	46	47	52	52	53	54
Harrah's Cherokee Center	15	16	17	23	23	23	26	26	26	26
Mass Transit	3	3	3	4	4	4	4	4	4	4
Golf Course [a]	-	-	-	-	-	-	-	-	-	
Total City Government Employees	1,093	1,159	1,190	1,227	1,261	1,275	1,308	1,311	1,332	**1,340**

Source: City of Asheville, Human Resources Department and Budget and Financial Reporting Division

(a) The City turned over operations of the golf course to an external management company on October 1, 2012.
(b) Building Safety (Development Services Department) moved to Community and Economic Development classification in fiscal year 2015.
(c) Capital Projects and Sustainability moved from Transportation to General Government and Economic Development moved from Community and Economic Development to General Government in fiscal year 2016.

City of Asheville

Operating Indicators by Function
Last Ten Fiscal Years

Function	2014	2015	2016	2017
Police:				
Number of Police Personnel and Officers	241	279	283	284
Number of Calls for Service	113,448	113,702	116,977	118,773
Number of Law Violations:				
Uniform Crime Report Part I Crimes Reported *	5,597	4,701	4,859	4,677
Uniform Crime Report Part II Crimes Reported *	4,756	5,019	5,716	5,928
NIBRS Group A Crimes Reported				
NIBRS Group B Crimes Reported				
Accidents Investigated	5,025	6,859	6,294	6,586
Number of Physical Arrests	5,453	5,622	4,911	4,728
Number of Traffic Violations	3,693	10,005	9,869	7,651
Number of Incident Reports	10,353	9,720	10,575	10,717
Fire:				
Number of Fire Personnel and Officers	259	257	261	261
Number of Calls Answered	15,012	16,897	17,979	18,793
Inspections	3,397	9,112	10,137	8,022
Water:				
Number of Service Connections	57,516	58,289	58,570	60,916
Maximum Daily Capacity of Plants in Gallons	43,500,000	43,500,000	43,500,000	43,500,000
Daily Average Consumption in Gallons	19,700,000	20,400,000	19,900,000	20,160,000
Education:				
Number of Preschool Instructors	11	10	24	9
Number of Elementary School Instructors	186	190	157	180
Number of Middle School Instructors	75	74	68	72
Number of Secondary School Instructors	118	128	118	113
Miscellaneous:				
Number of Full-time Equivalent Employees	1,093	1,159	1,190	1,227
Area in Square Miles	45.73	45.25	45.25	45.25

Sources: Various City departments and Asheville City Schools.

* Crimes reported changed in 2021 from Part I and Part II to Group A and Group B

2018	2019	2020	2021	2022	2023
300	301	301	248	220	**214**
123,108	136,904	177,656	175,716	96,365	**105,685**
5,042	5,879	6,291			
6,708	6,067	6,580			
			10,253	9,785	**8,767**
			1,371	1,218	**1,313**
6,586	7,002	7,135	6,588	6,923	**7,146**
4,479	4,527	4,260	2,706	2,807	**3,020**
4,672	6,078	6,314	2,300	4,346	**6,063**
11,665	11,946	15,296	14,484	27,299	**12,815**
261	270	277	277	292	**293**
20,019	20,290	18,915	19,214	22,057	**20,556**
8,094	7,643	7,227	6,928	6,598	**4,307**
63,252	63,980	58,209	59,018	59,973	**60,971**
43,500,000	43,500,000	43,500,000	43,500,000	43,500,000	**43,500,000**
20,080,000	20,300,000	20,330,000	21,630,000	22,290,000	**22,980,000**
16	12	12	12	8	**12**
195	191	200	169	168	**167**
90	86	88	83	78	**90**
121	91	105	105	107	**108**
1,261	1,275	1,308	1,311	1,332	**1,340**
45.25	45.53	45.60	45.60	45.60	**45.60**

City of Asheville

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2014	2015	2016	2017
Public Safety:				
Police Stations/Resource Centers	1/6	1/6	1/6	1/6
Police Patrol Districts	3	3	3	3
Police Patrol Units (Beats)	13	13	13	13
Fire Stations	12	12	12	12
Highways and Streets:				
Streets (miles)	404	404	405	405
Street Lights	9,804	10,189	10,200	10,250
Traffic Lights	295	295	300	300
Culture and Recreation:				
Parks Acreage	874	874	874	874
Parks and Playgrounds	59	59	59	59
Swimming Pools	3	3	3	3
Tennis Courts	26	26	26	26
Community Centers	11	11	11	11
Water:				
Water Mains (Miles)	1,674	1,681	1,691	1,695
Fire Hydrants	6,846	6,916	6,977	7,070
Number of Treatment Plants	3	3	3	3
City Schools (a):				
Number of Preschools	1	2	2	1
Number of Elementary Schools	5	5	5	5
Number of Middle Schools	1	1	1	1
Number of Secondary Schools	1	1	1	2
Number of Community Colleges	1	1	1	1
Number of Colleges/Universities	2	2	2	2
Hospitals:				
Number of Hospitals	2	2	2	2
Number of Patient Beds (includes VA nursing home)	1,052	1,039	1,002	1,039

Sources: Various city departments and Asheville City Schools.

(a) Private schools and county schools are not included even if they are within the city geographical boundaries.

2018	2019	2020	2021	2022	2023
1/6	1/6	1/6	1/5	1/5	**1/4**
3	3	4	3	3	**3**
13	13	16	16	16	**16**
12	12	12	12	12	**12**
406	405	406	409	407	**408.9**
10,250	10,251	10,500	10,500	10,500	**10500**
300	316	316	316	316	**316**
874	874	874	884	884	**873**
59	59	59	59	59	**65**
3	3	3	3	2	**3**
26	26	26	26	26	**11**
11	11	11	11	11	**10**
1,699	1,702	1,703	1702	1706	**1,710**
7,230	7,400	7,597	7815	7666	**7,744**
3	3	3	3	3	**3**
1	1	1	1	0	**0**
6	6	6	5	5	**5**
2	2	2	2	2	**2**
2	2	2	2	2	**2**
1	1	1	1	1	**1**
2	2	2	2	3	**3**
2	3	3	4	4	**4**
1,039	1,088	1,009	1,229	1,229	**1,088**

City of Asheville

Outstanding General Obligation Debt
Principal Outstanding For Last Eight Fiscal Years
(Amounts in Thousands)

	2016	2017	2018	2019	2020	2021	2022	2023
Refunding Bonds	-	-	-	-	20,825	19,785	18,740	**40,100**
GO Bond Anticipation Notes	-	-	6,905	12,305	5,066	8,580	14,935	**-**
General Government Bonds	470	370	270	170	70	-	-	**-**
Total Debt Outstanding	$ 470	$ 470	$ 7,175	$ 12,475	$ 25,961	$ 28,365	$ 33,675	**$ 40,100**

City of Asheville

General Obligations Dedt Ratio
Last Ten Fiscal Years

Fiscal Year	Total GO Debt (in thousands)	Assessed Valuation (in thousands)[a]	Percent of Valuation	Population [b]	Total GO Debt Per Capita [c]	Total Assessed Value Per Capita
2014	670	11,167,999	0.006%	87,882	8	127,079
2015	570	11,010,345	0.005%	89,248	6	123,368
2016	470	11,411,112	0.004%	90,918	5	125,510
2017	370	11,810,567	0.003%	91,929	4	128,475
2018	7,175	14,654,367	0.049%	92,000	78	159,287
2019	12,475	15,109,412	0.083%	92,245	135	163,797
2020	25,961	16,123,956	0.161%	93,413	278	172,609
2021	28,365	17,092,859	0.166%	93,350	304	183,105
2022	33,675	19,857,066	0.170%	96,829	348	205,074
2023	**40,100**	**19,879,350**	**0.202%**	**93,782**	**428**	**211,974**

(a) Real property in the City was revalued in 2014 for the first time since 2007.

(b) Source: State Office of Budget and Management and US Department of the Census.

(c) Total General Obligation Debt divided by Population.

City of Asheville

General Obligation Debt Services Requirements and Maturity Schedule
As of June 30, 2023

	SEWER LINES		FIREFIGHTING EQUIPMENT		BOND ANTICIPATION NOTES	
	Existing Debt		Existing Debt		Existing Debt	
Fiscal Year	Principal	Principal & Interest	Principal	Principal & Interest	Principal	Principal & Interest
2023-24	-	-	-	-	-	-
2024-25	-	-	-	-	-	-
2025-26	-	-	-	-	-	-
2026-27	-	-	-	-	-	-
2027-28	-	-	-	-	-	-
2028-29	-	-	-	-	-	-
2029-30	-	-	-	-	-	-
2030-31	-	-	-	-	-	-
2031-32	-	-	-	-	-	-
2032-33	-	-	-	-	-	-
2033-34	-	-	-	-	-	-
2034-35	-	-	-	-	-	-
2035-36	-	-	-	-	-	-
2036-37	-	-	-	-	-	-
2037-38	-	-	-	-	-	-
2038-39	-	-	-	-	-	-
2039-40	-	-	-	-	-	-
2040-41	-	-	-	-	-	-
2041-42	-	-	-	-	-	-
2042-43	-	-	-	-	-	-
	-	-	-	-	-	1,300,003

REFUNDING BONDS		TOTAL	
Existing Debt		Existing Debt	
Principal	Principal & Interest	Principal	Principal & Interest
2,165,000	2,532,250	2,165,000	2,532,250
2,160,000	2,461,648	2,160,000	2,461,648
2,160,000	2,390,776	2,160,000	2,390,776
2,160,000	2,318,448	2,160,000	2,318,448
2,160,000	2,245,080	2,160,000	2,245,080
2,165,000	2,171,200	2,165,000	2,171,200
2,165,000	2,062,950	2,165,000	2,062,950
2,160,000	1,949,700	2,160,000	1,949,700
2,165,000	1,841,700	2,165,000	1,841,700
2,160,000	1,749,100	2,160,000	1,749,100
2,160,000	1,667,200	2,160,000	1,667,200
2,160,000	1,590,400	2,160,000	1,590,400
2,160,000	1,513,600	2,160,000	1,513,600
2,160,000	1,436,800	2,160,000	1,436,800
2,160,000	1,360,000	2,160,000	1,360,000
2,160,000	1,294,400	2,160,000	1,294,400
2,160,000	1,228,800	2,160,000	1,228,800
1,120,000	123,200	1,120,000	123,200
1,120,000	78,400	1,120,000	78,400
1,120,000	39,200	1,120,000	39,200
40,100,000	32,054,852	40,100,000	32,054,852

City of Asheville

Schedule of Payments for Outstanding Financings
As of June 30, 2023

Fiscal Year	Principal	Total Principal and Interest Payments
2023-24	$ 8,345,470	$ 12,604,384
2024-25	29,117,217	33,082,576
2025-26	5,715,897	8,770,032
2026-27	5,674,906	8,474,239
2027-28	5,678,193	8,220,558
2028-29	5,680,432	7,965,197
2029-30	5,677,668	7,702,164
2030-31	5,661,619	7,435,028
2031-32	5,656,096	7,183,632
2032-33	5,095,734	6,430,027
2033-34	5,109,575	6,261,706
2034-35	5,109,575	6,093,979
2035-36	5,109,575	5,929,692
2036-37	5,109,575	5,765,943
2037-38	5,109,575	5,614,606
2038-39	3,690,000	4,051,350
2039-40	3,690,000	3,955,150
2040-41	2,645,000	2,813,950
2041-42	1,120,000	1,198,400
2042-43	1,120,000	1,159,200
Total Remaining Payments	$ 120,116,107	$ 150,711,812

This table summarizes all outstanding financings with floating rates and fixed interest rates ranging from 1.16% to 5.00%, payable semi-annually. Amounts are tied to the general fund only.

City of Asheville

Compiled Budget - Annually Budgeted Funds
For the Fiscal Year Ending June 30, 2024

	General Fund	Enterprise Funds
Estimated Revenues:		
Ad Valorem taxes	$ 82,908,724	$ -
Other taxes	44,112,824	-
Intergovernmental revenues	13,249,805	3,099,724
Licenses and permits	5,508,256	672,133
Sales and services	14,310,474	58,710,750
Investment earnings	673,500	519,000
Miscellaneous revenues	3,485,162	7,429,133
Total estimated revenues	164,248,745	70,430,740
Appropriations:		
Current:		
General government	$ 27,270,512	$ -
Public safety	72,185,207	-
Transportation	8,166,853	6,781,250
Environmental services	9,693,658	8,539,820
Economic & physical development	13,315,241	-
Culture and recreation	13,575,492	-
Entertainment Facilities	2,975,095	-
Civic Center	-	5,273,120
Water	-	30,887,420
Mass transit	-	14,011,720
Debt service	12,943,467	8,532,666
Total appropriations	160,125,525	74,025,996
Estimated revenues over (under) appropriations	4,123,220	(3,595,256)
Other financing sources (uses):		
Operating transfers from other funds:		
General fund	$ -	$ 8,174,437
Enterprise funds	-	951,892
Grant fund	479,472	2,008,000
Capital Project Fund	51,457	-
Operating transfers to other funds:		
Capital project fund	(3,525,000)	(7,076,659)
Enterprise funds	(8,402,964)	(951,892)
General fund	-	-
Other Funds	(839,879)	-
Debt Proceeds	-	-
Appropriated fund balances	8,113,694	489,478
Total other financing sources (uses)	(4,123,220)	3,595,256
Estimated revenues and other sources over appropriations and other uses	$ -	$ -

THIS PAGE INTENTIONALLY LEFT BLANK

City of Asheville

Current Water Rate Information
Effective July 1, 2023

Consumption Charge Rate Increase

Per CCF (Hundred Cubic Feet or 748 gallons per unit of water)		Current CCF Rate
Single family residential:	$	5.21
Irrigation:		6.44
Multi-family:		4.58
Commercial (</= 1,000 CCF monthly):		4.41
Commercial (> 1,000 CCF's monthly):		2.74
Commercial (</= 2,000 CCF bimonthly):		4.41
Commercial (> 2,000 CCF bimonthly):		2.74
Manufacturer (</= 1,000 CCF monthly):		4.41
Manufacturer (> 1,000 CCF's monthly):		2.50
Manufacturer (</= 2,000 CCF bimonthly):		4.41
Manufacturer (> 2,000 CCF bimonthly):		2.50
Wholesale	Consumption:	1.23
	Capacity:	$184.00 per 10,000 gallons/day

All water accounts are charged a bimonthly base charge as listed below.

Monthly Base Fee Charge (Monthly Charge)

Meter Size	Fee	Meter Size	Fee
5/8 inch	$ 7.13	3 inch	$ 94.38
3/4 inch	$ 10.04	4 inch	$ 146.74
1 inch	$ 15.86	6 inch	$ 292.16
1 1/2 inch	$ 30.40	8 inch	$ 466.67
2 inch	$ 47.85	10 inch	$ 1,222.88

Fee for Water Availability (application/letter of commitment)

Single Tap Single-Family Residential	Single Tap All Other User Classes	Multiple Services
$ 50.00	$ 75.00	$ 300.00

City of Asheville

Water System Statistics (a)
Water Customer and Historical Demand
Last Ten Fiscal Years

	2014	2015	2016	2017
Total number of accounts:				
Residential single family	47,810	48,498	49,057	49,858
Residential multi-family	1,451	1,467	1,473	1,503
Non-residential	4,860	4,961	5,220	5,212
Total Number of Accounts:	54,121	54,926	55,750	56,573
Total number of bills:				
Residential single family	288,535	293,579	297,389	301,459
Residential multi-family	8,692	8,956	9,038	9,136
Non-residential	29,907	30,442	31,522	31,803
Total Number of Bills:	327,134	332,977	337,949	342,398
Annual usage volume (in thousands of gallons):				
Residential single family	2,746,714	2,776,912	2,854,189	2,933,571
Residential multi-family	958,903	996,330	1,038,574	1,044,508
Non-residential	2,722,144	2,875,165	3,083,139	3,380,859
Total Annual Usage Volume:	6,427,761	6,648,407	6,975,902	7,358,938

(a) City of Asheville Water Resources Department

2018	2019	2020	2021	2022	2023
50,393	50,583	50,895	51,680	52,882	**53,421**
1,681	1,722	1,694	1,710	1,754	**1,768**
5,315	5,685	5,620	5,628	5,768	**5,782**
57,389	57,990	58,209	59,018	60,404	**60,971**
304,791	314,001	312,988	310,080	317,292	**320,526**
10,049	10,538	10,451	10,260	10,524	**10,608**
32,852	33,678	34,779	33,768	34,608	**34,692**
347,692	358,217	358,218	354,108	362,424	**365,826**
2,823,451	2,030,142	2,097,256	2,155,595	2,272,493	**2,084,628**
1,112,452	846,855	897,179	923,755	1,045,508	**970,117**
3,238,271	2,446,214	2,327,092	2,272,950	2,744,484	**2,691,026**
7,174,174	5,323,211	5,321,527	5,352,300	6,062,485	**5,745,771**

City of Asheville

Water System Historical Operating Data
Statement of Revenues, Expenses, Debt Services
Last Eight Fiscal Years
(Amounts in Thousands)

	2016	2017	2018	2019	2020	2021	2022	**2023**
Operating Revenues	$ 37,764	$ 38,659	$ 39,204	$ 39,517	$ 40,167	$ 33,366	$ 38,431	**$ 40,913**
Operation and Maintenance Expense	(18,649)	(19,209)	(19,907)	(21,378)	(22,634)	(22,687)	(22,825)	**(26,738)**
Operating Income Before Depreciation	19,115	19,450	19,297	18,139	17,533	10,679	15,606	**14,175**
Depreciation	(7,292)	(6,932)	(7,164)	(6,675)	(6,009)	(5,734)	(6,460)	**(6,390)**
Operating Income	11,823	12,518	12,133	11,464	11,524	4,945	9,146	**7,785**
Non-operating Revenues/(Expenses):								
Investment Income	349	206	552	1,661	1,511	58	(148)	**1,455**
Non-operating Income/(Expenses)	11	104	(48)	(16)	(1,943)	(2,904)	(2,758)	**(2,310)**
Bond Interest Expense	(1,595)	(1,330)	(832)	(1,889)	(2,487)	282	282	**123**
Net Income	10,588	11,498	11,805	11,220	8,605	2,381	6,522	**7,053**
Adjustments to Net Income								
Depreciation	7,292	6,932	7,164	6,675	6,009	5,734	6,460	**6,390**
Non-operating Expenses	1,595	1,330	832	1,889	2,487	(282)	(282)	**(123)**
Net Revenues (Revenue available for debt service)	$ 19,475	$ 19,760	$ 19,801	$ 19,784	$ 17,101	$ 7,833	$ 12,700	**$ 13,320**

Compliance Section

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and
Members of the City Council
City of Asheville, North Carolina

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Asheville, North Carolina (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated November 1, 2023. Our report includes a reference to another auditor who audited the financial statements of the Asheville ABC Board, the City's discretely presented component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Asheville ABC Board were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Charlotte, North Carolina
November 1, 2023

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act

To the Honorable Mayor and
Members of the City Council
City of Charlotte, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Asheville, North Carolina's (the "City"), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Our audit, described below, did not include the operations of the Asheville ABC Board, the City's discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us. Our opinion, insofar as it relates to the amounts included for the City, is based solely on the report of other auditors. We are not aware of any material federal and State awards for the Asheville ABC Board that would subject the Asheville ABC Board to have an audit performed in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") or the State Single Audit Implementation Act of North Carolina. Accordingly, this report does not include reporting on compliance or internal control over compliance for the Asheville ABC Board.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Our responsibilities under those standards, Uniform Guidance, and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and the State Single Audit Implementation Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Charlotte, North Carolina
November 1, 2023

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Compliance for Each Major State Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act

To the Honorable Mayor and
Members of the City Council
City of Charlotte, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the City of Asheville, North Carolina's (the "City"), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City's major state programs for the year ended June 30, 2023. The City's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

Our audit, described below, did not include the operations of the Asheville ABC Board, the City's discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us. Our opinion, insofar as it relates to the amounts included for the City, is based solely on the report of other auditors. We are not aware of any material federal and state awards for the Asheville ABC Board that would subject the Asheville ABC Board to have an audit performed in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") or the State Single Audit Implementation Act of North Carolina. Accordingly, this report does not include reporting on compliance or internal control over compliance for the Asheville ABC Board.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Our responsibilities under those standards, Uniform Guidance, and the State Single Audit Implementation Act are further described in *the Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and the State Single Audit Implementation Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Charlotte, North Carolina
November 1, 2023

CITY OF ASHEVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial Statements were prepared in accordance with GAAP:	*Unmodified*
Internal control over financial reporting:	
• Material weakness(es) identified?	X yes ____ no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	X yes ____ no
Noncompliance material to financial statements noted?	____ yes X no

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	____ yes X no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ yes X none reported
Noncompliance material to federal awards?	____ yes X no
Type of auditor's report issued on compliance for major federal programs:	*Unmodified*
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	____ yes X no

Identification of major federal programs:

Federal Assistance Listing Number	Names of Federal Program or Cluster
21.027	COVID-19: Coronavirus State and Local Fiscal Recovery Funds

Section I – Summary of Auditor's Results (continued)

Dollar threshold used to distinguish between Type A and Type B Programs:	$ 750,000	
Auditee qualified as low-risk auditee?	_____ yes	___X___ no

State Awards
Internal control over major state programs:

• Material weakness(es) identified?	_____ yes	___X___ no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	___X___ none reported
Noncompliance material to state awards?	_____ yes	___X___ no
Type of auditor's report issued on compliance for major state programs:	*Unmodified*	
Any audit findings disclosed that are required to be reported in accordance with the *Audit Manual for Governmental Auditors in North Carolina?*	_____ yes	___X___ no

Identification of major state programs:

Names of State Program or Cluster
Powell Bill
State Maintenance Assistance Program

Section II – Financial Statement Findings

Significant Deficiency - Finding 2023-001

Criteria: Under Statement No. 87, *Leases* (GASB 87), lessors are required to recognize lease receivables and deferred inflows on the balance sheet for leases of tangible assets.

Condition: The City recorded a lease receivable and deferred inflow in the amount of approximately $3,000,000 for a contract related to naming rights that was determined to be an intangible asset.

Effect: The City overstated its lease receivable and deferred inflows by approximately $3,000,000 for the Harrah's Cherokee Center – Asheville and the business type activities.

Cause: The City had improperly identified the contract as a lease of a tangible asset.

Recommendation: We recommend the City enhance its GASB 87 checklist to ensure leases are properly categorized.

Views of responsible officials: The City agrees with this finding; see the Corrective Action Plan for more information.

Material Weakness - Finding 2023-002

Criteria: In accordance with generally accepted accounting principles, revenue should be recognized when all applicable eligibility criteria are met and the resources are available.

Condition: The City did not recognize grant revenue in the amount of approximately $788,000 for grant funds that met the eligibility requirement of allowable expenditures being incurred in the Grant Fund.

Effect: The City overstated its unearned revenue and understated its grant revenue by approximately $788,000 for the period ended June 30, 2023.

Cause: The City did not have a process to ensure revenue was recognized on certain grants that were reported as unearned revenue when expenditures were incurred for amounts payable as of June 30, 2023.

Recommendation: We recommend the City enhance its financial reporting close process related to its grant expenditure and revenue reconciliation.

Views of responsible officials: The City agrees with this finding; see the Corrective Action Plan for more information.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.

CITY OF ASHEVILLE, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2023

2022-001: Corrected

THE CITY OF ASHEVILLE

Corrective Action Plan

Finding 2023-01

The city agrees with the recommendation and the following corrective actions have been taken:

A check list will be created to help properly identify new leases that might qualify under the GASB 87 standard. We will also implement a sign off process for all new leases added. All newly added leases will be reviewed and approved by the Accounting Manager or Assistant Finance Director.

Estimated Completion Date: December 15, 2023

Responsible Party: Tony McDowell, Chief Financial Officer and
Rebecca Ogles, Assistant Finance Director - Accounting

Finding 2023-02

The city agrees with the recommendation and the following corrective actions have been taken:

The City's Accounting staff will be creating year-end check lists per fund that will be implemented with the FY2024 audit. This will include journal entries, workpapers and other tasks/reconciliation that are to be completed in each fund for year-end. This will help ensure all tasks are completed. Check lists will be reviewed and approved by the Assistant Finance Director.

Estimated Completion Date: January 31, 2024

Responsible Party: Tony McDowell, Chief Financial Officer and
Rebecca Ogles, Assistant Finance Director - Accounting

Debra D. Campbell
City Manager

Tony McDowell
Chief Financial Officer

City of Asheville

Schedule of Expenditures of Federal and State Awards
June 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Number	Federal Expenditures	State Expenditures	Passed Through to Subrecipients
FEDERAL AWARDS					
U.S. Treasury					
COVID-19: American Rescue Plan Act	21.027	Unknown	$ 6,244,482	$ -	$ -
Total U.S. Treasury			6,244,482	-	-
U.S. Department of Housing and Urban Development					
Direct Programs					
Community Development Block Grants Cluster					
Community Development Block Grants	14.218	N/A	951,326	-	564,747
Community Development Block Grants - Coronavirus	14.218	N/A	252,211	-	215,108
Total Community Development Block Grants Cluster			1,203,537	-	779,854
HOME Investment Partnerships Program	14.239	N/A	794,301	-	618,995
HOME ARP Program	14.239	N/A	90,611	-	
Total HOME Investment			884,912		618,995
Continuum of Care Program	14.267	NC0292L4F011200	57,159	-	-
Continuum of Care Program Planning	14.267	NC0292L4F011200	51,549	-	-
Total Continuum of Care Program			108,708	-	-
Total U.S. Department of Housing and Urban Development			2,197,158	-	1,398,849
U.S. Department of Justice					
Direct Programs					
Bulletproof Vest Partnership 2019	16.607	N/A	22,620	-	-
Total U.S. Department of Justice			22,620	-	-

Continued

City of Asheville

Schedule of Expenditures of Federal and State Awards
June 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Number	Federal Expenditures	State Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation					
Direct Programs					
Metropolitan Transportation Planning and State Non-Metropolitan Planning & Research	20.505	N/A	$ 216,256	$ 27,030	$ -
Federal Transit Cluster:					
Federal Transit Administration Formula Grants	20.507	N/A	67,916	-	-
Bus and Bus Facilities	20.507	N/A	974,066	-	-
CARES Act Funds for Operating and Capital Assistance	20.507	N/A	134,342	-	94,168
Total Federal Transit Cluster			1,176,324	-	94,168
Transit Services Cluster:					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	N/A	351,958	-	204,226
Job Access and Reverse Commute	20.516	N/A	99,493	-	-
Total Transit Services Cluster			451,451	-	204,226
Passed through NC Department of Transportation:					
Highway Planning and Construction Cluster:					
LMPO - French Broad River Greenway West Bank	20.205	2000029762	654,628	-	-
LMPO - Bike and Pedestrian Counting Equipment	20.205		36,459	-	-
Governmental Highway Safety Program	20.600		2,090	-	-
Total Highway Planning and Construction Cluster	20.205		693,177	-	-
Total Passed through NC Department of Transportation			693,177	-	-
Total U.S. Department of Transportation			2,537,208	27,030	298,394

Continued

City of Asheville

Schedule of Expenditures of Federal and State Awards
June 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Number	Federal Expenditures	State Expenditures	Passed Through to Subrecipients
U.S. Department of the Interior					
Passed through NC Department of Natural and Cultural Resources					
Historic Preservation Fund Grants-In-Aid	15.904		$ 8,495	$ -	$ -
Total U.S. Department of the Interior			8,495	-	-
U.S. Department of Homeland Security					
Passed through NC Department of Public Safety:					
FEMA Staffing for Adequate Fire and Emergency Response (SAFR)	97.083	Unknown	101,268	-	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Unknown	8,811	-	-
Fire Prevention and Safety Grant	Unknown	Unknown	5,268	-	-
FEMA Storm Reimbursements - TS Fred	97.036	4617DR-NC	120,493	13,388	-
Total U.S. Dept. of Homeland Security			235,840	13,388	-
Executive Office of the President					
Passed through Office of National Drug Control Policy					
High Intensity Drug Trafficking Areas Program	95.001	G15GA0006A	140,426	-	-
Total Executive Office of the President			140,426	-	-
Total Federal Awards Expended			**$ 11,386,228**	**$ 40,418**	**$ 1,697,243**

Continued

City of Asheville

Schedule of Expenditures of Federal and State Awards
June 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Number	Federal Expenditures	State Expenditures	Passed Through to Subrecipients
STATE AWARDS					
N.C. Department of Transportation					
Powell Bill	DOT-4	2000003703	$ -	$ 2,706,523	$ -
State Maintenance Assistance Program	DOT-9	13-SM-002	-	1,098,253	-
Total N.C. Department of Transportation			-	3,804,776	-
N.C. Department of Health and Human Services					
Passed through Land of Sky Regional Council:					
Senior Center Gen'l Purpose - Senior Opportunity	N/A	HB-1473	-	3,676	-
Senior Center Gen'l Purpose - Harvest House	N/A	HB-1473	-	3,676	-
Total N.C. Department of Health and Human Services			-	7,352	-
N.C. Department of Public Safety					
RRT6 2015 Operating Allotment	N/A	1901-536902-1506-8064	-	87,060	-
Senate Bill 105 - Sulphur Springs	N/A	Unknown	-	174,498	-
Total N.C. Department of Public Safety			-	261,558	-
Total Federal and State Awards Expended			**$ 11,386,228**	**$ 4,114,104**	**$ 1,697,243**

CITY OF ASHEVILLE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2023

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of the City of Asheville, North Carolina (the City) under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and State Single Audit Implementation Act, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City of Asheville has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. The City as a Grant Sponsor

The U.S. Department of Transportation: Federal Aviation Administration (FAA) annually awards "Airport Improvement Grant(s)" to the Greater Asheville Regional Airport Authority (the "Authority"). The City of Asheville is the official sponsor of the Authority, recognized by the FAA to accept the grant. The Authority receives funding directly from the granting agency and assumes all compliance obligations.