CITY OF ASHEVILLE, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

JUNE 30, 2022

PBMares SM

ASSURANCE, TAX & ADVISORY SERVICES

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

Independent auditor's report 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) 36

Statement of net position – proprietary funds 37

Statement of revenues, expenses and changes in net position – proprietary funds 38

Statement of cash flows – proprietary funds 39-40

Statement of fiduciary net position – fiduciary trust and custodial funds 41

Statement of changes in fiduciary net position – fiduciary trust fund 42

Notes to the financial statements 43-92

Required supplementary information

Other Post-Employment Benefits (OPEB):

Schedule of changes in net OPEB liability and related ratios 93

Schedule of employer contributions 94

Schedule of net OPEB liability 95

Local Government Employees' Retirement System:

Schedule of proportionate share of net pension liability (asset) 96

Schedule of contributions 97

Law enforcement officers' special separation allowance:

Schedule of changes in total pension liability 98

Major funds

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

General capital projects fund 99

Grant programs special revenue fund 100

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

Water resources fund 101

Water capital projects fund 102

Water capital reserve fund 103

Mass transit fund 104

Mass transit capital projects fund 105

Non-major governmental funds, combining statements and schedules

Non-major governmental funds:

Combining balance sheet – non-major governmental funds 106

Combining statement of revenues, expenditures and changes in fund balances – non-major governmental funds 107

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

Community development special revenue fund 108

Affordable home ownership special revenue fund 109

Section 108 rehabilitation special revenue fund 110

Sustainability special revenue fund 111

Non-major enterprise funds

Combining statement of net position 112

Combining statement of revenues, expenses and changes in net position 113

Combining statement of cash flows 114-115

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

Street cut utility fund 116

Stormwater fund 117

Stormwater capital projects fund 118

Harrah's Cherokee Center - Asheville 119

Harrah's Cherokee Center - Asheville capital projects fund 120

Parking services fund 121

Parking services capital projects fund 122

Internal service funds

Combining statement of net position 123

Combining statement of revenues, expenses and changes in fund net position 124

Combining statement of cash flows 125

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

Internal service funds:

Health fund 126

Workers' compensation fund 127

Property and casualty fund 128

Other supplementary information

Schedule of ad valorem taxes receivable 129

Analysis of current tax levy and secondary market disclosures - City-wide levy 130

STATISTICAL SECTION (Unaudited)

Financial trends

Net Position by Component 131-132

Changes in net position 133-138

Fund balance of governmental funds 139-140

Governmental revenues, expenditures and changes in fund balances of governmental funds 141-142

Revenue capacity

General governmental tax revenues by source 143

Assessed value and estimated actual value of taxable property 144-145

Property tax rates 146

Principal property taxpayers 147

Property tax levies and collections 148

Debt capacity

Ratios of outstanding debt by type 149-150

Direct and overlapping governmental activities debt 151

Legal debt margin information 152

Pledged revenue coverage per indenture – water revenue bonds 153-154

Pledged revenue coverage special obligation bonds 155-156

Demographic and economic information

Demographic and economic statistics 157

Principal employers 158

Operating information

Full-time equivalent City government employees by function 159

Operating indicators by function 160-161

Capital asset statistics by function 162-163

Continuing disclosure – general and limited obligation bonds

Outstanding general obligation debt 164

General obligation debt ratios 165

General obligation debt service requirements and maturity schedule 166-167

Schedule of payments for outstanding financings 168

Continuing disclosure – revenue bonds

Compiled budget – annually budgeted funds 169

Current water rate information 170

Water system statistics – water customers and historical demand 171-172

Water system historical operating data – statement of revenues, expenses, debt service and debt service coverage 173

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*	174-175
Report on compliance for each major federal program and report on internal control over compliance required by the Uniform Guidance	176-178
Report on compliance for each major state program and report on internal control over compliance required by the State Single Audit Implementation Act	179-181
Schedule of findings and responses	182-184
Corrective Action Plan (Unaudited)	185
Summary schedule of prior year audit findings (Unaudited)	186

November 9, 2022

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, 2022.

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.

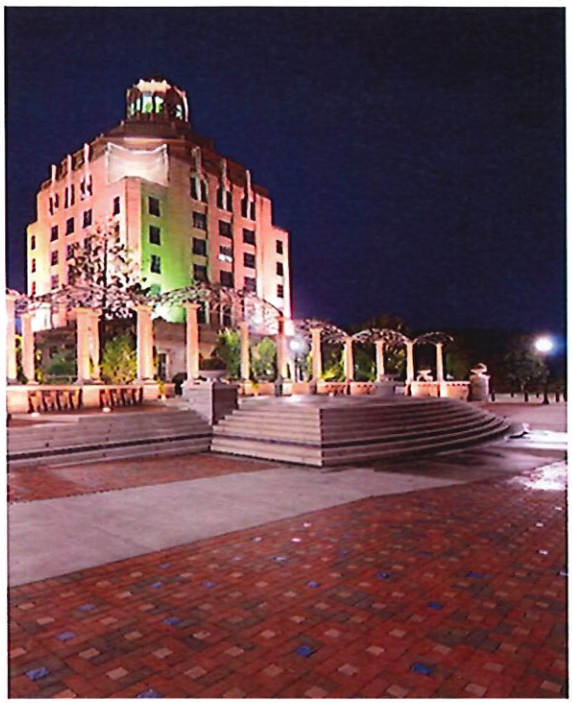
The independent certified public accounting firm of PB Mares LLP has audited the City's financial statements. The objective of the audit was to provide reasonable assurance that the City's financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based on their audit, PB Mares LLP concluded that the City's financial statements, for the fiscal year ended June 30, 2022, are presented fairly in accordance with GAAP in all material respects. The report of the independent auditor is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also report on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. In addition, the state of North Carolina has a similar requirement for state funds required under the "State Single Audit Implementation Act." The results of the City's Single Audit engagement can be found in the compliance section of this 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 466,000 which reflects a 9.7% 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 $2.6 billion in 2021, which was the second highest spending level in the state behind Mecklenburg County. Over 18,000 jobs in Buncombe County were linked to travel according to the report from the Department of Commerce.[1]



Blue Ridge Mountains surrounding Asheville

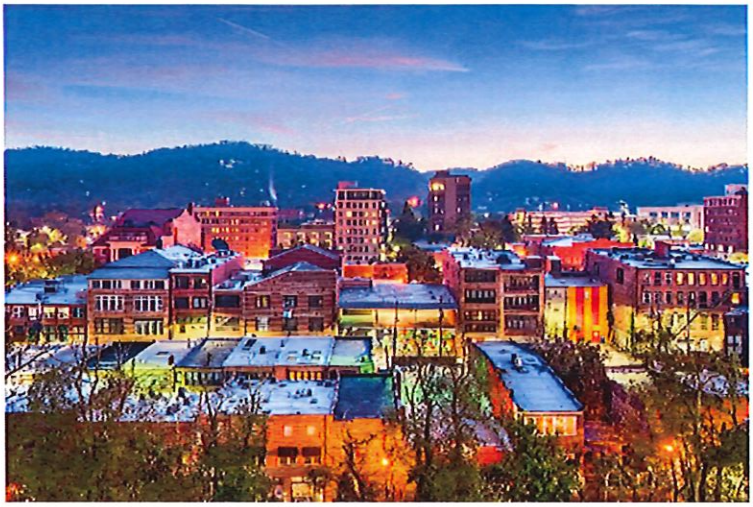
An important indicator of overall economic health is taxable sales activity. Buncombe County taxable sales activity also directly impacts the City's General Fund budget through sales tax receipts. County-wide taxable sales have increased significantly over the last several years; although sales did decline in fiscal year 2019-20 due to the impacts of the COVID-19 pandemic. Sales rebounded strongly in fiscal 2020-21 and significant growth continued in fiscal 2021-22. Year over year changes are shown below.

Fiscal Year	Taxable Sales	Increase (Decrease)	Percentage Change
2014-15	$ 4,305,329,030		
2015-16	$ 4,705,944,445	$ 400,615,415	9.31%
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%

Another key economic indicator is the area unemployment rate, which speaks directly to the relative strength of the local economy. As of August 2022, Buncombe County's unemployment rate was 3.1%, which was one of the lowest county unemployment rates in North Carolina, and below the statewide rate of 3.9%. Unemployment rates improved throughout 2021 and 2022 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, the Parks & Recreation Master 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 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. Projects in the GO Bond program are planned to be completed within seven years of the passage of the three referenda.

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. Work on the $40 million North Fork Dam Spillway and Embankment Improvement Project has been completed, and the City successfully issued water revenue refunding bonds on September 30, 2021 to fund the 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 total interest cost for the Water Revenue Bonds issued on September 30 was just under 2.1%. 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.



View of North Fork Reservoir

In the next five-year Water CIP, funding is included for the Advanced Metering Infrastructure (AMI) project. 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.

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. The resolution called for the city manager to establish a process to develop 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. Council followed up that budget adoption with the approval of a resolution in September 2021 authorizing the City Manager to execute a contract with TEQuity, LLC in the amount of $365,583 to provide project management services for the Reparations process. In addition, all twenty-five (25) members of the Reparations Commission and seven (7) alternates have been selected. The Reparations Commission is expected to return to the City Council with next step recommendations in fiscal year 2023. In the meantime, the adopted fiscal year 2023 City budget included an additional $500,000 in Reparations funding, and the Buncombe County adopted budget included $2.0 million. We anticipate that the City and the County's investments will be augmented in future years by other outside investments, including from hotel rezoning's through use of the Community Benefits Table.

Relevant Policies

The Fiscal Management Division of the North Carolina State Treasurer's Office suggests local governments with taxing authority maintain an available (unassigned) fund balance in their general fund, equal to (the greater of) eight percent of general fund expenditures. The City's own fund balance policy is to maintain an unassigned fund balance of no less than 15 percent of the General Fund operating budget. Over the last five years, the City's unassigned fund balance has remained relatively stable between 15 percent and 19 percent of General Fund expenditures and transfers out. As of June 30, 2022, the unassigned fund balance was approximately 23.9 percent of FY 2022 General Fund expenditures and transfers out.

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 this program 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 $385,066,855. 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 strong 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 WNC 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 of Asheville has earned multiple awards for excellence in communications and information technology. 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, 2021. 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.

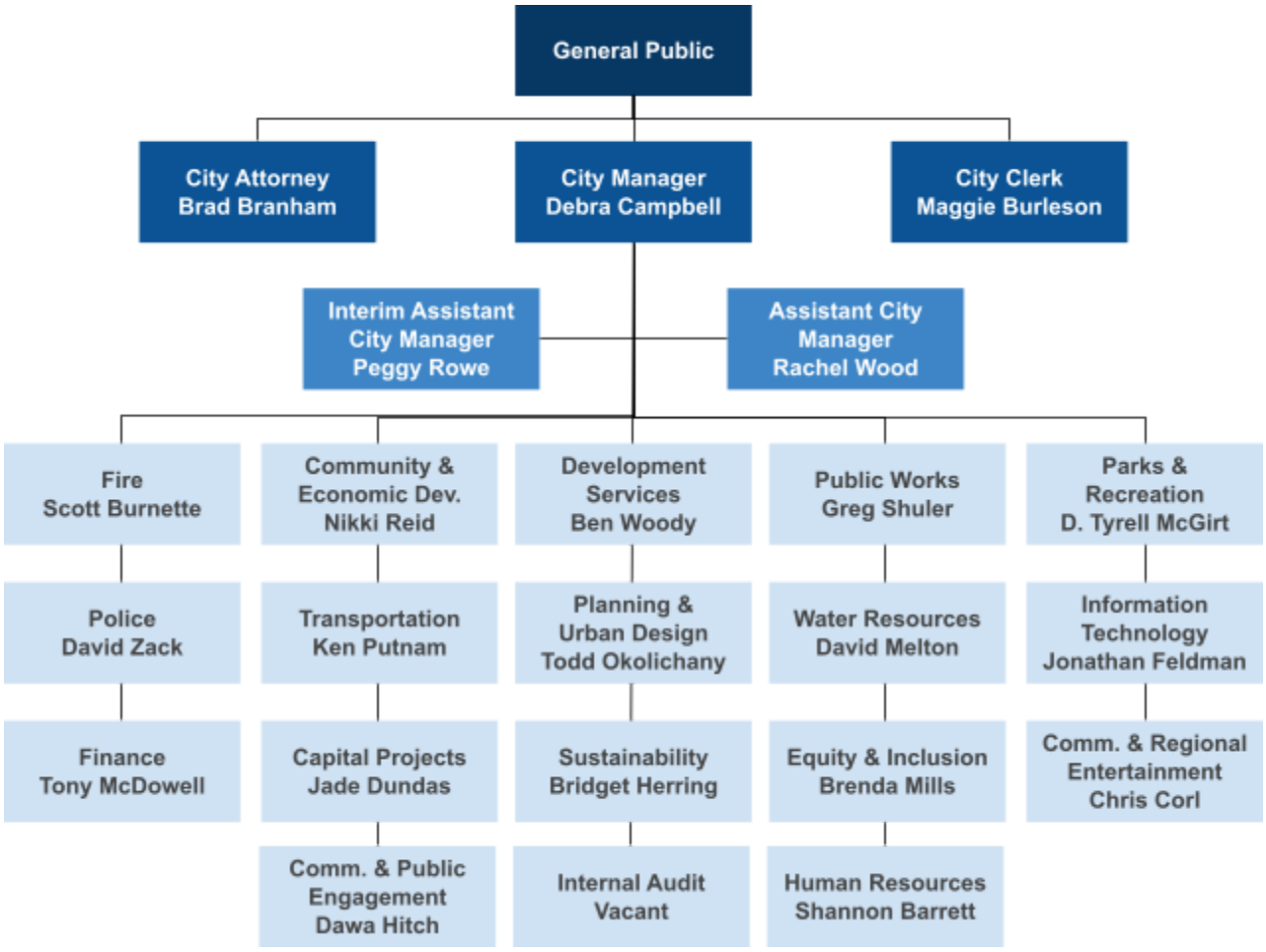
We recognize the City's responsibility for the contents of this report and would like to express our appreciation for the cooperation and assistance of our independent auditors, PB Mares LLP, in its preparation. This report would not have been possible without the efficient and dedicated service of staff 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


General Public
City Attorney
Brad Branham
City Manager
Debra Campbell
City Clerk
Maggie Burleson
Interim Assistant
City Manager
Peggy Rowe
Assistant City
Manager
Rachel Wood
Fire
Scott Burnette
Police
David Zack
Finance
Tony McDowell
Community &
Economic Dev.
Nikki Reid
Transportation
Ken Putnam
Capital Projects
Jade Dundas
Comm. & Public
Engagement
Dawa Hitch
Development
Services
Ben Woody
Planning &
Urban Design
Todd Okolichany
Sustainability
Bridget Herring
Internal Audit
Vacant
Public Works
Greg Shuler
Water Resources
David Melton
Equity & Inclusion
Brenda Mills
Human Resources
Shannon Barrett
Parks &
Recreation
D. Tyrell McGirt
Information
Technology
Jonathan Feldman
Comm. & Regional
Entertainment
Chris Corl

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

Independent Auditor's Report

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, the aggregate remaining fund information, and the budgetary comparison of the general fund of City of Asheville, North Carolina (the City) as of and for the year ended June 30, 2022, 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, the accompanying 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, the aggregate remaining fund information, and the budgetary comparison of the general fund of City of Asheville, North Carolina as of June 30, 2022, and the respective changes in financial position and cash flows thereof, 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 Asheville ABC Board which represents 100% of the assets and deferred outflows, liabilities and deferred inflows, net position, revenues and expenses of the discreetly 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 Asheville ABC Board, is based solely on the report of other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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. The financial statements of the Asheville ABC Board were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly after.

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 opinion. 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 GAAS 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 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 GAAS 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 information on Other Postemployment Benefits, the Local Governmental Employees' Retirement System and the Law Enforcement Officers' Special Separation Allowance on pages 93 - 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 major fund schedules, combining and individual fund statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion based on our audit, the procedures performed as described above and the report of another auditor, such information is 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 section and statistical tables of the Annual Comprehensive Financial Report 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 9, 2022, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

PBMares, LLP

Morehead City, North Carolina
November 9, 2022

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, 2022. 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 $555 million (net position). Of this amount, $157 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 $555 million represents an increase of $44.8 million over fiscal year 2020's net position of approximately $510 million.

- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of over $126 million, an increase of $18 million in comparison with the prior year's amount of $108 million. The unassigned portion of the General Fund balance is approximately $34.6 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 $94 million.

- The City's total long-term liabilities decreased by $14.5 million during the current fiscal year. This decrease is primarily attributable to a $6.2 million decrease in the net pension liability for LGERS. In FY2022, the city also paid off the Limited Obligation Bond 2012, in the amount of $1.5 million. In FY2019, the city issued interim construction debt for the North Fork Dam project, Water Revenue Bonds, Series 2018, in the amount of $40 million, this short-term debt was refunded in FY2022 with Water Revenue Bonds, Series 2021 in the amount of $38.1 million. In FY2022, the city issued direct placement limited obligation bonds, in an amount not to exceed $24 million, of which an additional $9.5 million was drawn down in FY2022. The decrease 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

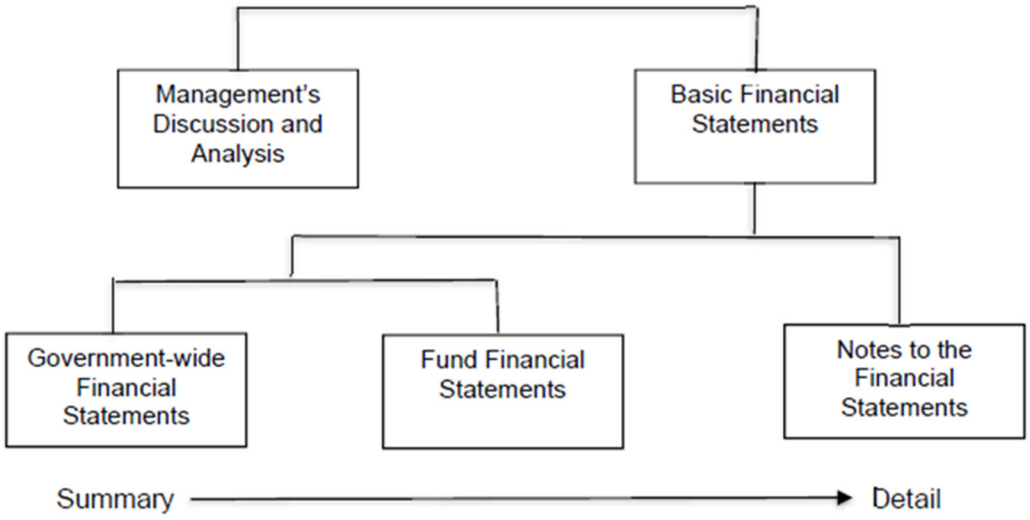
The GO Bond Anticipation Note, and the Limited Obligation interim debt are part of the City's long-term debt model, which is designed to minimize debt service during capital construction. These debt issuances are short-term, interim debt facilities which will be paid off in full with the issuance of 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 post-employment 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 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, Parking Services 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 43-92 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 93-98 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 $555 million as of June 30, 2022 (Figure 2).

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

- The decrease in both governmental and business-type non-current liabilities (approximately $14.5 million), is related to the LGERS Liability, Water Revenues Bonds and Limited Obligation Bonds issued in 2022, noted above.

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	$ 176,876	$ 149,706	$ 100,630	$ 96,735	$ 277,506	$ 246,441
Capital assets	269,292	253,190	317,506	310,867	586,798	564,057
Total Asssets	446,168	402,896	418,136	407,602	864,304	810,498
Deferred outflows of resources	23,144	19,330	6,468	5,503	29,612	24,833
Total assets and deferred outflows of resources	469,312	422,226	424,604	413,105	893,916	835,331
Non-current liabilities	163,837	169,296	95,525	104,418	259,362	273,714
Other liabilities	39,834	29,491	10,659	16,389	50,493	45,880
Total Liabilities	203,671	198,787	106,184	120,807	309,855	319,594
Deferred inflows of resources	23,634	4,387	5,412	1,167	29,046	5,554
Total liabilities and deferred inflows of resources	227,305	203,174	111,596	121,974	338,901	325,148
Net position:						
Net investment in capital assets	145,863	143,206	231,326	219,589	377,189	362,795
Restricted	39,482	31,363	-	-	39,482	31,363
Unrestricted	56,661	44,483	81,681	71,541	138,342	116,024
Total net position	$ 242,006	$ 219,052	$ 313,007	$ 291,130	$ 555,013	$ 510,182

By far the largest portion of the City's net position ($377.2 million or 68 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, $39.4 million, represents resources that are subject to external restrictions such as state statute requirements, community development activities, and cemetery maintenance. The remaining balance of $138.3 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.

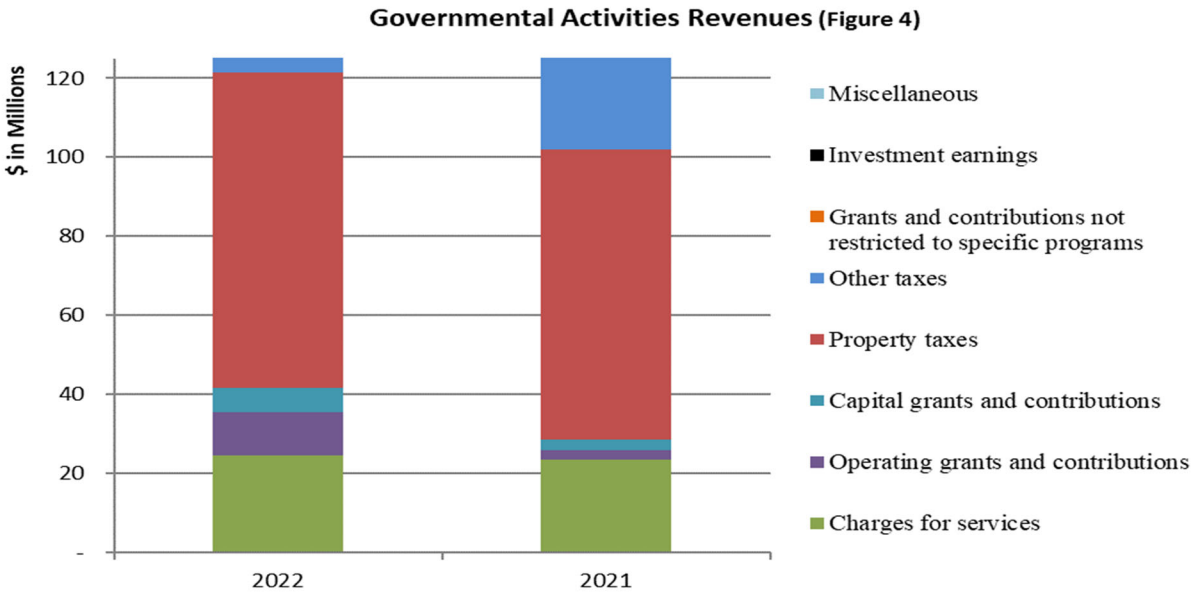
This philosophy and a focus on collaboration enables management to work together to achieve service and financial goals, including the following aspects of the City's financial operations and environment that positively influence the total unrestricted governmental position:

- 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 has increased significantly over the last two fiscal years; up 16% in fiscal year 2021 and up another 17% in fiscal year 2022.

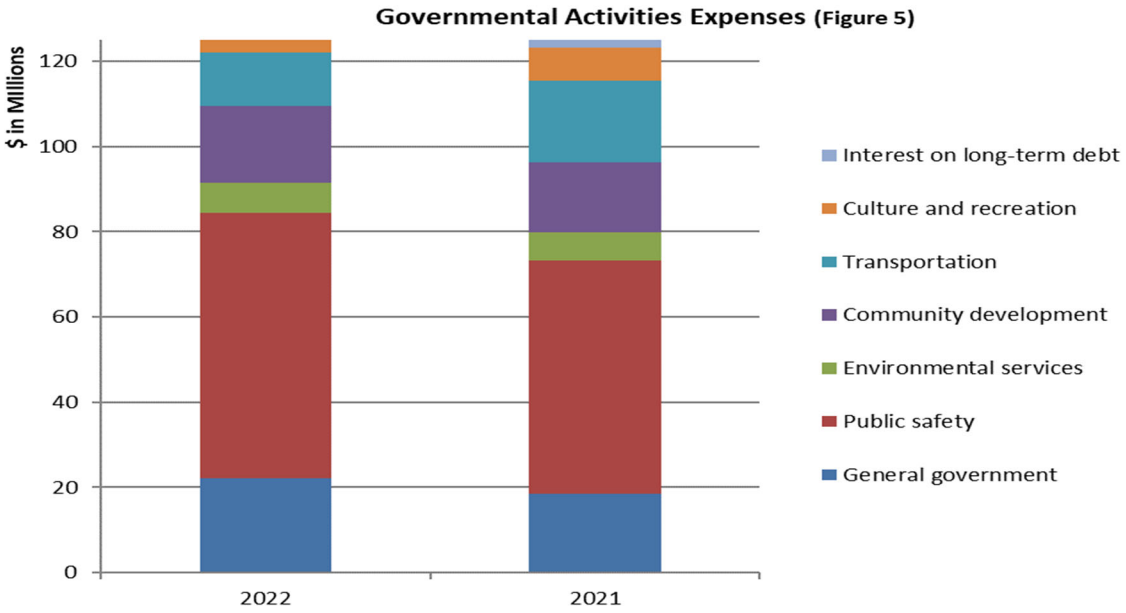
City of Asheville Changes in Net Position
(amounts expressed in thousands)
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2021	2020
Revenues:						
Program revenues:						
Charges for services	$24,599	$23,556	$57,175	$46,422	$81,774	$69,978
Operating grants and contributions	10,967	2,309	9,068	8,867	20,035	11,176
Capital grants and contributions	5,984	2,574	7,692	7,962	13,676	10,536
General revenues:						
Property taxes	79,760	73,567	-	-	79,760	73,567
Other taxes	37,947	32,299	-	-	37,947	32,299
Grants and contributions not restricted to specific programs	14,933	18,207	-	-	14,933	18,207
Investment earnings	(404)	42	(189)	76	(593)	118
Miscellaneous	342	3,894	502	393	844	4,287
Total revenues	174,128	156,448	74,248	63,720	248,376	220,168
Expenses:						
General government	22,251	18,418	-	-	22,251	18,418
Public safety	62,155	54,829	-	-	62,155	54,829
Environmental services	7,189	6,660	-	-	7,189	6,660
Community development	17,988	16,404	-	-	17,988	16,404
Transportation	12,551	19,262	-	-	12,551	19,262
Culture and recreation	15,543	7,714	-	-	15,543	7,714
Interest on long-term debt	3,229	2,912	-	-	3,229	2,912
Water resources	-	-	32,042	31,325	32,042	31,325
Parking services	-	-	3,697	4,118	3,697	4,118
Street Cut Utility	-	-	1,591	1,503	1,591	1,503
Stormwater	-	-	5,349	6,947	5,349	6,947
U.S. Cellular Center	-	-	5,514	3,655	5,514	3,655
Mass transit	-	-	14,447	16,035	14,447	16,035
Total expenses	140,906	126,199	62,640	63,583	203,546	189,782
Increase in net position before transfers	33,222	30,249	11,608	137	44,830	30,386
Transfers	(10,268)	(8,545)	10,269	8,545	1.00	-
Increase in net position	22,954	21,704	21,877	8,682	44,831	30,386
Net position, beginning of year	219,052	197,348	291,130	282,448	510,182	479,796
Net position, end of year	$242,006	$219,052	$313,007	$291,130	$555,013	$510,182

Government-wide Analysis



Total expenses reported (Figure 5) in the governmental activities for fiscal year 2022 were $140.9 million as compared to fiscal year 2021's $126.2 million – a year-over-year increase of $14.7 million. Much of this increase in spending in governmental activities is due to the full implementation of the Archer Compensation Study recommendations for employees on the public safety pay plans, and increases in compensation for all other employees to either the greater of the new Archer-recommended minimum pays or a 2.5% pay increase.

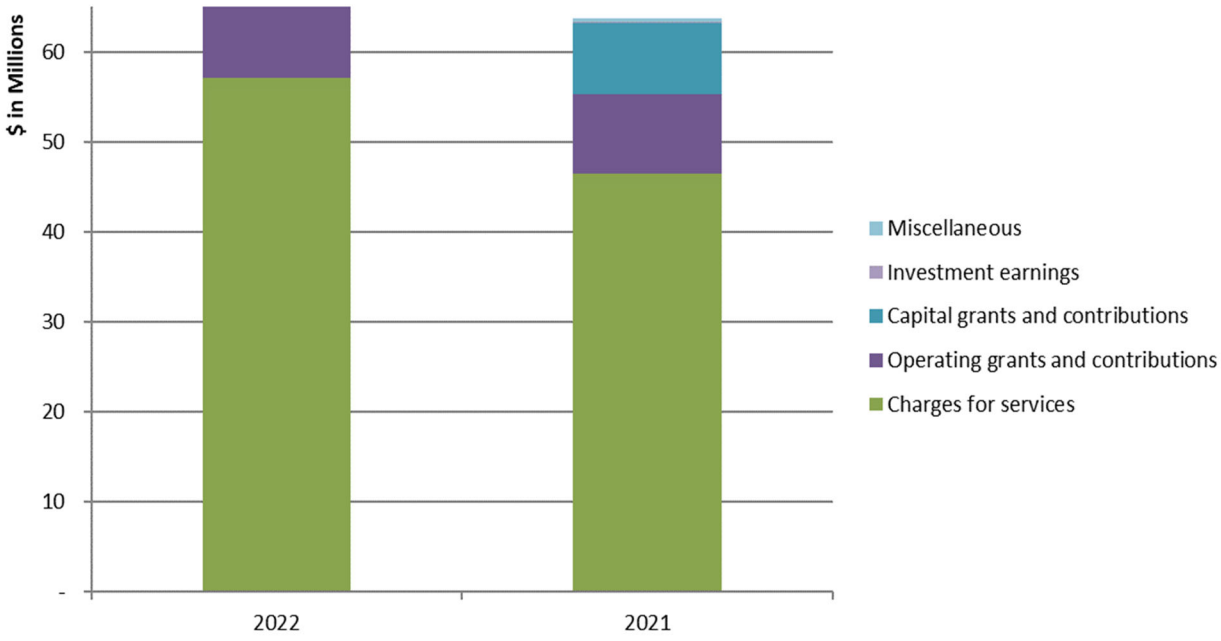


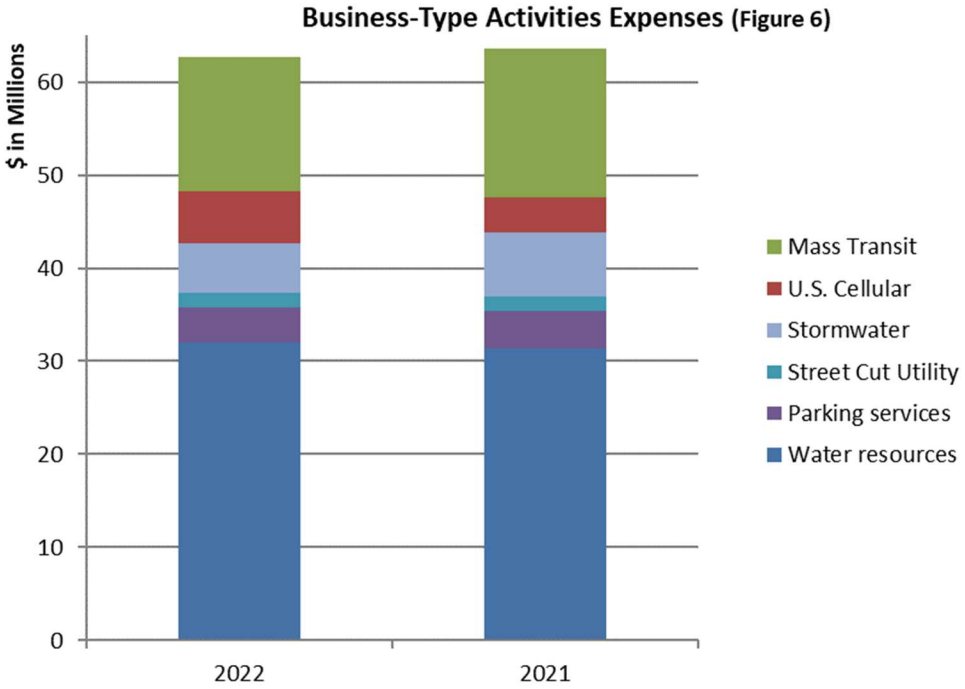
Business-type activities – The City's Net Position for business-type activities increased approximately $21.9 million. This increase was related to post-pandemic rebounds for the Parking Services Fund and Harrah's Cherokee Center Asheville as well as an increase in fees for the Water Resource Fund.

Revenues for all business-type activities, year-over-year, increased by $10.5 million (Figure 6). Expenses decreased by $1 million (Figure 7). Key elements of these changes are as follows:

- Charges for services increased by $5 million primarily due to the increase in fees for the Water Resources Fund
- Revenues for the Harrah's Cherokee Center Asheville increased by $6 million due to the venue getting back to their pre-pandemic show schedule and a pandemic related grant.
- The decrease in expenses is primary due to the completion of the North Fork Dam project in the Water Capital Project Fund.

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 $34.6 million, while total fund balance reached $121.7 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, 2022, the unassigned fund balance of $34.6 million is approximately 23.9 percent of fiscal year 2022 General Fund expenditures and transfers out. Below is a discussion of the change in fund balance of major governmental funds.

Changes in fund balance in the general fund are attributable to the following:

- Revenues related to Ad Valorem Taxes and Other Taxes (including sales tax) saw increases of $6.3 million or 8.6%, and $5.6 million or 17.5%, respectively.
- Departmental expenditures were under budget due to a variety of factors including, conservative budgeting on the part of management and staff, a higher than normal level of vacancy saving, and ongoing efforts to identify and implement operational efficiencies wherever possible.

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, 2021 was ($3.8) million. As of June 30, 2022 the fund balance was ($2.9) 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, 2022, totals $581.8 million (net of accumulated depreciation). This is an increase of $17.8 million, driven primarily by construction in progress.

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	$ 56,332	$ 54,816	$ 16,047	$ 16,046	$ 72,379	$ 70,862
Buildings and Improvements	29,735	29,594	51,028	53,032	80,763	82,626
Improvements Other than Buildings	16,131	14,476	3,463	3,680	19,594	18,156
Machinery and Equipment	24,604	27,814	11,829	13,406	36,433	41,220
Infrastructure	53,957	44,690	165,944	169,931	219,901	214,621
Construction in Progress	78,529	76,649	37,694	29,401	116,223	106,050
Intangibles	5,169	5,127	31,341	25,356	36,510	30,483
Other Capital Assets	15	24	17	15	32	39
Net Capital Assets	$ 264,472	$ 253,190	$ 317,363	$ 310,867	$ 581,835	$ 564,057

Major capital expenditures in fiscal year 2022 included:

- Initial construction expenses for Fire Station 13 at the Broadway Public Safety Station,
- Improvements to the City's streets, sidewalks, greenways and parks,
- Replacement and maintenance of water lines and maintenance at water treatment plants,
- Replacement and maintenance of stormwater infrastructure, and
- Purchase of land for affordable housing projects and parks.

Additional information regarding the City's capital assets is found in Note 5 on pages 57-60 of this report.

Long-term Debt – As of June 30, 2022, the City had total debt outstanding of $188.1 million (Figure 9). Of this total indebtedness, $33.7 million is backed by the full faith and credit of the City. The remainder of the City's bonded debt, totaling $154.4 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).

In September 2021, the City paid off the 2018 Water Revenue Bonds through the issuance of the Water System Revenue Refunding Bonds, Series 2021 in the amount of 38,125,000. The 2021 Water Revenue Refunding Bonds were underwritten by BoA Securities. The bonds have a coupon rate of 1.625% to 5.00% and extend out to 2051.

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 direct placement limited obligation bonds ("2022 LOBs") in an amount not to exceed $42,000,000. The Funds will be used to pay costs of (1) Various projects in the City for affordable housing, public safety, transposition, economic development, parks and recreation and repair and renovations to City facilities and (2) issuance of the direct placement 2022 LOBs.

The City's total net debt at June 30, 2022 increased by approximately $2.7 million when compared to 2021 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, $28 million of which are considered authorized and unissued as of June 30, 2022.

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 8 on page 63 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	
	2022	2021	2021	2021	2022	2021
General obligation bonds	$ 33,675	$28,365	$ -	$ -	$ 33,675	$ 28,365
Installment financing contracts	75,041	71,271	8,611	9,309	83,652	80,580
Revenue bonds	-	-	70,625	76,300	70,625	76,300
Other long-term indebtedness	34	61	89	99	123	160
Total bonds	$ 108,750	$99,697	$79,325	$85,708	$ 188,075	$ 185,405

General Fund Budgetary Highlights

During fiscal year 2022, there was a $10.4 million net increase in appropriations between the original and final amended General Fund budgets. The largest component of this budget increase was the $5.9 million increase in appropriations for prior year's encumbrances and carry-over assignments that rolled over from fiscal year 2021. The next largest component was the $4.4 million appropriation for commitments in the General Fund for affordable housing loans.

Actual General Fund revenues came in above final budget estimates by approximately $9.3 million or 6.4% primarily due to the fact that ad valorem, other taxes, licenses and permits, 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 101.8% of budget. Fiscal year 2022 revenue from ad valorem taxes was up 8.6% compared to fiscal year 2021 partly due to the fact that City Council approved a tax rate as part of the fiscal year 2022 budget process that was 2-cents above the revenue neutral rate. Other taxes, which includes sales taxes and is the second largest General Fund revenue, finished the year at 116.3% of budget, and was up 17.5% compared to fiscal year 2021. Miscellaneous revenue came in over budget by approximately $1.4 million primarily due to a 28% increase in the revenue that the City receives from the local Alcoholic Beverage Control (ABC) board. Licenses and permits revenue came in at 122.8% of budget due to growth in development revenue. Revenue from investment earnings came in under budget as a result of the year-end mark-to-market adjustment caused by rising interest rates. Overall, General Fund revenues for fiscal year 2022 totaled $153.6 million compared to fiscal year 2021 revenues of $138.7 million, an increase of $14.9 million or 10.8%.

General Fund expenditures (excluding transfers to other funds, which are included in the budget as expenditures) came in under budget by $11.7 million. The biggest determinants of the under budget performance in expenditures were: 1) $5.2 million in Community Development budget that was unspent but is committed to future housing trust fund activities; and 2) approximately $6.6 million in unspent budget that is restricted and assigned for unexpended fiscal year 2022 contracts, purchase orders, and various projects. Overall, expenditures and transfers to other funds finished the year at 91% of budget, with total expenditures and transfers up 14.5% year-over-year.

As of June 30, 2022, a total of $41.5 million was assigned in fund balance for future capital and debt service expenses as part of the multi-year capital improvement financial model. In addition, the City also assigned $1.8 million in expenditure budget savings for future expenses, including: 1) $469,000 for the Strategic Partnership Funding (SPF) Program, 2) $210,000 for parks maintenance, 3) $165,000 for land use incentive grants (LUIG), and 3) $167,000 for the Neighborhood Matching Grant Program. The City also assigned $400,000 in fund balance that was appropriated for the fiscal year 2023 budget.

The other financing uses category includes transfers to other funds totaling $13.4 million for fiscal year 2022. This total includes transfers to the Mass Transit and the HCCA enterprise funds as well as to the General Capital Projects Fund and the Special Revenue Fund. The other financing sources and uses category also includes appropriated fund balance, with a final amended budget of $11.0 million. The original fiscal year 2022 budget adopted by City Council included a $650,000 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 assigned in fiscal year 2021 fund balance. No additional General Fund fund balance appropriations were submitted to or approved by Council during fiscal year 2022. Actual revenues and other financing sources exceeded expenditures and other financing uses by $12.3 million in fiscal year 2022. The comparable figure in fiscal year 2021 was $15.4 million.

Economic Factors

Prior to the onset of the COVID-19 pandemic, the local labor market was in a very strong position. Buncombe County's unemployment rate of 2.9% was the lowest amongst North Carolina's 100 counties. By June of 2020, however, the Buncombe County rate had risen to 9.8% and was the fifth highest amongst the State's counties. The local labor market has demonstrated steady improvement since that time, and as of August 2022, Buncombe County's unemployment rate was down to 3.1%, which was one of the lowest county unemployment rates in North Carolina, and below the statewide rate.

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.

Between fiscal years 2015 and 2019, retail sales in Buncombe County grew at an average rate of 7.5%. Due to the economic impacts of COVID-19, retail sales declined by 4.6% in fiscal year 2020. However, retail sales recovered quickly in fiscal year 2021, growing by 12.2%, and then grew another 18.7% in fiscal year 2022. For fiscal year 2021 retail sales totaled $7.3 billion.

Overall economic conditions, population growth, and retail sales trends were all factors considered in preparing the City's budget for the 2023 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2023

The City's adopted General Fund budget for fiscal year 2023 totals $159,102,944, which represents a 9.5% increase compared to the fiscal year 2022 original budget. The City's adopted ad valorem tax rate for fiscal year 2023 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 19% compared to the fiscal 2022 original budget based on the strong retail sales performance in fiscal year 2022 and continued strength in the local economy. The adopted fiscal year 2023 General Fund budget includes a $400,000 fund balance appropriation.

The General Fund budget for personnel costs (salaries & wages and benefits) includes $4.9 million to increase staff pay to:

- Ensure all full-time employees earn at least $35,360 annually in July 2022, increasing to $36,816 in January 2023;

- Provide all other staff who do not receive an adjustment as a part of the first bullet a 5.0% increase if hired on or before December 31, 2021 or a 2.5% increase if hired after that date;

- Make additional salary adjustments to mitigate compression; and

- Continue to review options for recruitment and retention incentives.

Based on claims trends, the City was able to keep both employer and employee contributions to
the health insurance program flat for the fifth consecutive fiscal year. The citywide benefits budget does include $1.0 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 $3.9 million. This increase is driven partially by a new contract with Buncombe County to provide 911 dispatch services at a total cost of $2.0 million. Other significant new operating costs include a $500,000 General Fund contribution to reparations; $200,000 for new leased space to house parks maintenance operations; and $375,000 in one-time costs for a new disparity study which will allow the City to maintain its race and gender conscious procurement policy. Funding for the General Fund multi-year capital model is increased by 2.0% to $16.7 million in fiscal year 2023.

Business-type Activities – Budgets increased in four of the City's six Enterprise Funds in fiscal year 2023. The exceptions were the Parking Services Fund where the budget was reduced to reflect recent trends in parking garage revenues, which have yet to return to pre-pandemic levels; and the Transit Services Fund where budgets were reduced as a result of a planned service expansion being delayed due to staffing shortages. Similar to the General Fund, most of the increases in the other Enterprise Funds were the result of compensation increases and overall inflation.

In the Water Resources Fund, City Council approved an increase to the water usage fee resulting in a $3.5 million revenue increase. This additional revenue will offset the costs of rising material and contract prices and allow the fund to continue replacing funding for the water capital program that was lost when the Water CIP fee was discontinued during fiscal year 2021.

City Council also approved a fee increase in the Stormwater Fund. The additional $846,000 in revenue from the fee increase will fund a Stormwater Billing Specialist who will provide improved customer service for billing, recovery of outstanding collections, and updated inventory of accounts and assets, additional funding for increased costs in materials and supplies, and enhanced funding to support stormwater capital projects.

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, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Asheville ABC Board
Assets				
Current assets:				
Cash and investments	$ 135,419,549	$ 82,066,403	$ 217,485,952	$ 3,780,462
Cash and investments – restricted	1,336,809	9,044,203	10,381,012	-
Receivables (net of allowance for uncollectibles):				
Property taxes	742,551	-	742,551	-
Due from other governments	19,439,618	675,217	20,114,835	-
Accounts receivable	5,216,079	6,638,320	11,854,399	4,325
Other receivables	177,205	-	177,205	-
Inventories and prepaids	2,637,908	2,156,232	4,794,140	6,931,706
Lease receivable	258,668	478,167	736,835	-
Notes receivable (net of allowance for uncollectibles)	11,647,159	-	11,647,159	-
Total current assets	176,875,546	101,058,542	277,934,088	10,716,493
Non-current assets:				
Lease receivable, non-current	2,798,567	3,155,069	5,953,636	-
Right to use leased assets, net of amortization	2,021,279	1,021,737	3,043,016	-
Capital assets, net:				
Assets not being depreciated	140,030,022	85,081,965	225,111,987	3,708,543
Assets being depreciated, net	124,442,223	232,281,093	356,723,316	6,081,158
Total noncurrent assets	269,292,091	321,539,864	590,831,955	9,789,701
Total assets	446,167,637	422,598,406	868,766,043	20,506,194
Deferred Outflows of Resources				
Pension and OPEB related deferrals	22,042,323	5,585,596	27,627,919	1,017,466
Charge on refunding	1,101,501	882,159	1,983,660	-
Total deferred outflows of resources	23,143,824	6,467,755	29,611,579	1,017,466
Liabilities				
Accounts payable	8,276,977	6,615,296	14,892,273	398,160
Due to other governments	2,550	19,526	22,076	2,425,860
Other accrued liabilities	5,892,735	1,186,634	7,079,369	448,875
Customer deposits	581,567	706,755	1,288,322	-
Accrued interest payable	674,120	1,144,168	1,818,288	-
Unearned revenue	19,402,748	987,254	20,390,002	-
Estimated claims payable:				
Due within one year	1,522,552	-	1,522,552	-
Due in more than one year	3,481,177	-	3,481,177	-
Non-current liabilities:				
Due within one year	12,099,507	6,803,545	18,903,052	329,240
Due in more than one year	151,737,451	89,604,540	241,341,991	3,197,596
Total liabilities	203,671,384	107,067,718	310,739,102	6,799,731
Deferred Inflows of Resources				
Prepaid taxes	53,551	-	53,551	-
Pension and OPEB related deferrals	20,584,061	5,363,157	25,947,218	827,309
Leases	2,996,266	3,627,802	6,624,068	-
Total deferred inflows of resources	23,633,878	8,990,959	32,624,837	827,309
Net Position				
Net investment in capital assets	145,862,512	231,325,892	377,188,404	6,746,259
Restricted for:				
Nonspendable:				
Inventories and prepaids	2,637,908	2,156,232	4,794,140	-
Leases	60,969	-	60,969	-
Perpetual maintenance	339,054	-		-
Notes receivable	8,700,262	-	8,700,262	-
Restricted:				
Stabilization by State Statute	27,744,280	-	27,744,280	-
Unrestricted	56,661,214	79,525,360	136,525,628	7,150,361
Total net position	**$ 242,006,199**	**$ 313,007,484**	**$ 555,013,683**	**$ 13,896,620**

See notes to financial statements

City of Asheville **Exhibit B**

Statement of Activities

Year Ended June 30, 2022

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	$ 22,250,692	$ 8,521,193	$ -	$ -	$ (13,729,499)	$ -	$ (13,729,499)	$ -
Public safety	62,154,663	1,547,053	1,034,843	56,826	(59,515,941)	-	(59,515,941)	-
Environmental services	7,189,229	5,791,029	-	-	(1,398,200)	-	(1,398,200)	-
Community development	17,987,751	5,198,235	7,201,306	-	(5,588,210)	-	(5,588,210)	-
Transportation	12,550,890	1,691,783	2,731,174	5,927,524	(2,200,409)	-	(2,200,409)	-
Culture and recreation	15,543,479	1,849,244	-	-	(13,694,235)	-	(13,694,235)	-
Interest on long-term debt	3,228,837	-	-	-	(3,228,837)	-	(3,228,837)	-
Total governmental activities	140,905,541	24,598,537	10,967,323	5,984,350	(99,355,331)	-	(99,355,331)	-
Business-type activities:								
Water Resources	32,041,815	38,430,977	-	6,164,100	-	12,553,262	12,553,262	-
Parking Services	3,697,197	4,936,896	-	-	-	1,239,699	1,239,699	-
Street Cut Utility	1,591,466	1,737,202	-	-	-	145,736	145,736	-
Stormwater	5,348,737	6,587,557	-	1,027,508	-	2,266,328	2,266,328	-
Harrah's Cherokee Center	5,514,041	4,554,825	2,441,050	500,000	-	1,981,834	1,981,834	-
Mass Transit	14,445,632	927,219	6,626,686	-	-	(6,891,727)	(6,891,727)	-
Total business-type activities	62,638,888	57,174,676	9,067,736	7,691,608	-	11,295,132	11,295,132	-
Total primary government	$ 203,544,429	$ 81,773,213	$ 20,035,059	$ 13,675,958	(99,355,331)	11,295,132	(88,060,199)	-
Component unit:								
ABC Board	$ 37,035,577	$ 38,234,002	$ -	$ -	-	-	-	1,198,425
General revenues:								
Property taxes					79,760,008	-	79,760,008	-
Sales taxes					36,628,909	-	36,628,909	-
Other taxes					1,316,267	-	1,316,267	-
Grants and contributions not restricted to specific programs					14,933,156	-	14,933,156	-
Investment earnings (losses)					(403,666)	(188,580)	(592,246)	869
Miscellaneous					-	333,187	333,187	1,235
Gain (loss) on sale of assets					341,885	168,809	510,694	(1,221)
Transfers					(10,268,682)	10,268,682	-	-
Total general revenues and transfers					122,309,877	10,582,098	132,891,975	883
Changes in net position					22,954,546	21,877,230	44,831,776	1,199,308
Net position – beginning					219,051,653	291,130,254	510,181,907	12,697,312
Net position – ending					$ 242,006,199	$ 313,007,484	$ 555,013,683	$ 13,896,620

See notes to financial statements.

City of Asheville **Exhibit C**

Balance Sheet
Governmental Funds
June 30, 2022

	Major Funds				
	General Fund	General Capital Projects Fund	Grant Programs Fund	Non-major Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 98,668,108	$ 24,999	$ 21,794,259	$ 1,164,407	$ 121,651,773
Cash and investments – restricted	578,301	-	-	758,508	1,336,809
Receivables (net of allowance for uncollectibles):					
Property taxes	742,551	-	-	-	742,551
Due from other governments	15,152,626	2,319,173	387,439	1,580,380	19,439,618
Accounts receivable	2,635,510	61,902	-	-	2,697,412
Other receivables	108,544	-	27,132	41,529	177,205
Inventories and prepaids	494,378	2,143,530	-	-	2,637,908
Due from other funds	4,314,952	-	-	-	4,314,952
Lease receivable	3,057,235	-	-	-	3,057,235
Notes receivable (net of allowance for uncollectibles)	8,700,262	-	-	2,946,897	11,647,159
Total assets	$ 134,452,467	$ 4,549,604	$ 22,208,830	$ 6,491,721	$ 167,702,622
Liabilities					
Accounts payable	$ 3,094,585	$ 4,141,262	$ 160,837	$ 365,484	$ 7,762,168
Other accrued liabilities	5,801,850	-	5,169	13,302	5,820,321
Due to other governments	2,550	-	-	-	2,550
Due to other funds	-	2,979,318	-	1,335,634	4,314,952
Deposits	581,567	-	-	-	581,567
Unearned revenue	3,713	10,000	19,337,947	51,088	19,402,748
Total liabilities	9,484,265	7,130,580	19,503,953	1,765,508	37,884,306
Deferred Inflows of Resources					
Taxes	177,752	-	-	-	177,752
Leases	2,996,266	-	-	-	2,996,266
Unavailable resources	53,551	332,784	308,414	124,601	819,350
Total deferred inflows of resources	3,227,569	332,784	308,414	124,601	3,993,368
Fund Balances					
Non-spendable:					
Inventories and prepaids	494,378	2,143,530	-	-	2,637,908
Leases	60,969	-	-	-	60,969
Perpetual maintenance	-	-	-	339,054	339,054
Notes receivable	8,700,262	-	-	2,946,897	11,647,159
Restricted:					
Stabilization by State Statute	27,744,280	-	-	-	27,744,280
Grant programs	-	-	-	464,784	464,784
Committed:					
Community and economic development	6,426,648	-	-	-	6,426,648
Sustainability	-	-	-	1,058,463	1,058,463
Assigned:					
Appropriated for subsequent year's budget	400,000	-	-	-	400,000
Capital improvements	41,553,684	-	-	-	41,553,684
Various projects	1,773,216	-	-	-	1,773,216
Unassigned	34,587,196	(5,057,290)	2,396,463	(207,586)	31,718,783
Total fund balances (deficit)	121,740,633	(2,913,760)	2,396,463	4,601,612	125,824,948
Total liabilities, deferred inflows of resources and fund balances	$ 134,452,467	$ 4,549,604	$ 22,208,830	$ 6,491,721	$ 167,702,622

See notes to financial statements.

Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2022

Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Ending fund balance – governmental funds	$ 125,824,948
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	264,472,245
Right to use leased assets used in govenmental activities are not financial resources and therefore are not reported in the funds.	
Right to use assets at historical cost	1,940,173
Accumulated amortization	(204,485)
Certain assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Unavailable resources	943,551
Bond refunding charges	1,101,501
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements:	
General obligation bonds	(33,674,912)
Installment financing contracts and premiums	(75,040,816)
Lease liabilities	(1,764,317)
Other long-term indebtedness	(34,440)
Bond premiums	(8,788,522)
Compensated absences	(7,575,534)
Total pension liability - LEOSSA	(8,311,457)
Net OPEB Liability	(16,001,407)
Net pension liability - LGERS	(12,287,261)
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	7,033,507
Pension and OPEB related deferrals	(5,576,542)
Other accrual adjustments that do not require current financial resources and, therefore, are not reported in fund statements:	
Interest payable	(674,120)
The internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	10,624,087
Net position of governmental activities (Exhibit A)	$ 242,006,199

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, 2022

	Major Funds				
	General Fund	General Capital Projects Fund	Grant Programs Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Ad valorem taxes	$ 79,908,772	$ -	$ -	$ -	$ 79,908,772
Other taxes	37,947,176	-	-	-	37,947,176
Intergovernmental	13,476,104	5,786,390	10,249,177	1,913,558	31,425,229
Licenses and permits	6,139,728	(222)	-	-	6,139,506
Charges for services	12,353,697	655,667	631,684	58,051	13,699,099
Investment earnings (losses)	(372,058)	-	-	(13,340)	(385,398)
Miscellaneous	4,223,906	227,202	94,474	214,350	4,759,932
Total revenues	153,677,325	6,669,037	10,975,335	2,172,619	173,494,316
Expenditures:					
Current:					
General government	21,683,895	3,892,094	117,254	643,118	26,336,361
Public safety	60,920,156	4,849,290	851,480	-	66,620,926
Environmental services	7,420,541	159,006	1,497	-	7,581,044
Community development	9,471,089	1,622,512	5,133,456	2,040,476	18,267,533
Transportation	6,367,530	7,914,906	206,150	-	14,488,586
Culture and recreation	12,690,656	5,735,638	199,262	826	18,626,382
Debt service:					
Principal	8,561,753	-	-	106,272	8,668,025
Interest and other charges	3,331,673	-	-	-	3,331,673
Leases:					
Principal	121,458	-	-	-	121,458
Interest and other charges	28,318	-	-	-	28,318
Total expenditures	130,597,069	24,173,446	6,509,099	2,790,692	164,070,306
Revenues over (under) expenditures	23,080,256	(17,504,409)	4,466,236	(618,073)	9,424,010
Other financing sources (uses):					
Transfers from other funds	713,649	3,766,437	1,509,125	878,539	6,867,750
Transfers to other funds	(13,670,662)	(1,339,387)	(2,054,262)	(72,121)	(17,136,432)
Proceeds from sale of capital assets	393,549	-	-	-	393,549
Proceeds from long term debt issued	-	6,354,565	-	-	6,354,565
Lease liabilities issued	1,885,774	-	-	-	1,885,774
Installment purchase obligations issued	-	9,614,067	-	-	9,614,067
Total other financing sources (uses), net	(10,677,690)	18,395,682	(545,137)	806,418	7,979,273
Net change in fund balances	12,402,566	891,273	3,921,099	188,345	17,403,283
Fund balances (deficit) - beginning	109,338,067	(3,805,033)	(1,524,636)	4,413,267	108,421,665
Fund balances (deficit) - ending	$ 121,740,633	$ (2,913,760)	$ 2,396,463	$ 4,601,612	$ 125,824,948

See notes to financial statements.

City of Asheville **Exhibit F**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2022

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances--total governmental funds (Exhibit E)	$	17,403,283
Depreciation and ammortization expense is not a use of current financial resources and, therefore, is not reported in the governmental fund statements.		(11,328,561)
Capital asset additions are a use of current financial resources and, therefore, are not reported as expenditures in the Statement of Activities.		22,662,705
Cumulative effect of disposal of fixed assets		(51,664)
Interest is paid on long-term debt when due and, therefore, not accrued in the fund statements.		(134,446)
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		(148,764)
Change in unavailable revenues for grants		459,600
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		6,915,687
Long-term debt issued		(15,968,632)
Bond refunding charge		430,970
Amortization of premium		540,069
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.		(12,878,495)
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		(1,183,911)
Net Pension liability, Net OPEB liability, & Total Pension liabilty		17,118,040
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.		(881,336)
Change in net position of governmental activities (Exhibit B)	$	22,954,546

See notes to financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – General Fund (Non-GAAP)
Year Ended June 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes:				
Ad valorem taxes	$78,512,370	$78,512,370	$ 79,908,772	$ 1,396,402
Other taxes	32,619,124	32,619,124	37,947,176	5,328,052
Intergovernmental	13,067,972	13,067,972	13,476,104	408,132
Licenses and permits	4,999,498	4,999,498	6,139,728	1,140,230
Charges for services	11,987,532	11,692,857	12,353,697	660,840
Investment earnings (loss)	623,000	623,000	(372,058)	(995,058)
Miscellaneous	2,795,931	2,825,931	4,223,906	1,397,975
Total revenues	144,605,427	144,340,752	153,677,325	9,336,573
Expenditures:				
Current:				
General government	23,222,393	23,053,084	21,683,895	1,369,189
Public safety	60,484,803	60,344,969	60,920,156	(575,187)
Environmental services	7,277,788	7,474,343	7,420,541	53,802
Community development	11,656,469	17,864,976	9,471,089	8,393,887
Transportation	7,226,823	7,271,106	6,367,530	903,576
Culture and recreation	13,366,265	14,266,457	12,690,656	1,575,801
Debt service:				
Principal	8,561,504	8,578,729	8,561,753	16,976
Interest and other charges	3,206,683	3,410,877	3,331,673	79,204
Leases:				
Principal	-	-	121,458	(121,458)
Interest and other charges	-	-	28,318	(28,318)
Total expenditures	135,002,728	142,264,541	130,597,069	11,667,472
Revenues over expenditures	9,602,699	2,076,211	23,080,256	21,004,045
Other financing sources (uses):				
Appropriated fund balance	650,000	11,013,242	-	(11,013,242)
Transfers from other funds	23,457	318,132	713,649	395,517
Transfers to other funds	(10,383,225)	(13,514,654)	(13,670,662)	(156,008)
Lease liabilities issued	-	-	1,885,774	1,885,774
Proceeds from sale of capital assets	107,069	107,069	393,549	286,480
Total other financing uses, net	(9,602,699)	(2,076,211)	(10,677,690)	(8,601,479)
Net change in fund balance	$ -	$ -	$ 12,402,566	$ 12,402,566

See notes to financial statements.

City of Asheville **Exhibit H**

Statement of Net Position
Proprietary Funds
June 30, 2022

	Major Funds		Non-major Enterprise Funds	Totals	
	Water Resources	Mass Transit		Enterprise Funds	Internal Service Funds
Assets					
Current assets:					
Cash and investments	$ 64,432,026	$ 2,174,016	$ 15,460,361	$ 82,066,403	$ 13,767,776
Cash and investments - restricted	6,613,955	-	2,430,248	9,044,203	-
Accounts receivable (net of allowance for uncollectibles)	5,249,303	6,768	1,382,249	6,638,320	2,518,667
Lease receivables	-	-	478,167	478,167	-
Due from other governments	-	675,217	-	675,217	-
Inventories and prepaids	2,052,003	8,710	95,519	2,156,232	-
Total current assets	78,347,287	2,864,711	19,846,544	101,058,542	16,286,443
Non-current assets:					
Lease receivable, non-current	-	-	3,155,069	3,155,069	-
Right to use leased assets, net of amortization	6,020	832,196	183,521	1,021,737	285,591
Capital assets:					
Assets not being depreciated	67,761,198	165,512	17,155,255	85,081,965	-
Assets being depreciated, net	192,253,192	7,194,117	32,833,784	232,281,093	-
Total noncurrent assets	260,020,410	8,191,825	53,327,629	321,539,864	285,591
Total assets	338,367,697	11,056,536	73,174,173	422,598,406	16,572,034
Deferred outflows of resources					
Employer contributions subsequent to the measurement date	1,077,628	29,816	671,281	1,778,725	101,472
Differences between expected and actual experience	1,916,024	22,134	391,450	2,329,608	-
Change in assumptions and other inputs	163,109	7,286	17,423	187,818	-
Net difference between projected and actual earnings on pension plan investments	213,734	38,876	1,036,835	1,289,445	-
Deferred charge on refunding	865,413	-	16,746	882,159	-
Total deferred outflows of resources	4,235,908	98,112	2,133,735	6,467,755	101,472
Liabilities					
Current liabilities:					
Accounts payable	2,238,570	1,151,751	3,224,975	6,615,296	514,809
Claims payable	-	-	-	-	1,522,552
Customer deposits	706,255	-	500	706,755	-
Interest payable	1,058,594	-	85,574	1,144,168	-
Other accrued liabilities	652,949	8,113	525,572	1,186,634	72,414
Due to other governments	-	9,560	9,966	19,526	-
Unearned revenue	500,272	289,769	197,213	987,254	-
Current portion of long-term debt	5,472,534	93,269	1,237,742	6,803,545	50,644
Total current liabilities	10,629,174	1,552,462	5,281,542	17,463,178	2,160,419
Non-current liabilities:					
Estimated claims payable	-	-	-	-	3,481,177
Long-term liabilities, less current portion	76,738,450	1,328,435	11,537,655	89,604,540	307,648
Total liabilities	87,367,624	2,880,897	16,819,197	107,067,718	5,949,244
Deferred inflows of resources					
Leases	-	-	3,627,802	3,627,802	-
Differences between expected and actual experience	18,080	500	11,262	29,842	100,175
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,208,158	95,620	2,029,537	5,333,315	-
Total deferred inflows of resources	3,226,238	96,120	5,668,601	8,990,959	100,175
Net position					
Net investment in capital assets	183,661,603	6,913,533	40,750,756	231,325,892	-
Unrestricted	68,348,140	1,264,098	12,069,354	81,681,592	10,624,087
Total net position	$ 252,009,743	$ 8,177,631	$ 52,820,110	$ 313,007,484	$ 10,624,087

See notes to financial statements.

City of Asheville **Exhibit I**

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2022

	Major Funds			Totals	
	Water Resources	Mass Transit	Non-major Enterprise Funds	Enterprise Funds	Internal Service Funds
Operating revenues:					
Charges for services	$ 37,856,635	$ 552,493	$ 13,556,988	$ 51,966,116	$ 19,087,381
Rents	-	-	921,078	921,078	-
Concessions	-	-	2,254,648	2,254,648	-
Other operating revenue	574,342	374,726	1,083,766	2,032,834	1,441,090
Total operating revenues	38,430,977	927,219	17,816,480	57,174,676	20,528,471
Operating expenses:					
Administration	1,608,733	632,496	4,650,346	6,891,575	1,456,515
Operations	21,215,565	10,892,564	8,764,455	40,872,584	19,926,174
Other operating expenses	-	1,520,471	258,631	1,779,102	-
Depreciation	6,459,911	1,381,254	2,138,811	9,979,976	-
Amortization - leases	-	5,175	327	5,502	5,558
Total operating expenses	29,284,209	14,431,960	15,812,570	59,528,739	21,388,247
Operating income (loss)	9,146,768	(13,504,741)	2,003,910	(2,354,063)	(859,776)
Non-operating revenues (expenses)					
Intergovernmental	-	6,626,686	2,441,050	9,067,736	-
Investment earnings (losses)	(148,298)	(25,452)	(47,777)	(221,527)	(18,268)
Interest earned - leases	-	-	32,947	32,947	-
Interest and other charges	(2,757,606)	(221)	(338,871)	(3,096,698)	-
Interest and other charges - leases	-	(12,315)	(1,136)	(13,451)	(3,292)
Amortization of bond issuance costs	282,034	-	51,153	333,187	-
Total non-operating revenues (expenses), net	(2,623,870)	6,588,698	2,137,366	6,102,194	(21,560)
Income (loss) before transfers, proceeds from sale of capital assets and capital grants and contributions	6,522,898	(6,916,043)	4,141,276	3,748,131	(881,336)
Transfers:					
Transfers from other funds	-	7,334,562	2,934,120	10,268,682	-
Proceeds from sale of capital assets	146,692	6,557	15,560	168,809	-
Capital grants and contributions	6,164,100	-	1,527,508	7,691,608	-
Changes in net position	12,833,690	425,076	8,618,464	21,877,230	(881,336)
Total net position – beginning	239,176,053	7,752,555	44,201,646	291,130,254	11,505,423
Total net position – ending	$ 252,009,743	$ 8,177,631	$ 52,820,110	$ 313,007,484	$ 10,624,087

See notes to financial statements.

City of Asheville **Exhibit J**

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2022

	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	$ 38,071,663	$ 1,221,075	$ 18,064,493	$ 57,357,231	$ 19,485,429
Cash paid for goods and services	(16,618,521)	(15,252,978)	(9,699,108)	(41,570,607)	(21,214,607)
Cash paid to employees	(10,099,121)	(233,714)	(6,373,759)	(16,706,594)	(344,217)
Net cash provided by (used in) operating activities	11,354,021	(14,265,617)	1,991,626	(919,970)	(2,073,395)
Cash flows from non-capital financing activities:					
Receipts from operating grants	-	-	2,441,050	2,441,050	-
Transfers from other funds	-	7,334,562	2,934,120	10,268,682	-
Net cash provided by non-capital financing activities	-	7,334,562	5,375,170	12,709,732	-
Cash flows from capital and related financing activities:					
Receipts from capital grants or contributions	-	10,082,755	1,527,508	11,610,263	-
Proceeds from disposal of capital assets	146,692	6,557	15,560	168,809	-
Acquisition and construction of capital assets	(6,722,011)	(42,174)	(3,548,072)	(10,312,257)	-
Proceeds from long-term debt issued	-	446,096	(8,733)	437,363	-
Proceeds from refinancing, net	431,180	-	-	431,180	
Due to other funds	-	(1,350,175)	-	(1,350,175)	-
Principal paid on debt	(3,809,910)	-	(1,144,622)	(4,954,532)	-
Interest and other charges - leases	-	(12,315)	(1,136)	(13,451)	-
Interest and other charges paid on debt	(2,365,506)	(221)	(376,749)	(2,742,476)	-
Net cash provided by (used in) capital and related financing activities	(12,319,555)	9,130,523	(3,536,244)	(6,725,276)	-
Cash flows from investing activities:					
Investment earnings (losses)	(148,298)	(25,452)	(14,830)	(188,580)	(18,268)
Net increase (decrease) in cash and cash equivalents	(1,113,832)	2,174,016	3,815,722	4,875,906	(2,091,663)
Cash and cash equivalents:					
Beginning of year, July 1	72,159,813	-	14,074,887	86,234,700	15,859,439
End of year, June 30	$ 71,045,981	$ 2,174,016	$ 17,890,609	$ 91,110,606	$ 13,767,776

(Continued)

See notes to financial statements

City of Asheville

Exhibit J
Continued

Statement of Cash Flows
Proprietary Funds (Continued)
Year Ended June 30, 2022

	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 in) operating activities:					
Operating income (loss)	$ 9,146,768	$ (13,504,741)	$ 2,003,910	$ (2,354,063)	$ (863,068)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	6,459,911	1,381,254	2,138,811	9,979,976	-
Amortization - leases	16	5,175	327	5,518	-
Loss on disposal of fixed assets	-	455	-	455	-
Changes in assets, liabilities and deferred outflows and inflows of resources:					
(Increase) decrease in accounts receivable	(464,007)	12,032	34,169	(417,806)	(1,043,042)
(Increase) decrease in due from other governments	-	-	17,500	17,500	-
(Increase) decrease in inventories and prepaids	(2,052,003)	(3,027)	39,471	(2,015,559)	-
(Increase) decrease accounts receivable leases	-	-	(3,633,236)	(3,633,236)	-
(Increase) decrease in deferred outflows of resources for pensions	(647,833)	(15,495)	(387,587)	(1,050,915)	(16,382)
Increase (decrease) in accounts payable	(1,176,910)	(2,399,681)	(2,020,936)	(5,597,527)	98,169
Increase (decrease) in other accrued expenses	104,278	(4,595)	143,054	242,737	44,801
Increase (decrease) in unearned revenue	131,559	281,824	197,213	610,596	-
Increase (decrease) in customer deposits	(26,866)	-	-	(26,866)	-
Increase (decrease) in estimated claims payable	-	-	-	-	(303,737)
Increase (decrease) in compensated absences	88,761	(5,571)	(15,236)	67,954	-
Increase (decrease) in pension liability - LGERS	(2,758,116)	(76,311)	(1,718,099)	(4,552,526)	(93,754)
Increase (decrease) in OPEB liability	(12,230)	(338)	(7,619)	(20,187)	-
Increase (decrease) in deferred inflows - leases	-	-	3,627,802	3,627,802	-
Increase (decrease) in deferred inflows of resources for pensions	2,560,693	63,402	1,572,082	4,196,177	98,060
Net cash provided by (used in) operating activities	$ 11,354,021	$ (14,265,617)	$ 1,991,626	$ (919,970)	$ (2,078,953)
Reconciliation of cash and cash equivalents:					
Cash and investments:					
Unrestricted	$ 64,432,026	$ 2,174,016	$ 11,655,906	$ 78,261,948	$ 13,767,776
Restricted	6,613,955	-	2,430,248	9,044,203	-
Total cash and cash equivalents	$ 71,045,981	$ 2,174,016	$ 14,086,154	$ 87,306,151	$ 13,767,776
Non-cash investing, capital, and financing activities:					
Donated capital assets	$ 6,164,100	$ -	$ -	$ 6,164,100	$ -

See notes to financial statements.

City of Asheville **Exhibit K**

Statement of Fiduciary Net Position
Fiduciary Trust and Custodial Funds
June 30, 2022

	OPEB Trust Fund	Metropolitan Sewer District Custodial Fund
Assets		
Cash and investments	$ -	$ 532,882
Cash and investments held by fiscal agent:		
State Treasurer's OPEB Fund	17,331,010	-
Due from customers	-	2,401,428
Total assets	17,331,010	2,934,310
Liabilities		
Due to other governments	-	2,934,310
Total liabilities	-	2,934,310
Net Position		
Assets held in trust for OPEB benefits	$ 17,331,010	$ -

See notes to financial statements.

City of Asheville **Exhibit L**

Statement of Changes in Fiduciary Net Position
Fiduciary Trust Fund
Year Ended June 30, 2022

	OPEB Trust Fund	Metropolitan Sewer District Custodial Fund
Additions:		
Employer contributions	$ 5,450,363	$ -
Investment earnings	(2,656,191)	-
Sewer fees	-	29,030,521
Total additions	2,794,172	29,030,521
Deductions:		
Benefits	2,250,363	-
Administrative expenses	4,231	-
Sewer payments	-	29,030,521
Total deductions	2,254,594	29,030,521
Change in net position	539,578	-
Total net position – beginning	16,791,432	-
Total net position – ending	$ 17,331,010	$ -

See notes to financial statements.

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 ABC Board 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 APFC is a nonprofit 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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 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.

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 provided and used. Eliminations 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. The parking services fund is displayed as a major fund for consistency and public interest, however, it does not meet the requirements to be considered a major fund. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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 and Affordable Home Ownership, and the 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 Funds: 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 Post-Employment 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 financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded 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. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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, OPEB, pension 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 recourses, and fund equity:

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 generally 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 monies 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.

General Statute 159-30.1 allows the City to establish an Other Postemployment Benefit (OPEB) Trust Fund managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC, and G.S. 159-30(g) allows the City to make contributions to the Fund. The State Treasurer, in her discretion, may 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(1-6) and (8). Funds submitted are managed in three different sub-funds: the State Treasurer's Short-Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the State Treasurer's Bond Index Fund (BIF) consisting of investment grade corporate securities, treasuries, and agencies, and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund (EIF) authorized under G.S 147-69.2(b)(8).

Note 1. Summary of Significant Accounting Policies (Continued)

The STIF securities are reported at cost and maintain a constant $1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The BIF is also valued at $1 per share. The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B fund is priced at $27.230307 per share at June 30, 2022. The BIF, which does not have a credit rating, was valued at $1 per unit and had an average maturity of 8.75 years on June 30, 2022.

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.

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, 2021. 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 the lower of cost or net realizable value 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.

Note 1. Summary of Significant Accounting Policies (Continued)

Capital assets: Capital assets reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements include land, infrastructure, buildings, improvements other than buildings, machinery and equipment, 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
Rights of way	5,000
Software	100,000
Internally generated software	1,000,000

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
Software	5

ABC Board

Category of capital asset	Useful Life In Years
Buildings	20-30
Leasehold improvements	10-20
Furniture and equipment	5-10
Motor Vehicles	5

Right to use assets: The City has recorded right to use lease assets as a result of implementing GASB 87. The right to use 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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 position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has three items that meet this criterion, contributions made to the pension plans in the 2022 fiscal year, other deferral of pension and OPEB expense and unamortized losses on bond defeasance in the Governmental Activities, Water Resources Fund and Parking Fund. 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 position 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 position that applies to future period and so will not be recognized as revenue until then. The City has multiple items that meet the criterion for this category – prepaid taxes, property taxes receivable (less penalties), some grant revenues, leases, and deferrals of pension and OPEB that result from the implementation of GASB Statements 68, 73,75 and 87.

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 which approximates the effective interest method. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.
>
> Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.
>
> 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'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.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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 Local Governmental Employees' Retirement System ("LGERS") and 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 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 Separation Allowance. Investments are reported at fair value. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trust and additions to/deductions from the OPEB Trust' fiduciary net position have been determined on the same basis as City. For this purpose, the City recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

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.

Note 2. Deposits and Investments (Continued)

At June 30, 2022, the City's deposits, including fiduciary fund amounts, had a carrying amount of $78,206,490 and a bank balance of $79,934,665. 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 $51,234 in petty cash at year-end. At June 30, 2022, the ABC Board's deposits had a carrying amount of $3,114,636 and a bank balance of $4,308,025. Of the bank balance, $250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. 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 decrease in fair value during 2022 for the City was $2,040,042. This amount takes into account 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 $(1,125,121).

As of June 30, 2022, the City had the following investments and maturities:

	Valuation Measurement Method	Reported at 6/30/2022	Maturity 0-6 Months	6-12 Months	1-3 Years	Rating
U.S. government securities	Fair Value Level 2	$ 88,907,655	$ 34,716,445	$ 34,408,390	$ 19,782,820	AAA
U.S. government agencies	Fair Value Level 2	14,981,345	-	14,981,345	-	Aaa/AA+
NCCMT – Government portfolio	Fair Value Level 1	15,730,106	15,730,106	-	-	AAAm
Bank Certificates of Deposit	Amortized Cost	10,021,724	-	10,021,724	-	Unrated
Commercial paper	Fair Value Level 2	19,968,410	19,968,410	-	-	A1/P1
Total		$ 149,609,240	$ 70,414,961	$ 59,411,459	$ 19,782,820	

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, 2022, the ABC Board had investments of $542,357.

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.

Note 2. Deposits and Investments (Continued)

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, 2022.

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 percent by security type and institution. At June 30, 2022, approximately 71 percent of the City's total investments were in US Government Securities, 11 percent were in Federal Home Loan Bank Securities, 2 percent were in the NCCMT Government and Term accounts, 11 percent were in local bank Certificates of Deposit, and 5 percent were in commercial paper.

At June 30, 2022, the City's OPEB Trust had $17,331,010 invested in the State Treasurer's Local Government Other Post-Employment 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 43 percent and BlackRock's MSCI ACWI Equity Index Non-Lendable Fund B (EIF) 56.9 percent (the equities were split with 60.68% in domestic securities and 39.32% 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, 2022 of 0.9 years.

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 outflows as well as allocations of net earnings. On June 30, 2022 the BIF, which does not have a credit rating, was valued at $1 per unit and had an average maturity of 8.75 years at June 30, 2022.

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, 2022 the fair value of the funds was $27.230307 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:				
Receivables:				
Property taxes Receivable	$ 162,761	$ -	$ 162,761	$ -
Accounts receivable	2,822,017	-	2,822,017	-
Notes receivable	45,500	-	45,500	-
Non-major governmental funds:				
Notes receivable	228,125	-	228,125	-
Major funds:				
Water resources	-	1,273,679	-	1,273,679
Mass Transit	-	28,399	-	28,399
Non-major enterprise funds	-	2,115,527	-	2,115,527
Internal services	23,436	-	-	23,436
	$ 3,281,839	$ 3,417,605	$ 3,258,403	$ 3,441,041

Note 4. Lease Receivable: The City has recorded ten lessor agreements for various City owned buildings, land, and infrastructure. Under the leases, the City receives annual fixed payments of $867,121 in exchange for use of City facilities. The leases expire in varying terms through July 2035. The total of the deferred inflow of resources and lease receivables at June 30, 2022 was $6,624,068 and $6,690,471, 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 .31% to 1.66% and is equal to the incremental borrowing rate to the lessee.

In fiscal year 2022, the City recognized $867,924 of lease revenue and $70,848 of interest revenue under the lease.

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balances	Additions	Retirements	Transfers In (Out)	Ending Balances
Governmental activities:					
Capital assets, non depreciable:					
Land and improvements	$ 54,816,343	$ 20,613	$ (6,145)	$ 1,501,310	$ 56,332,121
Intangibles	5,126,906	7,420	-	34,823	5,169,149
Construction in progress	76,648,312	22,168,691	(12,951)	(20,275,300)	78,528,752
Total capital asset, non-depreciable	136,591,561	22,196,724	(19,096)	(18,739,167)	140,030,022
Capital assets, depreciable:					
Buildings and improvements	73,994,236	-	-	2,624,340	76,618,576
Improvements other than buildings	18,840,277	-	-	2,746,146	21,586,423
Machinery and equipment	73,763,974	465,981	(2,517,821)	1,939,640	73,651,774
Infrastructure	262,088,401	-	-	11,429,041	273,517,442
Intangibles	569,775	-	-	-	569,775
Other capital assets	105,999	-	-	-	105,999
Total capital asset, depreciable	429,362,662	465,981	(2,517,821)	18,739,167	446,049,990
Less accumulated depreciation for:					
Buildings and improvements	(44,399,652)	(2,484,004)	-	-	(46,883,656)
Improvement other than buildings	(4,364,188)	(1,091,364)	-	-	(5,455,552)
Machinery and equipment	(45,950,141)	(5,583,253)	2,485,253	-	(49,048,141)
Infrastructure	(217,397,745)	(2,162,100)	-	-	(219,559,845)
Intangibles	(569,774)	-	-	-	(569,774)
Other capital assets	(82,959)	(7,840)	-	-	(90,799)
Total accumulated depreciation	(312,764,459)	(11,328,561)	2,485,253	-	(321,607,767)
Total capital assets, depreciable, net	116,598,203	(10,862,580)	(32,568)	18,739,167	124,442,223
Government activities capital assets, net	$ 253,189,764	$ 11,334,144	$ (51,664)	$ -	$ 264,472,245

Note 5. Capital Assets (Continued)

	Beginning Balances	Additions	Retirements	Transfers In (Out)	Ending Balances
Business-type activities:					
Capital assets, non-depreciable:					
Land and improvements	$ 16,046,362	$ -	$ -	$ -	$ 16,046,362
Intangibles	25,356,078	5,985,185	-	-	31,341,263
Construction in progress	29,400,404	10,215,481	(1,113,040)	(808,505)	37,694,340
Total capital assets, non-depreciable	70,802,844	16,200,666	(1,113,040)	(808,505)	85,081,965
Capital assets, depreciable:					
Buildings and improvements	114,909,714	78,778	-	-	114,988,492
Improvements other than buildings	4,778,648	-	-	-	4,778,648
Machinery and equipment	48,252,167	454,013	(917,796)	780,580	48,568,964
Infrastructure	262,907,785	855,940	-	27,925	263,791,650
Other capital assets	25,000	-	-	-	25,000
Total capital assets, depreciable	430,873,313	1,388,731	(917,796)	808,505	432,152,753
Less accumulated depreciation for:					
Buildings and improvements	(61,877,966)	(2,082,153)	-	-	(63,960,119)
Improvement other than buildings	(1,098,930)	(217,297)	-	-	(1,316,227)
Machinery and equipment	(34,848,685)	(2,808,534)	917,341	-	(36,739,878)
Infrastructure	(92,976,503)	(4,870,984)	-	-	(97,847,487)
Other capital assets	(6,941)	(1,008)	-	-	(7,949)
Total accumulated depreciation	(190,809,025)	(9,979,976)	917,341	-	(199,871,660)
Total capital assets, depreciable, net	240,064,288	(8,591,245)	(455)	808,505	232,281,093
Business-type activities capital assets, net	$ 310,867,132	$ 7,609,421	$ (1,113,495)	$ -	$ 317,363,058

	Beginning Balances	Additions	Retirements	Transfers (In) Out	Ending Balances
Water Resources Fund:					
Capital assets, non-depreciable:					
Land and imporvements	$ 4,593,315	$ -	$ -	$ -	$ 4,593,315
Intangibles	24,995,189	5,985,185	-	-	30,980,374
Construction in progress	26,430,118	6,844,343	(1,059,027)	(27,925)	32,187,509
Total capital assets, non-depreciable	56,018,622	12,829,528	(1,059,027)	(27,925)	67,761,198
Capital assets, depreciable:					
Buildings and improvements	69,150,196	-	-	-	69,150,196
Improvements other than buildings	396,505	-	-	-	396,505
Machinery and equipment	22,323,002	259,670	(373,512)	-	22,209,160
Infrastructure	244,675,629	855,940	-	27,925	245,559,494
Total capital assets, depreciable	336,545,332	1,115,610	(373,512)	27,925	337,315,355
Less accumulated depreciation for:					
Buildings and improvements	(38,591,325)	(1,101,529)	-	-	(39,692,854)
Improvement other than buildings	(188,686)	(19,531)	-	-	(208,217)
Machinery and equipment	(20,007,550)	(687,763)	373,512	-	(20,321,801)
Infrastructure	(80,188,203)	(4,651,088)	-	-	(84,839,291)
Total accumulated depreciation	(138,975,764)	(6,459,911)	373,512	-	(145,062,163)
Total capital assets, depreciable, net	197,569,568	(5,344,301)	-	27,925	192,253,192
Water activities capital assets, net	$ 253,588,190	$ 7,485,227	$ (1,059,027)	$ -	$ 260,014,390

Note 5. Capital Assets (Continued)

	Beginning Balances	Additions	Retirements	Transfers (In) Out	Ending Balances
Mass Transit Fund:					
Capital assets, non-depreciable:					
Land and imporvements	$ 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	16,507,772	42,173	(296,089)	-	16,253,856
Total capital assets, depreciable	18,789,728	42,173	(296,089)	-	18,535,812
Less accumulated depreciation for:					
Buildings and improvements	(1,615,711)	(36,811)	-	-	(1,652,522)
Improvement other than buildings	(65,444)	(29,829)	-	-	(95,273)
Machinery and equipment	(8,574,920)	(1,314,614)	295,634	-	(9,593,900)
Total accumulated depreciation	(10,256,075)	(1,381,254)	295,634	-	(11,341,695)
Total capital assets, depreciable, net	8,533,653	(1,339,081)	(455)	-	7,194,117
Mass Transit Fund capital assets, net	$ 8,699,164	$ (1,339,081)	$ (455)	$ -	$ 7,359,628

	Beginning Balances	Additions	Retirements	Transfers (In) Out	Ending Balances
Asheville ABC Board:					
Land	$ 3,640,788	$ -	$ -	$ -	$ 3,640,788
Construction in progress	3,946	63,809	-	-	67,755
Total capital assets, non-depreciable	3,644,734	63,809	-	-	3,708,543
Capital assets, depreciable:					
Buildings	9,149,450	71,993	-	-	9,221,443
Leashold improvements	172,418	-	-	-	172,418
Furniture and equipment	1,637,177	43,035	(5,195)	-	1,675,017
Vehicles	375,350	28,396	-	-	403,746
Total capital assets, depreciable	11,334,395	143,424	(5,195)	-	11,472,624
Less accumulated depreciation for:					
Buildings	(3,412,172)	(293,672)	-	-	(3,705,844)
Leashold improvements	(170,639)	(652)	-	-	(171,291)
Furniture and equipment	(1,108,778)	(130,336)	3,204	-	(1,235,910)
Vehicles	(241,475)	(37,946)	-	-	(279,421)
Total accumulated depreciation	(4,933,064)	(462,606)	3,204	-	(5,392,466)
Total capital assets, depreciable, net	6,401,331	(319,182)	(1,991)	-	6,080,158
Ashevill ABC Board capital assets, net	$ 10,046,065	$ (255,373)	$ (1,991)	$ -	$ 9,788,701

Note 5. Capital Assets (Continued)

During the year, the City recorded capital contributions of $6,197,929, 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	$ 2,557,709
Public safety	3,298,333
Transportation	2,146,948
Environmental protection	663,176
Economic Development	77,892
Culture and recreation	2,584,503
Total depreciation, governmental activities	$ 11,328,561
Business-type activities:	
Water resources	$ 6,459,911
Mass transit	1,314,614
Non-major enterprise funds	2,138,811
Total depreciation, business-type activities	$ 9,913,336

The City has numerous construction projects as of June 30, 2022. The amounts the City is contractually committed to spend at June 30, 2022 are the following:

Project	Spent to Date	Remaining Commitments
Governmental:		
Building maintenance	$ 3,741,340	$ 1,843,357
Transportation	8,667,788	11,028,137
Parks and Recreation	227,783	651,627
RADTIP	33,057,940	843,650
Bond Projects	6,179,110	7,020,724
Total governmental	51,873,961	21,387,495
Proprietary:		
Water	18,097,297	32,838,234
North Fork Dam	43,979,042	44,714,768
Stormwater	2,378,627	2,981,390
Harrahs Cherokee Asheville	2,694,828	2,898,239
Parking	535,110	622,474
Total proprietary	67,684,904	84,055,105
Total commitments	$ 119,558,865	$ 105,442,600

Note 6. Right to Use Leased Assets

The City has recorded twenty right to use leased assets. The assets are right to use assets for leased copiers, lighting, tower, transit, and other equipment, building space, and land and improvements. The related leases are discussed in the Leases subsection of the Long-term obligations section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the Government Funds for the year ended June 30, 2022 was as follows:

	Beginning Balances	Additions	Retirements	Ending Balances
Governmental funds:				
Right to use assets:				
Leased buildings	$ -	$ 1,236,222	$ -	$ 1,236,222
Leased equipment	-	989,542	-	989,542
Total right to use assets	-	2,225,764	-	2,225,764
Less accumulated amortization for:				
Leased buildings	-	(123,784)	-	(123,784)
Leased equipment	-	(80,701)	-	(80,701)
Total accumulated amortization	-	(204,485)	-	(204,485)
Government funds - right to use assets, net	$ -	$ 2,021,279	$ -	$ 2,021,279

Right to use asset activity for the Proprietary Funds for the year ended June 30, 2022 was as follows:

	Beginning Balances	Additions	Retirements	Ending Balances
Proprietary funds:				
Right to use assets:				
Leased equipment	$ -	$ 994,872	$ -	$ 994,872
Leased land and improvements	-	179,331	-	179,331
Total right to use assets	-	1,174,203	-	1,174,203
Less accumulated amortization for:				
Leased equipment	-	(116,092)	-	(116,092)
Leased land and improvements	-	(36,374)	-	(36,374)
Total accumulated amortization	-	(152,466)	-	(152,466)
Proprietary funds - right to use assets, net	$ -	$ 1,021,737	$ -	$ 1,021,737

Note 7. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2022, is as follows:

Due From Other Funds	Due to General Fund
Non-major governmental funds:	
Community Development Special Revenue Fund	$ 671,288
Affordable Home Ownership Special Revenue Fund	664,345
Total due from non-major governmental funds	1,335,633
Major governmental funds:	
General Capital Project Fund	2,979,319
Total due from governmental funds	4,314,952
Total due from other funds	$ 4,314,952

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.

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	Mass Transit Fund	Non-major Enterprise Fund	Transfers Out
General Fund	$ -	$ 3,766,437	$ 357,004	$ 878,539	$ 7,334,562	$ 1,334,120	$13,670,662
General Capital Projects Fund	259,387	-	1,080,000	-	-	-	1,339,387
Grants Program Special Revenue Fund	454,262	-	-	-	-	1,600,000	2,054,262
Non-major Governmental Funds	-	-	72,121	-	-	-	72,121
Total	$ 713,649	$ 3,766,437	$ 1,509,125	$ 878,539	$ 7,334,562	$ 2,934,120	$17,136,432

Note 8. Long-Term Obligations

Leases: The City has entered into agreements to lease certain equipment, buildings, and land and improvements. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The City has multiple equipment leases including copiers, modular vehicle batteries, street lighting, heavy equipment, and an antenna site lease. The leases have differing expiration dates, the latest of which expires in December 2035. The agreements require various monthly payments from $169 to $8,375. There are no variable payment components of the leases. The lease liability is measured at discount rates between .61% and 2.54%, which is the incremental borrowing rate. The City has recorded several right to use assets with a net book value of $1,787,621 at June 30, 2022. The assets are discussed in more detail in the right to use asset section of this note.

The City has entered into two agreements to lease certain building space. The leases have varying expiration dates and extension options through May 2034. Fixed monthly payments under the agreements range from $4,249 to $6,749. There are no variable payment components of the leases. The lease liability is measured at a discount rate between 1.14% and 1.73%, which is the incremental borrowing rate to the City. The City has recorded two right to use assets with a net book value of $1,112,437 at June 30, 2022. The assets are discussed in more detail in the right to use asset section of this note.

Asheville has entered into two agreements to lease land and land improvements. The leases have expiration dates and extension options through August 2025. Fixed monthly payments under the agreements range from $1,000 to $3,290. There are no variable payment components of the leases. The lease liability is measured at a discount rates ranging from .75% to 1.27%, which is the incremental borrowing rate to the City. As a result of the lease, the City has recorded a right to use asset with a net book value of $142,958 at June 30, 2022. The right to use assets are discussed in more detail in the right to use asset section of this note.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Year ending June 30,	Principal	Interest	Total
2023	$ 428,829	$ 47,047	$ 475,876
2024	426,687	41,343	468,030
2025	373,972	35,730	409,702
2026	297,278	31,099	328,377
2027	300,003	26,978	326,981
Thereafter	1,255,284	88,371	1,343,655
	$ 3,082,053	$ 270,568	$ 3,352,621

Note 8. 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, 2022, are comprised of the following individual issues:

Table 6.A.1

	Issue Date	Final Maturity	Interest Rate	Original Issue	Principal Balances June 30, 2022	Principal and Unamortized Balances at June 30, 2022	Governmental Activities	Business-Type
1. General obligation bonds:								
2020 Refunding Bonds A (Tax-exempt)	3/25/2020	6/1/2040	2.00%-5.00%	$12,625,000	$ 12,625,000	$ 14,245,994	$ 12,625,000	$ -
2020 Refunding Bonds B (Taxable)	3/25/2020	6/1/2028	1.27%-1.80%	8,200,000	6,115,000	6,115,000	6,115,000	-
2020 GO Bond Anticipation Note	6/10/2020	6/1/2023	Variable (1)	25,000,000	14,934,912	14,934,912	14,934,912	-
				45,825,000	33,674,912	35,295,906	33,674,912	-
2. Installment Financing Contracts:								
2010 Installment financing (Parks & Recreation)	7/12/2010	7/12/2025	4.55%	1,100,000	256,667	256,667	256,667	-
2013 Installment financing (Green CIP)	6/13/2013	7/1/2023	1.44%	998,000	149,700	149,700	149,700	-
2017 Installment financing (Equip. and Vehicles)	11/9/2017	10/1/2037	1.62%-1.70%	4,307,060	806,000	806,000	720,000	86,000
2017 Limited Obligation Bonds	11/9/2017	10/1/2037	3.00%-5.00%	25,000,000	22,260,000	24,956,445	17,178,070	5,081,930
2017 Special Obligation Bonds	6/30/2017	6/1/2022	2.50%-5.00%	17,140,000	13,700,000	14,757,124	11,850,500	1,849,500
2018 Installment financing (Equip. and Vehicles)	6/12/2018	6/12/2021	2.65%	6,220,100	1,181,784	1,181,784	1,139,578	42,206
2019 Installment financing (Equip. and Vehicles)	5/31/2019	5/1/2024	2.28%	4,330,000	2,598,000	2,598,000	2,373,000	225,000
2020 Installment financing (Equip. and Vehicles)	6/30/2020	5/1/2025	1.16%	4,650,075	3,664,022	3,664,022	3,497,727	166,295
2021 Limited Obligation Bonds	4/29/2021	4/1/2041	2.00%-3.00%	13,350,000	13,350,000	14,435,568	13,350,000	-
2021 Special Obligation Bonds	4/29/2021	4/1/2033	3.00%-5.00%	17,240,000	15,715,000	19,112,939	15,001,539	713,461
2022 Limited Obligation Bond Anticipation Note	6/25/2022	6/15/2025	Variables (2)	42,000,000	9,970,131	9,970,132	9,524,035	446,096
				136,335,235	83,651,304	91,888,381	75,040,816	8,610,488
3. Revenue bonds:								
2015 water system revenue refunding bonds	6/11/2015	8/1/2032	2.00%-5.00%	50,625,000	32,500,000	36,326,763	-	32,500,000
2021 Water System Revenue Refunding Bonds	9/30/2021	6/1/2051	1.625%-5.0%	38,125,000	38,125,000	40,431,180	-	38,125,000
				88,750,000	70,625,000	76,757,943	-	70,625,000
4. Other long-term indebtedness:								
2001 Metropolitan sewage district	4/22/1985	6/30/2024	5.00%	615,000	34,440	34,440	34,440	-
2011 NC DENR, drinking water revolving loan	6/22/2011	5/1/2031	0.00%	198,194	89,187	89,187	-	89,187
				$ 813,194	123,627	123,627	34,440	89,187
Total general obligations bonds, limited obligation bonds, revenue bonds and other long-term obligations					$ 188,074,843	$ 204,065,857	$ 108,750,168	$ 79,324,675

(1) Interest is variable at SIFMA plus 38 bppa

(2) Interest is variable at SOFR plus 23 bppa

Note 8. 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	$ 33,674,912	$ -	$ 33,674,912
Installment financing contracts	75,040,816	8,610,488	83,651,304
Revenue bonds	-	70,625,000	70,625,000
Other long-term indebtedness	34,440	89,187	123,627
	$ 108,750,168	$ 79,324,675	$ 188,074,843

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
Installment Financing Contracts:	
Limited obligation bonds, Series 2017	2,696,445
Special obligation bonds, Series 2017	1,057,124
Limited obligation bonds, Series 2021	1,085,567
Special obligation bonds, Series 2021	3,397,939
Revenue Bonds:	
2015 Water System Revenue Refunding Bonds	3,826,763
2021 Water System Revenue Refunding Bonds	2,306,180
	$ 15,991,012

Note 8. Long-Term Obligations (Continued)

Future maturities of long-term obligations: Annual debt service requirements to maturity, including interest, are as follows (excluding compensated absences, unfunded OPEB obligations and leases):

	General Obligation Bonds		Limited Obligation Bonds and Installment Financings		Other Long-Term Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental activities:								
year(s) ending June 30,								
2023	$ 15,979,912	$ 748,733	$ 6,570,759	$ 2,440,418	$ 26,240	$ 1,722	22,576,911	$ 3,190,873
2024	1,040,000	79,300	6,172,270	2,243,947	8,200	451	7,220,470	2,323,698
2025	1,040,000	64,948	14,699,369	2,026,670	-	-	15,739,369	2,091,618
2026	1,040,000	50,076	3,555,898	2,023,367	-	-	4,595,898	2,073,443
2027	1,040,000	33,748	3,514,906	1,846,579	-	-	4,554,906	1,880,327
2028-2032	5,210,000	1,516,250	18,264,005	4,963,674	-	-	23,474,005	6,479,924
2033-2037	5,205,000	624,100	14,729,034	2,133,994	-	-	19,934,034	2,758,094
2038-2041	3,120,000	124,800	7,534,575	404,081	-	-	10,654,575	528,881
	$ 33,674,912	$ 3,241,955	$ 75,040,816	$ 18,082,730	$ 34,440	$ 2,173	$ 108,750,168	$ 21,326,858

	Revenue Bonds		Limited Obligation Bonds and Installment Financings		Other Long-Term Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Business-type activities:								
year(s) ending June 30,								
2023	$ 4,685,000	$ 2,423,500	$ 851,931	$ 322,500	$ 9,910	$ -	$ 5,546,841	$ 2,746,000
2024	4,925,000	2,183,250	880,488	289,069	9,910	-	5,815,398	2,472,319
2025	5,165,000	1,931,000	1,218,820	251,742	9,910	-	6,393,730	2,182,742
2026	5,435,000	1,666,000	695,769	208,230	9,910	-	6,140,679	1,874,230
2027	2,815,000	1,459,750	695,094	173,458	9,910	-	3,520,004	1,633,208
2028-2032	16,110,000	5,255,019	3,556,995	555,445	39,637	-	19,706,632	5,810,464
2033-2037	8,630,000	2,809,425	595,966	90,054	-	-	9,225,966	2,899,479
2038-2042	6,810,000	2,150,606	115,425	7,214	-	-	6,925,425	2,157,820
2043-2047	7,575,000	1,387,406	-	-	-	-	7,575,000	1,387,406
2048-2052	8,475,000	485,269	-	-	-	-	8,475,000	485,269
	$ 70,625,000	$ 21,751,225	$ 8,610,488	$ 1,897,712	$ 89,187	$ -	$ 79,324,675	$ 23,648,937

Note 8. Long-Term Obligations (Continued)

Installment financing contracts: In July 2010, the City entered into a direct placement 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 direct placement installment debt balance of $256,667 as of June 30, 2022.

In June 2012, the City, through the Asheville Public Financing Corporation, a blended component unit, issued direct placement 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 direct placement installment 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 $22,260,000 as of June 30, 2022,

Note 8. 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 percent. The City had a direct placement installment debt balance of $149,700 as of June 30, 2022.

In June 2017, the City entered into a direct installment-financing contract with Regions Capital Advantage, Inc. to provide funding for the purchase of computers, vehicles and equipment. The $4,307,060 loan is payable over 59 months with semi-annual payments of interest and annual payments of principal at fixed rates of interest of 1.62% for the 48-month component and 1.70% for the 59-month component. The City had installment debt payable of $806,000 outstanding as of June 30, 2022.

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 3.00% to 5.00% and extend out to 2037. The City had special obligation bond notes payable of $13,700,000 outstanding as of June 30, 2022.

Note 8. Long-Term Obligations (Continued)

In May 2018, the City entered into an Installment Financing Contract with HomeTrust Bank, Inc. to provide funding for the purchase of computers, vehicles and equipment. The $6,220,100 loan is payable over 59 months with semi-annual payments of principal and interest at a fixed interest rate of 2.65 percent. The City had installment debt payable of $1,181,784 outstanding as of June 30, 2022.

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 2.25 percent. The City had installment debt payable of $2,598,000 outstanding as of June 30, 2022.

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 $3,664,022 as of June 30, 2022.

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 $15,715,000 outstanding as of June 30, 2022.

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.

Note 8. Long-Term Obligations (Continued)

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 30bps 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. At June 30, 2022, the City has an outstanding note balance of $14,934,912.

At June 30, 2022, the City had bonds authorized but unissued in the amount of $40.3 million.

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 $32,500,000 as of June 30, 2022.

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, 2022, the total principal and interest remaining to be paid directly by the City on the bonds is $38,612,219.

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 $38,125,000 as of June 30, 2022.

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 2032. At June 30, 2022, the total principal and interest remaining to be paid directly by the City on the bonds is $53,764,006.

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 will be 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 8. 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 and Series Indenture Number 3, dated as of June 1, 2015 (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. The City was in compliance with all such covenants during the fiscal year ended June 30, 2022 The calculation for the rate covenant for the year ended June 30, 2022, is as follows:

Water revenue and expense information

Revenues	$	36,701,013
Current Expenses		23,537,323
Net Revenue avaialable for Debt Service	$	13,163,690
Senior Debt Coverage:		
Principal & Interest	$	5,730,852
Add 20% of senior debt		1,146,170
Subordinate Debt:		
Principal & Interest		9,910
Total Debt Service + 20%		6,886,932
Rate Coverage Test		1.91

Other Long-Term Indebtedness: In 2001, the City agreed to assume 41 percent of a bond issued by Metropolitan Sewerage District of Buncombe County ("MSD"), Series 1985, for the Enka-Candler annexation in 1989. At June 30, 2022, the City has an outstanding balance of $34,440.

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 20 years. At June 30, 2022, the outstanding balance is $89,187.

Note 8. Long-Term Obligations (Continued)

Changes in long-term liabilities:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Governmental activities:					
Bonds and notes payable:					
Installment financing contracts	$ 71,271,196	$ 9,614,067	$ 5,844,447	$ 75,040,816	$ 7,290,759
General obligation bonds	28,365,347	6,354,565	1,045,000	33,674,912	1,045,000
Lease liabilities	-	2,225,764	170,298	2,055,466	168,791
Other long-term indebtedness	60,680	-	26,240	34,440	26,240
Unamortized bond premiums	9,328,591	-	540,069	8,788,522	540,069
Total bonds and loans payable, net	109,025,814	18,194,396	7,626,054	119,594,156	9,070,859
Compensated absences payable	6,391,623	3,985,290	2,801,379	7,575,534	3,028,648
Net pension liability – LGERS	29,605,167	-	17,250,763	12,354,404	-
Total pension laibility – LEOSSA	8,195,994	749,146	633,683	8,311,457	-
Net OPEB liability	16,077,901	-	76,494	16,001,407	-
Total governmental activities	$ 169,296,499	$ 22,928,832	$ 28,388,373	$ 163,836,958	$ 12,099,507
Business-type activities:					
Bonds and notes payable:					
Revenue bonds	$ 76,300,000	$ 38,125,000	$ 43,800,000	$ 70,625,000	$ 4,685,000
Installment financing contracts	9,309,016	446,096	1,144,624	8,610,488	937,931
Lease liabilities	-	1,170,607	144,020	1,026,587	162,347
Other long-term indebtedness	99,097	-	9,910	89,187	9,910
Unamortized bond premiums	5,353,464	2,306,180	457,154	7,202,490	457,154
Total bonds and loans payable, net	91,061,577	42,047,883	45,555,708	87,553,752	6,252,342
Compensated absences payable	1,300,399	568,948	498,195	1,371,152	551,203
Net pension liability – LGERS	7,812,891	-	4,552,527	3,260,364	-
Net OPEB liability	4,243,004	-	20,187	4,222,817	-
Total business-type activities	$ 104,417,871	$ 42,616,831	$ 50,626,617	$ 96,408,085	$ 6,803,545

The following table contains debt activity for the Water Revenue Fund. The activity in the Water Revenue Fund is 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	$ 76,300,000	$ 38,125,000	$ 43,800,000	$ 70,625,000	$ 4,685,000
Lease liabilities	-	6,036	16	6,020	3,614
Other long-term indebtedness	99,097	-	9,910	89,187	9,910
Unamortized bond premiums	4,191,217	2,306,180	364,436	6,132,961	457,154
Total bonds and loans payable, ne	80,590,314	40,437,216	44,174,362	76,853,168	5,155,678
Compensated absences payable	735,423	470,057	381,297	824,183	316,856
Net pension liability – LGERS	4,733,384	-	2,758,116	1,975,268	-
Net OPEB liability	2,570,595	-	12,230	2,558,365	-
Total water system activities	$ 88,629,716	$ 40,907,273	$ 47,326,005	$ 82,210,984	$ 5,472,534

Note 8. Long-Term Obligations (Continued)

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, 2022, such statutory limit for the City was approximately $1,588,565 providing a legal debt margin of approximately $1,416,751. 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, 2022, all of the loan commitment for renovations had been drawn.

Future maturities of the component unit debt are as follows:

Year ending June 30,	Principal	Interest
2023	$ 329,240	$ 122,470
2024	342,994	108,716
2025	357,324	94,386
2026	372,253	79,457
2027	387,807	63,903
Thereafter	1,253,825	31,568
	$ 3,043,443	$ 500,500

Note 9. 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	$ 264,472,245	$ 317,363,060
Less capital asset-related debt	(117,538,690)	(85,812,168)
Other capital asset-related liabilities	(1,071,043)	(1,107,158)
Add deferred outflows	-	882,158
Net investment in capital assets	$ 145,862,512	$ 231,325,892

Note 9. Net Position and Fund Balance (Continued)

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	$ 121,740,633
Less non-spendable items	9,255,609
Less stabilization by state statute	27,744,280
Funds available for appropriation	84,740,744
Less committed	6,426,648
Less assigned	43,726,900
Less fund balance policy	22,262,014
Remaining fund balance	$ 12,325,182

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 $4,818,648 and $29,324,492 in the General Fund and General Capital Projects Fund, respectively.

Note 10 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 $600,000 per occurrence. It purchases excess liability insurance with limits of $15 million across all liability lines: general, public officials, law enforcement, employment practices, employee benefits, and automobile. The City also purchases insurance for real and personal property assets in the amount of $385,066,855. 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.

Note 10. Risk Management (Continued)

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 $500,000 in theft coverage. The Director of Financial and Management Services and the Fiscal Services Manager are individually bonded for $250,000 each.

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 $175,000 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 2021, there were four claimants with $161,009 in claims.
In fiscal year 2022, there were three claimants with $204,116 in claims.

The following is a summary of changes in estimated claims payable in all self-insurance funds at June 30:

	2022	2021
Beginning balance	$ 3,784,914	$ 4,173,392
Add incurred claims and changes in IBNR	15,659,067	13,803,818
Less claim payments	(15,962,804)	(14,192,296)
Ending balance	$ 3,481,177	$ 3,784,914

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 11. 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.

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, 2022, were both 12.04% of compensation for law enforcement officers and 11.35% 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 $8,518,795 for the year ended June 30, 2022, and the ABC Boards were $312,936.

Note 11. Pension Plan Obligations (Continued)

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.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2022, the City and ABC Board reported a liability of $15,614,768 and $483,393, respectively, for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. 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, 2020 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, 2022, the City's proportion was 1.01818%, which was a decrease of 0.02894% from its proportion measured as of June 30, 2021. The ABC Board's proportion was .02817%, which was an increase of .00018% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the City and ABC Board recognized pension expense of $6,314,035 and $399,524, respectively. At June 30, 2022, 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	$ 4,967,619	$ -
Changes of assumptions	9,810,062	-
Net difference between project and actual earnings on pension plan investments	-	22,308,813
Changes in proportion and differences between City contributions and proportionate share of contributions	-	1,289,402
City contributions subsequent to the measurement date	8,518,795	-
Total	$ 23,296,476	$ 23,598,215

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	$ 153,784	$ -
Changes of assumptions	303,692	-
Net difference between project and actual earnings on pension plan investments	-	690,618
Changes in proportion and differences between Board contributions and proportionate share of contributions	105,399	-
Board contributions subsequent to the measurement date	312,936	-
Total	$ 875,811	$ 690,618

$8,518,795 and $312,936 reported as deferred outflows of resources related to pensions resulting from the City and ABC Board's contributions subsequent to the measurement date, respectively, will be recognized as a decrease of the net pension liability in the year ending June 30, 2023.

Note 11. Pension Plan Obligations (Continued)

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

	City of Asheville	ABC Board
Years ending June 30:		
2022	$ 966,132	$ 88,864
2023	(938,892)	22,383
2024	(2,021,143)	(27,677)
2025	(6,826,631)	(211,333)
Total	$ (8,820,534)	$ (127,763)

Actuarial assumptions: The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.10 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an actuarial experience study for the period January 1, 2014 through December 31, 2020.

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, 2022 are summarized in the following table:

Note 11. Pension Plan Obligations (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 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 2.50%. 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)	$ 60,615,228	$ 15,614,768	$ (21,417,997)

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 7.00%, 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 (6.00%) or one percentage point higher (8.00) 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)	$ 1,876,478	$ 483,389	$ (663,041)

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.

Note 11. Pension Plan Obligations (Continued)

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, 2020, the Separation Allowance membership consisted of:

	City	ABC Board
Retirees receiving benefits	41	1
Active plan members	247	3
Total	288	4

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 $633,683 and $7,517, respectively, as benefits came due for the reporting period.

Note 11. Pension Plan Obligations (Continued)

The City's total pension liability for the current year was determined as part of the June 30, 2020 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 3.64% discount rate per annum compounded annually and (b) projected salary increases of 3.50% to 7.35% per year. Both (a) and (b) included an inflation component of 2.5%. The assumptions did not include post-employment 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, 2022, the City reported a total pension liability of $8,311,457 for their proportionate share of the net pension liabilities. The total pension liability was measured as of December 31, 2021 based on a June 30, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the City recognized pension expense of $927,867.

At June 30, 2022, the ABC Board reported a total pension liability of $52,958 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.

The City reported deferred outflows of resources and deferred inflows of resources related to the Law Enforcement Special Separation Allowance Plan from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 315,214	$ 285,063
Changes of assumptions and Other Inputs	563,486	92,462
City benefit payments and plan administrative expense made subsequent to the measurement date	293,436	-
Total	$ 1,172,136	$ 377,525

Deferred outflows of resources for the City of $293,436 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 ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Expense Adjustment
Years ending June 30:	
2023	$ 233,293
2024	149,425
2025	79,473
2026	28,529
2027	10,455
Total	$ 501,175

Note 11. 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 2.06%, 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 (1.06%) or 1-percentage-point higher (3.06%) than the current rate:

	1% Decrease (1.06%)	Discount Rate (2.06%)	1% Increase (3.06%)
Total pension liability	$ 8,993,238	$ 8,311,457	$ 7,682,246

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

	City	ABC Board
Beginning balance	$ 8,195,994	$ 69,815
Service cost	513,563	(9,340)
Interest on the total pension liability	167,038	-
Differences between expected and actual experience in the measurement of the total pension liability	28,124	-
Changes of assumptions or other inputs	40,421	-
Benefit payments	(633,683)	(7,517)
Ending balance	$ 8,311,457	$ 52,958

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): RP-2014 Total Data Set for Healthy Annuitant Mortality Table projected generationally using MP-2015. Rates are adjusted by 104% for males and females ages 50 and older. The RP-2014 Table Data Set Employee Mortality Table is used for ages less than 50 (with no adjustments).

Deaths before retirement: RP-2014 Total Data Set Employee Mortality Table projected generationally using MP-2015.

Deaths after retirement (Disabled): RP-2014 Disabled Retiree base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 103% for males and 99% for females for all ages.

Note 11. 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 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% 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% 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, 2022 was $615,911 and the officers' voluntary contributions were approximately $1,068,654. The City's contribution for non-police personnel was $3,059,516 with employee voluntary contributions of approximately $2,066,486. The ABC Board's required contribution for the year ended June 30, 2022 was $7,517.

Other Post-Employment 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 post-employment healthcare benefits to employees retiring from the City with at least five years of creditable service that are eligible to receive a benefit from the North Carolina Local Governmental Employees Retirement System and do not have other insurance available. The plan has been closed for employees who were hired after June 30, 2021. The plan, which has a June 30, 2022 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 post-employment 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 $52,958 and $69,815 for the years ended June 30, 2022 and 2021, respectively. As of June 30, 2022 and 2021, none of this cost was contributed which resulted in an unfunded net OPEB obligation of $52,958 and $69,815, respectively.

Plan membership of the City's HCB Plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

	City HCB Plan Membership
Inactive employees or beneficiaries currently receiving benefits	185
Active employees	438
Total	623

Note 11. Pension Plan Obligations (Continued)

Benefits paid: The benefits 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 if enrolled at the time of the employee's retirement. In addition, if the retiree ceased to coverage or dies, dependent coverage with 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 retirees 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 contributes 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 accounted 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 Statutes 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, 2022, the Plan assets totaled $17,331,010 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Fund pursuant to G.S. 147-69.4. 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 State Treasurer's OPEB Fund was invested as follows: State Treasurer's Long Term Investment Fund (LTIF) 43.0 percent and BlackRock's MSCI ACWI Equity Index Non-Lendable Fund B 56.9 percent. The BlackRock MSCI ACWI Equity Index Non-Lendable Fund B is priced at $27.230307 per share at June 30, 2022.

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%

Rate of return: For the year ended June 30, 2022, the annual money weighted rate of return of investments, net of investment expense was 14.47 percent. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 11. Pension Plan Obligations (Continued)

The components of the net OPEB liability of the City as of June 30, 2022 were as follows:

Total OPEB liability	$	37,555,234
Plan fiduciary net position		17,331,010
City's net OPEB liability	$	20,224,224
Plan fiduciary net position as a percentage of the total OPEB liability		46.15%

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods including the measurement unless otherwise specified:

Inflation	2.5 percent
Payroll Growth Assumption	3.50 to 7.8 percent, including inflation
Expected Long-term Rate of Return of Assets	5.5 percent
Discount rate	5.5 percent
Annual Health Care Trends	7.5 percent decreasing to 4.5 percent in 2026

Mortality rates were based on the RP-2014 Total Data Set Employee Mortality Table projected to the valuation date using MP-2015, projected forward generationally from the valuation date using 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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2014 through December 31, 2018.

Discount rate: The discount rate used to measure the total OPEB liability at June 30, 2021 was 5.50 percent. Pursuant to GASB 75, for unfunded plans the discount rate should be 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). The Bond Buyer 20-Bond GO index is often cited as an appropriate benchmark. That index was 2.16 percent on June 30, 2021. GASB 75 permits partially funded plans to use a blend of the expected long-term rate of return on assets of 5.50 percent and the municipal bond rate described above. Based on the contribution policy adopted by the City, the FNP is projected to be sufficient to cover the promised benefits. Accordingly, the expected long-term rate of return on assets was used as a discount rate.

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 percent) or 1-percentage-point higher (6.5 percent) than the current discount rate:

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Net OPEB liability	$ 23,187,334	$ 20,224,244	$ 17,518,897

Note 11. 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-poing higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Net OPEB liability	$ 16,959,887	$ 20,224,244	$ 23,968,558

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2022, the City reported a net OPEB liability of $20,224,226. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020.

Changes in Total OPEB Liability

	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance as of June 30, 2021	$ 37,112,337	$ 16,791,432	$ 20,320,905
Changes for the year:			
Service Cost a tht end of the year	889,061	-	889,061
Interest on TOL and Cash Flows	1,974,607	-	1,974,607
Difference between expected and actual experience	(170,408)	-	(170,408)
Contributions - Employer	-	5,450,363	(5,450,363)
Net investment income	-	(2,660,422)	2,660,422
Benefit payments	(2,250,363)	(2,250,363)	-
Net changes	442,897	539,578	(96,681)
Balance as of June 30, 2022	$ 37,555,234	$ 17,331,010	$ 20,224,224

Changes in assumptions: There were no changes in assumptions and other inputs since the prior measurement date. Medical claims cost and rates were changed based on the most recent experience and changed to the current schedule. The Excise Table of 40 percent on healthcare plans that are above the thresholds set by the Affordable Care Act are effective in 2022 and has been reflected.

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB: For the year ended June 30, 2022, the City recognized OPEB expenses of $1,660,284. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Note 11. Pension Plan Obligations (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience and actual experience	$ 1,356,414	$ 142,923
Changes in assumption or other inputs	-	1,715,262
Net difference between projected and actual earnings on plan investments	1,689,600	-
Total	$ 3,046,014	$ 1,858,185

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits will be amortized over the Average Expected Remaining Services Lives or 6.77 years and recognized in OPEB Expense.as follows:

Measurement Period Ending June 30,	
2023	$ 46,230
2024	83,848
2025	196,715
2026	877,930
2027	(11,396)
Thereafter	(5,498)
	$ 1,187,829

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

Deferred Outflows Reconciliation-OPEB	Per Actuary	Change in Fund Allocation	Total Deferred Outflows
Governmental activities	$ 2,410,005	$ 88,584	$ 2,498,589
Water resource fund	385,321	-	385,321
Parking services fund	60,616	14,162	74,778
Mass transit fund	10,661	7,286	17,947
Street Cut Utility fund	21,018	2,915	23,933
Stormwater fund	100,214	346	100,560
Harrah's Cherokee Center	58,179	-	58,179
	$ 3,046,014	$ 113,293	$ 3,159,307

Deferred Inflows Reconciliation-OPEB	Per Actuary	Change in Fund Allocation	Total Deferred Inflows
Governmental activities	$ 1,470,197	$ -	$ 1,470,197
Water resource fund	235,060	44,173	279,233
Parking services fund	36,978	29,145	66,123
Mass transit fund	6,504	10,509	17,013
Street Cut Utility fund	12,821	2,519	15,340
Stormwater fund	61,134	-	61,134
Harrah's Cherokee Center	35,491	26,947	62,438
	$ 1,858,185	$ 113,293	$ 1,971,478

Note 11. Pension Plan Obligations (Continued)

Amounts reported as Deferred Outflows of Resources 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:	Governmental Activities	Water Resources	Parking Services	Mass Transit	Street Cut Utility	Stormwater	Harrah's Cherokee Center	Total
2023	$ 49,724	$ (22,800)	$ (411)	$ (5,650)	$ (1,061)	$ 346	$ (20,148)	$ -
2024	38,860	(21,373)	(14,572)	2,427	1,457	-	(6,799)	-
Total	$ 88,584	$ (44,173)	$ (14,983)	$ (3,223)	$ 396	$ 346	$ (26,947)	$ -

Total pension and OPEB-related deferred outflows of resources:

Total Pension-related deferred outflows of resources:

	LGERS	LOESSA	OPEB	Total
Differences between expected and actual experience	$ 4,967,619	$ 315,214	$ 1,356,414	$ 6,639,247
Changes of assumptions	9,810,062	563,486	-	10,373,548
Net difference between project and actual earnings on pension plan investments	-	-	1,689,600	1,689,600
Change in proportionate share between City funds	-	-	113,293	113,293
City contributions subsequent to the measurement date	8,518,795	293,436	-	8,812,231
Total	$ 23,296,476	$ 1,172,136	$ 3,159,307	$ 27,627,919

Total pension and OPEB-related deferred inflows of resources:

Total pension-related deferred inflows of resources:

	LGERS	LOESSA	OPEB	Total
Differences between expected and actual experience	$ -	$ 285,063	$ 142,923	$ 427,986
Changes of assumptions	-	92,462	1,715,262	1,807,724
Net difference between project and actual earnings on pension plan investments	22,308,813	-	-	22,308,813
Change in proportionate share between City funds	-	-	113,293	113,293
Changes in proportion and differences between City contributions and proportionate share of contributions	1,289,402	-	-	1,289,402
Total	$ 23,598,215	$ 377,525	$ 1,971,478	$ 25,947,218

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.

Note 11. Pension Plan Obligations (Continued)

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 post-employment benefit amount and the other benefit amount. The ABC Board considers these contributions to be immaterial.

Note 12. Deferred Outflows and Inflows of Resources

The City has several deferred outflows and inflows of resources. The City's deferred outflows at June 30, 2022 comprised of the following:

	Governmental Activities	Business-Type Activities
Contributions to the pension plans subsequent the measurement date	$ 7,033,507	$ 1,778,724
Other Pension and OPEB related deferrals	15,008,816	3,806,872
Deferred charge on refunding	1,101,501	882,159
Total Deferred Outflows	$ 23,143,824	$ 6,467,755

Deferred inflows of resources are comprised of the following:

	Governmental Activities	Business-Type Activities
General fund:		
Prepaid Ad Valorem taxes	$ 53,551	$ -
Taxes receivable, less penalties	177,752	-
Lease Receivable	2,996,266	-
General capital projects fund:		
Grant funds receivable	332,784	-
Grants Program fund:		
Grant funds receivable	308,414	-
Non-major governmental funds:		
Grant funds receivable	124,601	-
Total governmental funds deferred inflows	3,993,368	-
Pension deferral	19,113,864	4,861,876
OPEB deferrals	1,470,197	501,281
Lease Receivable	-	3,627,802
Revenue recognized on the governmental activities	(943,551)	-
Total deferred inflows	$ 23,633,878	$ 8,990,959

Note 13. Unearned Revenue

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

General fund:		
General Revenue	$	3,713
Capital Projects Fund:		
Grants		10,000
Grant Programs Fund:		
Grants		19,337,947
Non-major governmental funds:		
Grants		51,088
Total government activities	$	19,402,748
Water resources fund:		
Prepaid water charges	$	500,272
Non-major business funds:		
Grants		197,213
Mass Transit Fund		
Grants		289,769
Total business-type activities	$	987,254

Note 14. 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 monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

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 15. Subsequent Events

The City has evaluated events subsequent to November 9, 2022, 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.

Note 16. GASB Pronouncements

Pronouncements Implemented in the Current Year

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, effective for fiscal years that end June 30, 2022. The statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

As part of implementing the statement, the City performed a comprehensive review of its leases relationships and applied the criteria within the guidance. As a result beginning net position was not affected.

Pronouncements Issued, Not Yet Effective

The GASB has issued several pronouncements prior to June 30, 2022, that have effective dates that may affect future financial presentation.

The City has not yet evaluated the effect of implementation of the following GASB pronouncements.

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 requirements of this will take effect for financial statements starting with the fiscal year that ends December 31, 2022.

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). This Statement is effective for reporting periods beginning after June 15, 2022.

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. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended. This Statement is effective for reporting periods beginning after June 15, 2022.

Note 16. GASB Pronouncements (Continued)

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. However, there was no material impact during fiscal year 2022.

Statement No. 99, *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 requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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
- OPEB Schedule of Investment Returns
- 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 Ten Fiscal Years*

	2022	2021	2020	2019	2018	2017
Total OPEB liability:						
Service cost at end of year	**$ 889,061**	$ 982,590	$ 931,367	$ 1,329,239	$ 1,387,138	$ 1,484,673
Interest on the total OPEB liability	**1,974,609**	1,928,067	1,887,361	1,477,508	1,357,441	1,193,537
Difference between expected and actual experience	**(170,408)**	862,157	796,290	614,907	229,013	-
Changes of assumptions or other inputs	**-**	(363,344)	-	(2,550,116)	(1,260,476)	(1,834,783)
Benefit payments*	**(2,250,363)**	(2,705,778)	(3,003,716)	(2,549,739)	(1,833,676)	(1,796,639)
Net change in total OPEB liability	**442,899**	703,692	611,302	(1,678,201)	(120,560)	(953,212)
Total OPEB liability – beginning	**37,112,337**	36,408,645	35,797,343	37,475,544	37,596,104	38,549,316
Total OPEB liability – ending (a)	**37,555,236**	37,112,337	36,408,645	35,797,343	37,475,544	37,596,104
Plan fiduciary net position:						
Contributions – employer***	**5,450,363**	2,705,778	4,603,716	3,949,739	1,833,676	2,796,639
Net investment income	**(2,660,422)**	2,832,796	617,425	753,413	1,628,683	647,620
Benefit payments**	**(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	**539,578**	2,832,796	2,217,425	2,153,412	1,610,461	1,647,620
Plan fiduciary net position – beginning	**16,791,432**	13,958,636	11,741,211	9,587,799	7,977,338	6,329,718
Plan fiduciary net position – ending (b)	**17,331,010**	16,791,432	13,958,636	11,741,211	9,587,799	7,977,338
Net OPEB liability – ending (a) - (b)	**$ 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%

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

** Benefit payments are net of participant contributions. Net benefit payments of $2,250,363 paid directly from the employer are also included.

*** Employer contributions include $2,250,363 paid directly from the employer and $3,200,000 contributions made to the OPEB Trust.

City of Asheville

Required Supplementary Information
OPEB Schedule of Employer Contributions
Last Ten Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	**$ 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	**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)	**$ (3,361,543)**	$ (683,409)	$ (1,789,797)	$ (1,332,559)	$ 1,320,658	$ 159,579	$ 342,148
Covered payroll**	**$ 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	**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 Ten Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016
Total OPEB liability	**$ 37,555,236**	$ 37,112,337	$ 36,408,645	$ 35,797,346	$ 37,475,544	$ 37,596,104	$ 38,549,316
Plan fidicuary net position	**17,331,010**	16,791,432	13,958,636	11,741,211	9,587,799	7,977,338	6,329,717
Net OPEB liability	**$ 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	**46.15%**	45.24%	38.34%	32.80%	25.58%	21.22%	16.42%
Covered payroll**	**$ 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 payroll	**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 set 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 Nine Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset) (%)	**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) ($)	**$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 employee payroll	**$62,678,524**	$64,324,536	$60,642,521	$57,979,959	$55,124,606	$54,033,708	$52,814,551	$47,243,636	$49,979,929
City's proportion of the net pension liability (assets) as a percentage of its covered-employee payroll	**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**	**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 ended June 30.

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

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

City of Asheville

Required Supplementary Information
Schedule of Contributions to
Local Government Employees' Retirement System
Last Nine Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	**$ 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 in relation to the contractually required contribution	**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-employee payroll	**$ 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 percentage of covered-employee payroll	**12.64%**	11.19%	9.61%	8.49%	8.13%	7.83%	6.89%	7.18%	7.55%

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

City of Asheville

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

	2022	2021	2020	2019	2018	2017
Total pension liability:						
Service cost at end of year	**$ 513,563**	$ 354,936	$ 342,934	$ 341,057	$ 270,136	$ 293,341
Interest	**167,038**	254,233	273,300	225,204	263,231	254,404
Difference between expected and actual experience	**28,124**	(431,249)	74,674	805,349	89,765	-
Changes of assumptions or other inputs	**40,421**	542,125	246,953	(305,018)	408,573	(158,932)
Benefit payments	**(633,683)**	(645,218)	(649,873)	(720,265)	(728,632)	(662,420)
Net change in total pension liability	**115,463**	74,827	287,988	346,327	303,073	(273,607)
Total pension liability – beginning	**8,195,994**	8,121,167	7,833,179	7,486,852	7,183,779	7,457,386
Total pension liability – ending	**$ 8,311,457**	$ 8,195,994	$ 8,121,167	$ 7,833,179	$ 7,486,852	$ 7,183,779
Covered payroll	$ 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 payroll	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 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, 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 was reduced from 3% to 2.5% and assumed wage inflation was increased from .5% to 1%.

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, 2022

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Intergovernmental revenue	$ 55,923,629	$ 41,315,881	$ 5,786,390	$ (4,400,704)	$ 42,701,567	$ (13,222,062)
Licenses and permits	544,668	1,403,725	(222)	-	1,403,503	858,835
Charges for services	2,794,326	2,428,521	655,667	(114,026)	2,970,162	175,836
Investment earnings (losses)	249,952	255,279	-	-	255,279	5,327
Miscellaneous	3,478,533	3,933,402	227,202	(154,200)	4,006,404	527,871
Total revenues	62,991,108	49,336,808	6,669,037	(4,668,930)	51,336,915	(11,654,193)
Expenditures:						
General Government	51,482,263	28,412,081	3,892,094	-	32,304,175	19,178,088
Public Safety	41,621,676	10,476,612	4,849,290	(35,075)	15,290,827	26,330,849
Environmental Services	5,391,772	558,506	159,006	-	717,512	4,674,260
Community Development	12,351,595	10,493,151	1,622,512	(4,200,000)	7,915,663	4,435,932
Transportation	140,533,865	92,708,419	7,914,906	(5,913,169)	94,710,156	45,823,709
Culture and Recreation	41,279,540	21,916,035	5,735,638	(454,694)	27,196,979	14,082,561
Total expenditures	292,660,711	164,564,804	24,173,446	(10,602,938)	178,135,312	114,525,399
Revenues under expenditures	(229,669,603)	(115,227,996)	(17,504,409)	5,934,008	(126,798,397)	102,871,206
Other financing sources (uses):						
Long-term debt issued	209,446,532	91,054,393	15,968,632	(344,992)	106,678,033	(102,768,499)
Premiums on long-term debt issued	696,320	708,342	-	-	708,342	12,022
Proceeds from sale of capital assets	2,575,000	2,632,988	-	-	2,632,988	57,988
Transfers from other funds	24,340,037	24,422,372	3,766,437	(5,589,016)	22,599,793	(1,740,244)
Transfers to other funds	(7,388,286)	(3,433,153)	(1,339,387)	-	(4,772,540)	2,615,746
Total other financing sources, net	229,669,603	115,384,942	18,395,682	(5,934,008)	127,846,616	(101,822,987)
Net change in fund balance	$ -	$ 156,946	891,273	$ -	$ 1,048,219	$ 1,048,219
Fund balance (deficit) – beginning			(3,805,033)			
Fund balance (deficit) – ending			$ (2,913,760)			

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, 2022

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Intergovernmental revenue	$ 34,603,110	$ 9,095,446	$ 10,249,177	$ (1,172,418)	$ 18,172,205	$ (16,430,905)
Charges for services	568,008	130,675	631,684	-	762,359	194,351
Investment earnings (losses)	66,161	66,160	-	-	66,160	(1)
Private donations	1,041,673	695,189	94,474	(100,282)	689,381	(352,292)
Total revenues	36,278,952	9,987,470	10,975,335	(1,272,700)	19,690,105	(16,588,847)
Expenditures:						
General Government	12,842,969	679,678	117,254	(276,315)	520,617	12,322,352
Public Safety	6,340,422	4,734,422	851,480	(631,453)	4,954,449	1,385,973
Environmental Services	540,247	59,950	1,497	(3,614)	57,833	482,414
Community Development	14,562,892	5,406,683	5,133,456	(214,556)	10,325,583	4,237,309
Transportation	1,921,616	1,079,885	206,150	(158,376)	1,127,659	793,957
Culture and Recreation	743,451	574,179	199,262	(133,453)	639,988	103,463
Total expenditures	36,951,597	12,534,797	6,509,099	(1,417,767)	17,626,129	19,325,468
Revenues over (under) expenditures	(672,645)	(2,547,327)	4,466,236	145,067	2,063,976	2,736,621
Other financing sources (uses):						
Transfers from other funds	2,805,541	1,201,020	1,509,125	(145,067)	2,565,078	(240,463)
Transfers to other funds	(2,132,896)	(178,331)	(2,054,262)	-	(2,232,593)	(99,697)
Total other financing sources, net	672,645	1,022,689	(545,137)	(145,067)	332,485	(340,160)
Net change in fund balance	$ -	$ (1,524,638)	3,921,099	$ -	$ 2,396,461	$ 2,396,461
Fund balance (deficit) – beginning			(1,524,636)			
Fund balance – ending			$ 2,396,463			

City of Asheville

Water Resources Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 36,285,312	$ 36,196,731	$ (88,581)
Other operating revenue	-	504,282	504,282
Investment earnings (losses)	400,000	(148,298)	(548,298)
Total revenues	36,685,312	36,552,715	(132,597)
Expenditures:			
Administration	1,508,767	1,608,733	(99,966)
Operations	23,385,952	21,928,595	1,457,357
Capital outlay	626,436	259,670	366,766
Debt service:			
Principal	3,809,910	3,809,910	-
Interest and other charges	2,424,768	2,365,507	59,261
Total expenditures	31,755,833	29,972,415	1,783,418
Revenue under expenditures	4,929,479	6,580,300	1,650,821
Other financing sources (uses):			
Transfers to Water Capital Projects Fund	(6,758,992)	(6,758,992)	-
Proceeds from disposal of capital assets	50,000	146,692	96,692
Proceeds on refinancing debt, net	431,180	431,180	
Appropriated fund balance	1,348,333	-	(1,348,333)
Total other financing uses, net	(4,929,479)	(6,181,120)	(1,251,641)
Net change in fund balance	$ -	399,180	$ 399,180

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	1,659,904
Water Capital Projects Fund	366,700
Total	2,425,784
Reconciling items:	
Change in allowance for doubtful accounts	(55,668)
Reduction of long-term debt principal	3,809,910
Proceeds on refinancing debt, net	(431,180)
Amortization of premium on long-term debt issued	364,454
Amortization of refunding loss	(82,420)
Amortization of leases	(16)
Capitalized assets	6,722,011
Increase in deferred outflows of resources - OPEB	165,938
Increase in deferred outflows of resources - pensions	481,895
Increase in deferred inflows of resources - OPEB	324,077
Decrease in deferred inflows of resources - pensions	(2,884,769)
Decrease in OPEB liability	12,230
Increase in net pension liability	2,758,116
Depreciation	(6,459,911)
Donated assets	6,164,100
Change in interest payable	(392,099)
Change in compensated absences	(88,762)
Change in net position	$ 12,833,690

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, 2022

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Capital grants and contributions	$ 60,900	$ -	$ 70,060	$ -	$ 70,060	$ 9,160
Investment earnings (losses)	-	78,724	-	-	78,724	78,724
Other revenue	-	601,195	-	-	601,195	601,195
Total revenues	60,900	679,919	70,060	-	749,979	689,079
Expenditures:						
Distribution System Projects	5,122,976	12,275,431	530,073	(9,094,161)	3,711,343	1,411,633
NC Department of Transportation Projects	4,882,444	551,144	72,697	-	623,841	4,258,603
Neighborhood Water Line Replacement Projects	40,635,966	22,270,616	3,118,195	-	25,388,811	15,247,155
Water Production Projects	71,543,782	61,619,425	2,590,840	-	64,210,265	7,333,517
Water System Master Plan Project	42,259,181	6,980,046	150,547	-	7,130,593	35,128,588
Azalea Road Improvements	383,245	437,977	-	-	437,977	(54,732)
Haywood Street Improvements	693,506	598,372	-	-	598,372	95,134
RADTIP	93,997	-	-	-	-	93,997
Total expenditures	165,615,097	104,733,011	6,462,352	(9,094,161)	102,101,202	63,513,895
Revenues under expenditures	(165,554,197)	(104,053,092)	(6,392,292)	9,094,161	(101,351,223)	64,202,974
Other financing sources (uses):						
Transfer from the Water Fund	114,603,617	99,858,750	6,758,992	(9,094,161)	97,523,581	(17,080,036)
Transfers from other funds	146,246	-	-	-	-	(146,246)
Transfers to other funds	(9,212,969)	(158,090)	-	-	(158,090)	9,054,879
Proceeds from issuance of debt	60,017,303	39,877,677	-	-	39,877,677	(20,139,626)
Total other financing sources	165,554,197	139,578,337	6,758,992	(9,094,161)	137,243,168	(28,311,029)
Net change in fund balance	$ -	$ 35,525,245	$ 366,700	$ -	$ 35,891,945	$ 35,891,945

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, 2022

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Charges for services	$ 100,000	$ 4,247,794	$ 1,659,904	$ -	$ 5,907,698	$ 5,807,698
Total revenues	100,000	4,247,794	1,659,904	-	5,907,698	5,807,698
Expenditures:						
Operations	100,000	-	-	-	-	100,000
Total expenditures	100,000	-	-	-	-	100,000
Revenues over expenditures	-	4,247,794	1,659,904	-	5,907,698	5,907,698
Net change in fund balance	$ -	$ 4,247,794	$ 1,659,904	$ -	$ 5,907,698	$ 5,907,698

City of Asheville

Mass Transit Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Charges for services	$ 512,200	$ 552,493	$ 40,293
Other operating revenue	350,000	374,726	24,726
Investment earnings (losses)	-	(25,452)	(25,452)
Intergovernmental revenue	2,811,302	3,842,732	1,031,430
Total revenues	3,673,502	4,744,499	1,070,997
Operating expenditures:			
Administration	754,317	632,496	121,821
Operations	13,058,806	10,809,495	2,249,311
Capitalized assets	6,175	6,175	-
Interest and other charges	-	221	(221)
Leases:			
Principal	-	88,184	(88,184)
Interest and other charges	-	12,315	(12,315)
Total expenditures	13,819,298	11,548,886	2,270,412
Revenues under expenditures	(10,145,796)	(6,804,387)	3,341,409
Other financing sources (uses)			
Transfer from other funds	8,493,807	6,916,932	1,576,875
Transfer from Mass Transit Capital Fund	1,000,000	1,000,000	-
Proceeds from the sale of capital assets	-	6,557	(6,557)
Appropriated fund balance	651,989	-	651,989
Total other financing sources	10,145,796	7,923,489	2,222,307
Net change in fund balance	$ -	1,119,102	$ 5,563,716
Reconciliation of budgetary basis (Non-GAAP) to full accrual basis:			
Revenues under expenditures and other financing sources:			
Mass Transit Capital Projects Fund		1,091,210	
Total		2,210,312	
Reconciling items:			
Depreciation		(1,381,254)	
Amortization - leases		(5,175)	
Loss on disposal of assets		(455)	
Proceeds from long-term debt		(446,096)	
Capitalized assets		42,174	
Decrease in deferred outflows of resources - OPEB		2,162	
Increase in deferred outflows of resources - pensions		13,333	
Decrease in deferred inflows of resources - OPEB		16,414	
Increase in deferred inflows of resources - pensions		(79,816)	
Decrease in OPEB liability		338	
Increase in net pension liability		47,568	
Change in compensated absences		5,571	
Change in net position		$ 425,076	

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, 2022

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Capital grants and contributions	$ 28,292,737	$ 9,319,616	$ 2,783,954	$ (1,821,204)	$ 10,282,366	$ (18,010,371)
Total revenues	28,292,737	9,319,616	2,783,954	(1,821,204)	10,282,366	(18,010,371)
Expenditures:						
Transit AVL System	-	433,301	-	(433,301)	-	-
JARC Mountain Mobility	544,667	527,798	-	(194,711)	333,087	211,580
Henderson County Bus Purchase	148,600	145,862	-	-	145,862	2,738
Transit Bench and Shelters FY 15	13,910	10,965	2,945	-	13,910	-
Transit Buses	16,770,748	8,806,242	43,637	-	8,849,879	7,920,869
Transit Bus Batteries and Security Cam	-	390,064	-	(390,064)	-	-
Bus Stop Improvements	1,295,082	-	27,800	-	27,800	1,267,282
Transit Pass-Through Grants	1,561,813	1,085,595	577,022	(926,032)	736,585	825,228
FTA 5310 Enhanced Mobility	1,309,998	619,443	103,507	-	722,950	587,048
CARES Sub-Recipients	4,936,900	1,134,186	192,943	-	1,327,129	3,609,771
Street Furniture 2	-	57,294	-	(57,294)	-	-
CARES Transit Protective Barriers	170,195	131,223	-	-	131,223	38,972
American Rescue Plan	3,252,528	-	608,616	-	608,616	2,643,912
Transit Capital Reserve	787,933	-	-	-	-	787,933
Total expenditures	30,792,374	13,341,973	1,556,470	(2,001,402)	12,897,041	17,895,333
Revenues under expenditures	(2,499,637)	(4,022,357)	1,227,484	180,198	(2,614,675)	(115,038)
Other financing sources (uses):						
Long-term debt issued	1,648,934	-	446,096	-	446,096	(1,202,838)
Transfers from other funds	2,050,865	2,057,098	417,630	(180,198)	2,294,530	243,665
Transfers to Mass Transit Fund	(1,200,162)	(176,632)	(1,000,000)	-	(1,176,632)	23,530
Total other financing sources	2,499,637	1,880,466	(136,274)	(180,198)	1,563,994	(935,643)
Net change in fund balance	$ -	$ (2,141,891)	$ 1,091,210	$ -	$ (1,050,681)	$ (1,050,681)

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, 2022

	Community Development	Affordable Home Ownership	Section 108 Rehabilitation	Sustainability	Permanent Fund	Total Non-major Governmental Funds
Assets						
Cash and investments	$ -	$ -	$ -	$ 1,121,430	$ 42,977	$ 1,164,407
Cash and investments – restricted	-	-	464,179	-	294,329	758,508
Receivables:						
Due from other governments	747,158	833,222	-	-	-	1,580,380
Other receivable	33,808	5,368	605	-	1,748	41,529
Notes receivable	1,280,321	887,008	779,568	-	-	2,946,897
Total assets	$ 2,061,287	$ 1,725,598	$ 1,244,352	$ 1,121,430	$ 339,054	$ 6,491,721
Liabilities						
Accounts payable	$ 308,864	$ 6,955	$ -	$ 49,665	$ -	$ 365,484
Other accrued liabilities	-	-	-	13,302	-	13,302
Due to other funds	671,289	664,345	-	-	-	1,335,634
Unearned revenue	-	51,088	-	-	-	51,088
Total liabilities	980,153	722,388	-	62,967	-	1,765,508
Deferred inflows of resources						
Unavailable revenue	89,172	35,429	-	-	-	124,601
Total deferred inflows of resources	89,172	35,429	-	-	-	124,601
Fund balances						
Nonspendable:						
Notes receivable	1,280,321	887,008	779,568	-	-	2,946,897
Perpetual maintenance	-	-	-	-	339,054	339,054
Restricted:						
Grant programs	-	-	464,784	-	-	464,784
Committed	-	-	-	1,058,463	-	1,058,463
Unassigned	(288,359)	80,773	-	-	-	(207,586)
Total fund balances	991,962	967,781	1,244,352	1,058,463	339,054	4,601,612
Total liabilities, deferred inflows of resources and fund balances	$ 2,061,287	$ 1,725,598	$ 1,244,352	$ 1,121,430	$ 339,054	$ 6,491,721

City of Asheville

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2022

	Community Development	Affordable Home Ownership	Section 108 Rehabilitation	Sustainability	Permanent Fund	Total Non-major Governmental Funds
Revenues:						
Intergovernmental revenue	$ 1,115,765	$ 797,793	$ -	$ -	$ -	$ 1,913,558
Charges for services	58,051	-	-	-	-	58,051
Investment earnings (losses)	-	-	-	-	(13,340)	(13,340)
Miscellaneous	66,540	36,256	7,262	104,292	-	214,350
Total revenues	1,240,356	834,049	7,262	104,292	(13,340)	2,172,619
Expenditures:						
Current:						
General government	-	-	-	643,118	-	643,118
Community development	1,170,997	869,479	-	-	-	2,040,476
Culture and recreation	-	-	-	-	826	826
Debt service:						
Principal	101,164	-	5,108	-	-	106,272
Total expenditures	1,272,161	869,479	5,108	643,118	826	2,790,692
Revenues over (under) expenditures	(31,805)	(35,430)	2,154	(538,826)	(14,166)	(618,073)
Other financing sources (uses):						
Transfers from other funds	-	-	-	878,539	-	878,539
Transfers to other funds	(72,121)	-	-	-	-	(72,121)
Total other financing sources (uses), net	(72,121)	-	-	878,539	-	806,418
Net change in fund balances	(103,926)	(35,430)	2,154	339,713	(14,166)	188,345
Fund balances – beginning	1,095,888	1,003,211	1,242,198	718,750	353,220	4,413,267
Fund balances – ending	$ 991,962	$ 967,781	$ 1,244,352	$ 1,058,463	$ 339,054	$ 4,601,612

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, 2022

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Intergovernmental revenue	$ 22,079,879	$ 17,619,336	$ 1,115,765	$ -	$ 18,735,101	$ (3,344,778)
Charges for services	886,678	471,895	58,051	-	529,946	(356,732)
Miscellaneous	2,700,047	2,225,573	66,540	-	2,292,113	(407,934)
Total revenues	25,666,604	20,316,804	1,240,356	-	21,557,160	(4,109,444)
Expenditures:						
Community development	26,576,913	21,914,049	1,170,997	-	23,085,046	3,491,867
Total expenditures	26,576,913	21,914,049	1,170,997	-	23,085,046	3,491,867
Revenues under expenditures	(910,309)	(1,597,245)	69,359	-	(1,527,886)	(617,577)
Other financing sources (uses):						
Transfer to other funds	(918,856)	(948,274)	(72,121)	-	(1,020,395)	(101,539)
Proceeds from sale of capital assets	1,829,165	2,164,289	-	-	2,164,289	335,124
Total other financing sources (uses), net	910,309	1,216,015	(72,121)	-	1,143,894	233,585
Net change in fund balance	$ -	$ (381,230)	(2,762)	$ -	$ (383,992)	$ (383,992)
Reconciliation of budgetary basis (Non-GAAP) to modified accrual basis:						
Reconciling items:						
Loan repayments			(101,164)			
Change in fund balance			(103,926)			
Fund balance – beginning			1,095,888			
Fund balance – ending			$ 991,962			

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, 2022

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Intergovernmental revenue	$ 27,783,118	$ 19,309,189	$ 797,793	$ -	$ 20,106,982	$ (7,676,136)
Miscellaneous	1,150,518	1,108,170	36,256	-	1,144,426	(6,092)
Total revenues	28,933,636	20,417,359	834,049	-	21,251,408	(7,682,228)
Expenditures:						
Community development	28,933,636	20,310,893	869,479	-	21,180,372	7,753,264
Total expenditures	28,933,636	20,310,893	869,479	-	21,180,372	7,753,264
Net change in fund balance	$ -	$ 106,466	(35,430)	$ -	$ 71,036	$ 71,036
Reconciliation of budgetary basis (Non-GAAP) to modified accrual basis:						
Reconciling items						
Loan repayments			-			
Change in fund balance			(35,430)			
Fund balance – beginning			1,003,211			
Fund balance – ending			$ 967,781			

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, 2022

	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	1,721,731	7,262	-	1,728,993	358,328
Total revenues	3,670,665	4,021,737	7,262	-	4,028,999	358,334
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)	(599,484)	7,262	-	(592,222)	470,335
Other financing sources:						
Transfers from other funds	1,062,557	1,057,006	-	-	1,057,006	(5,551)
Net change in fund balance	$ -	$ 457,522	7,262	$ -	$ 464,784	$ 464,784
Reconciliation of budgetary basis (Non-GAAP) to modified accrual basis:						
Reconciling items:						
Loan repayments			(5,108)			
Change in fund balance			2,154			
Fund balance – beginning			1,242,198			
Fund balance – ending			$ 1,244,352			

City of Asheville

Sustainability Special Revenue Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual (Non-GAAP)
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Miscellaneous	$ 16,500	$ 104,292	$ (87,792)
Total revenues	16,500	104,292	(87,792)
Expenditures:			
Current:			
Operations	1,514,710	643,118	871,592
Total expenditures	1,514,710	643,118	871,592
Revenues under expenditures	(1,498,210)	(538,826)	(959,384)
Other financing sources (uses):			
Transfers from other funds	779,460	878,539	(99,079)
Appropriated fund balance	718,750	-	718,750
Total other financing sources, net	1,498,210	878,539	619,671
Net change in fund balance	$ -	339,713	$ (339,713)
Fund balance – beginning		718,750	
Fund balance – ending		$ 1,058,463	

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, 2022

	Street Cut Utility	Stormwater	Harrah's Cherokee Center Asheville	Parking Services	Total Non-major Enterprise Funds
Assets					
Current assets:					
Cash and investments	$ 654,939	$ 6,030,326	$ 4,970,141	$ 3,804,955	$ 15,460,361
Cash and investments - restricted	-	-	2,429,748	500	2,430,248
Accounts receivable (net of allowance for uncollectibles)	186,133	812,764	11,474	371,878	1,382,249
Lease receivable	-	-	460,807	17,360	478,167
Inventories and prepaids	-	-	95,519	-	95,519
Total current assets	841,072	6,843,090	7,967,689	4,194,693	19,846,544
Non-current assets:					
Lease receivable, non-current	-	-	3,123,106	31,963	3,155,069
Right to use leased assets, net of amortization	-	40,563	-	142,958	183,521
Capital assets:					
Assets not being depreciated	-	3,051,229	2,063,522	12,040,504	17,155,255
Assets being depreciated, net	493,858	8,534,226	13,257,878	10,547,822	32,833,784
Total noncurrent assets	493,858	11,626,018	18,444,506	22,763,247	53,327,629
Total assets	1,334,930	18,469,108	26,412,195	26,957,940	73,174,173
Deferred outflows of resources					
Employer contributions subsequent to the measurement date	58,780	280,268	162,709	169,524	671,281
Differences between expected and actual experience	34,277	163,435	94,882	98,856	391,450
Change in assumptions and other inputs	2,915	346	-	14,162	17,423
Net difference between projected and actual earnings on pension plan investments	90,788	432,893	251,314	261,840	1,036,835
Deferred charge on refunding	-	-	-	16,746	16,746
Total deferred outflows of resources	186,760	876,942	508,905	561,128	2,133,735
Liabilities					
Current liabilities:					
Accounts payable	40,415	322,851	2,704,940	156,769	3,224,975
Interest payable	408	18,376	21,599	45,191	85,574
Other accrued liabilities	42,329	188,060	214,530	80,653	525,572
Customer deposits	-	-	-	500	500
Unearned revenue	-	197,213	-	-	197,213
Due to other governments	-	-	1,914	8,052	9,966
Current portion of long-term liabilities	67,640	414,220	249,223	506,659	1,237,742
Total current liabilities	150,792	1,140,720	3,192,206	797,824	5,281,542
Non-current liabilities:					
Long-term liabilities, less current portion	278,714	3,139,363	2,773,394	5,346,184	11,537,655
Total liabilities	429,506	4,280,083	5,965,600	6,144,008	16,819,197
Deferred inflows of resources					
Differences between expected and actual experience	986	4,702	2,730	2,844	11,262
Changes in proportion and differences between employer contributions and proportionate share of contributions	175,101	822,886	504,672	526,878	2,029,537
Leases	-	-	3,579,348	48,454	3,627,802
Total deferred inflows of resources	176,087	827,588	4,086,750	578,176	5,668,601
Net position					
Net investment in capital assets	445,858	9,495,915	13,112,309	17,696,674	40,750,756
Unrestricted	470,239	4,742,464	3,756,441	3,100,210	12,069,354
Total net position	$ 916,097	$ 14,238,379	$ 16,868,750	$ 20,796,884	$ 52,820,110

City of Asheville

Combining Statement of Revenues, Expenses and Changes in Net Position
Non-Major Enterprise Funds
Year Ended June 30, 2022

	Street Cut Utility	Stormwater	Harrah's Cherokee Center Asheville	Parking Services	Total Non-major Enterprise Funds
Operating revenues:					
Charges for services	$ 1,739,656	$ 6,586,390	$ 1,074,573	$ 4,156,369	$ 13,556,988
Rents	-	-	889,230	31,848	921,078
Concessions	-	-	2,254,648	-	2,254,648
Other operating revenue	(2,454)	1,167	336,374	748,679	1,083,766
Total operating revenues	1,737,202	6,587,557	4,554,825	4,936,896	17,816,480
Operating expenses:					
Administration	1,474,830	1,643,844	1,531,672	-	4,650,346
Operations	-	2,885,192	2,950,919	2,928,344	8,764,455
Other operating expenses	-	67,739	190,892	-	258,631
Depreciation	115,820	683,833	775,346	563,812	2,138,811
Amortization - leases	-	-	-	327	327
Total operating expenses	1,590,650	5,280,608	5,448,829	3,492,483	15,812,570
Operating income (loss)	146,552	1,306,949	(894,004)	1,444,413	2,003,910
Non-operating revenues (expenses):					
Intergovernmental revenue	-	-	2,441,050	-	2,441,050
Investment earnings (losses)	-	(17,417)	(17,920)	(12,440)	(47,777)
Interest earned - leases	-	-	32,517	430	32,947
Interest and other charges	(816)	(68,129)	(65,212)	(204,714)	(338,871)
Interest and other charges - leases	-	(281)	-	(855)	(1,136)
Amortization of bond issuance	-	-	-	51,153	51,153
Total non-operating revenues (expenses), net	(816)	(85,827)	2,390,435	(166,426)	2,137,366
Income before transfers, capital grants and contributions	145,736	1,221,122	1,496,431	1,277,987	4,141,276
Transfers, capital grants and contributions					
Transfers from other funds	-	-	1,334,120	1,600,000	2,934,120
Proceeds from sale of capital assets	-	15,560	-	-	15,560
Capital grants and contributions	-	1,027,508	500,000	-	1,527,508
Total transfers, capital grants and contributions	-	1,043,068	1,834,120	1,600,000	4,477,188
Changes in net position	145,736	2,264,190	3,330,551	2,877,987	8,618,464
Total net position –beginning	770,361	11,974,189	13,538,199	17,918,897	44,201,646
Total net position – ending	$ 916,097	$ 14,238,379	$ 16,868,750	$ 20,796,884	$ 52,820,110

City of Asheville

Combining Statement of Cash Flows
Non-Major Enterprise Funds
Year Ended June 30, 2022

	Street Cut Utility	Stormwater	Harrah's Cherokee Center Asheville	Parking	Total Non-major Enterprise Funds
Cash flows from operating activities:					
Cash received from customers, users and others	$ 1,777,938	$ 6,599,100	$ 4,840,758	$ 4,846,697	$ 18,064,493
Cash paid for goods and services	(489,409)	(1,482,681)	(4,705,233)	(3,021,785)	(9,699,108)
Cash paid to employees	(1,083,972)	(3,442,274)	(1,720,717)	(126,796)	(6,373,759)
Net cash provided by (used in) operating activities	204,557	1,674,145	(1,585,192)	1,698,116	1,991,626
Cash flows from non-capital financing activities:					
Receipts from non-operating grants	-	-	2,441,050	-	2,441,050
Transfers (to)/from other funds	-	-	1,334,120	1,600,000	2,934,120
Net cash provided by non-capital financing activities	-	-	3,775,170	1,600,000	5,375,170
Cash flows from capital and related financing activities:					
Receipts from capital grants or contributions	-	1,027,508	500,000	-	1,527,508
Proceeds from disposal of capital assets	-	15,560	-	-	15,560
Acquisition and construction of assets	(125,249)	(1,714,587)	(1,014,758)	(693,478)	(3,548,072)
Interest and other charges - leases	-	(281)	-	(855)	(1,136)
Proceeds from long-term debt issued	-	(672)	-	-	(672)
Amortization Premiums on long-term debt issued	-	(8,061)	-	-	(8,061)
Principal paid on debt	(48,000)	(174,656)	(267,480)	(654,486)	(1,144,622)
Interest and other charges paid on debt	(816)	(68,129)	(95,285)	(212,519)	(376,749)
Net cash used in capital and related financing activities	(174,065)	(923,318)	(877,523)	(1,561,338)	(3,536,244)
Cash flows from investing activities:					
Investment earning (losses)	-	(17,417)	14,597	(12,010)	(14,830)
Net increase in cash and cash equivalents	30,492	733,410	1,327,052	1,724,768	3,815,722
Cash and cash equivalents:					
Beginning of year, July 1	624,447	5,296,916	6,072,837	2,080,687	14,074,887
End of year, June 30	$ 654,939	$ 6,030,326	$ 7,399,889	$ 3,805,455	$ 17,890,609

(Continued)

City of Asheville

Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
Year Ended June 30, 2022

	Street Cut Utility	Stormwater	Harrah's Cherokee Center Asheville	Parking Services	Total Non-major Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 146,552	$ 1,306,949	$ (894,004)	$ 1,444,413	$ 2,003,910
Adjustments to reconcile operating Income (loss) to net cash provided by (used in) operating activities:					
Depreciation	115,820	683,833	775,346	563,812	2,138,811
Amortization - leases	-	-	-	327	327
Changes in assets, liabilities and deferred outflows and inflows of resources:					
(Increase) decrease in accounts receivable	40,736	(185,670)	285,933	(106,830)	34,169
Increase in accounts receivable - leases	-	-	(3,583,913)	(49,323)	(3,633,236)
(Increase) decrease in due from other goverments	-	-	-	17,500	17,500
(Increase) decrease in prepaids and inventories	-	-	39,471	-	39,471
(Increase) decrease in deferred outflows of resources for pensions	(33,879)	(168,143)	(97,815)	(87,750)	(387,587)
Increase (decrease) in accounts payable	(48,635)	(155,481)	(1,705,981)	(110,839)	(2,020,936)
Increase (decrease) in accrued expenses	4,076	26,393	95,187	17,398	143,054
Increase (decrease) in compensated absences	(7,404)	17,648	(30,402)	4,922	(15,236)
Increase (decrease) in unearned revenue	-	197,213	-	-	197,213
Increase (decrease) in pension obligation - LGERS	(150,443)	(717,328)	(416,443)	(433,885)	(1,718,099)
Increase (decrease) in OPEB obligation	(667)	(3,181)	(1,847)	(1,924)	(7,619)
Increase in deferred inflows - leases	-	-	3,579,348	48,454	3,627,802
Increase (decrease) in deferred inflows of resources for pensions	138,401	671,912	369,928	391,841	1,572,082
Net cash provided by (used in) operating activities	$ 204,557	$ 1,674,145	$ (1,585,192)	$ 1,698,116	$ 1,991,626
Reconciliation of cash and cash equivalents:					
Cash and investments:					
Unrestricted	$ 654,939	$ 6,030,326	$ 4,970,141	$ 500	$11,655,906
Restricted	-	-	2,429,748	3,804,955	6,234,703
Total cash and cash equivalents	$ 654,939	$ 6,030,326	$ 7,399,889	$ 3,805,455	$17,890,609

City of Asheville

Street Cut Utility Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 1,752,678	$ 1,739,656	$ (13,022)
Intergovernmental revenue	-	(2,454)	(2,454)
Total revenues	1,752,678	1,737,202	(15,476)
Expenditures:			
Operations	1,791,272	1,528,822	262,450
Capital outlay	135,000	125,249	9,751
Debt service:			
Principal	48,000	48,000	-
Interest and other charges	1,224	1,224	-
Total expenditures	1,975,496	1,703,295	272,201
Revenues over (under) expenditures	(222,818)	33,907	256,725
Other financing sources:			
Proceeds from long-term debt issued	100,000	-	(100,000)
Appropriated fund balance	122,818	-	(122,818)
Total other financing sources	222,818	-	(222,818)
Net change in net position	$ -	33,907	$ 33,907
Reconciliation of budgetary basis (Non-GAAP) to full accrual basis:			
Reconciling items:			
Depreciation		(115,820)	
Capitalized assets		125,249	
Change in compensated absences		7,245	
Reduction of principal on long-term debt		48,000	
Change in interest payable		408	
Increase in deferred outflows of resources - OPEB		7,594	
Increase in deferred outflows of resources - pensions		26,286	
Increase in deferred inflows of resources - OPEB		18,951	
Decrease in deferred inflows of resources - pensions		(157,351)	
Decrease in OPEB liability		667	
Increase in net pension liability		103,853	
Pension expense		46,747	
Change in net position		$ 145,736	

City of Asheville

Stormwater Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 6,560,069	$ 6,586,390	$ 26,321
Other operating revenue	1,500	1,167	(333)
Investment earnings (loss)	8,773	(17,417)	(26,190)
Total revenues	6,570,342	6,570,140	(202)
Expenditures:			
Administration	2,158,186	1,643,844	514,342
Operations	4,140,156	3,781,581	358,575
Debt service:			
Principal	285,734	290,614	(4,880)
Interest and other charges	68,066	70,160	(2,094)
Leases			
Principal	-	19,793	(19,793)
Interest and other charges	-	281	(281)
Total expenditures	6,652,142	5,806,273	845,869
Revenues over expenditures	(81,800)	763,867	845,667
Other financing sources (uses):			
Transfer to Stormwater Capital Projects Fund	(229,777)	(229,777)	-
Proceeds from disposal of capital assets	10,000	15,560	5,560
Appropriated fund balance	301,577	-	(301,577)
Total other financing uses, net	81,800	(214,217)	(296,017)
Net change in net position	$ -	549,650	$ 549,650
Reconciliation of budgetary basis (Non-GAAP) to full accrual basis:			
Revenues over expenditures and other financing uses:			
Stormwater Capital Projects Fund		(525,041)	
Total		24,609	
Reconciling items:			
Change in allowance for uncollectible accounts		708,357	
Amortization - leases		672	
Amortization of bond premium/discount		8,061	
Reduction of principal on long-term debt		290,614	
Depreciation		(683,833)	
Increase in deferred outflows of resources - OPEB		42,812	
Increase in deferred outflows of resources - pensions		125,331	
Increase in deferred inflows of resources - OPEB		78,356	
Increase in deferred inflows of resources - pensions		(750,268)	
Decrease in OPEB liability		3,181	
Decrease in net pension liability		500,588	
Capitalized assets		1,714,587	
Change in interest payable		2,031	
Change in compensated absences		(14,014)	
Pension expense		213,106	
Change in net position		$ 2,264,190	

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, 2022

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Capital grants and contributions	$ 3,183,926	$ 2,245,209	$ 1,027,508	$ (331,952)	$ 2,940,765	$ (243,161)
Total revenues	3,183,926	2,245,209	1,027,508	(331,952)	2,940,765	(243,161)
Expenditures:						
Azalea Road Improvements	2,216,132	1,883,084	-	-	1,883,084	333,048
FEMA Parks and Streets Debris Cleanup	-	6,125	-	(6,125)	-	-
FEMA Stormwater Repairs	-	302,812	-	(302,812)	-	-
FEMA Skyview Place	48,689	48,689	-	-	48,689	-
Parks Stormwater Projects	624,000	-	-	-	-	624,000
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	958,727	873,179	-	-	873,179	85,548
Edwin/Celia/Canterbury	4,117,300	590,562	26	-	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	490,000	-	242,169	-	242,169	247,831
Resurfacing/Pipe Replacement - FY18	-	1,138,572	-	(1,138,572)	-	-
Sulphur Springs	2,196,000	5,919	1,002,787	-	1,008,706	1,187,294
Lake Craig Sediment	325,331	293,655	-	-	293,655	31,676
Stormwater Fleet Replacement - FY20	225,000	207,251	2,006	-	209,257	15,743
Carter-Ann SW Improvement	2,290,000	178,399	37,971	-	216,370	2,073,630
Kenilworth/Forest Hill/Caledonia	325,021	20,810	282,490	-	303,300	21,721
Stormwater - Vehicle/Equipment	431,000	-	149,144	-	149,144	281,856
E Building - Town Branch Culvert Repair	380,000	-	-	-	-	380,000
Druid Dr Feasibility Study	150,000	-	-	-	-	150,000
Pebble Creek	712,640	377,353	65,733	-	443,086	269,554
Total expenditures	20,099,756	7,022,732	1,782,326	(1,496,171)	7,308,887	12,790,869
Revenues under expenditures	(16,915,830)	(4,777,523)	(754,818)	(1,164,219)	(4,368,122)	12,547,708
Other financing sources:						
Proceeds from long-term debt	12,672,722	898,097	-	(48,662)	849,435	(11,823,287)
Transfers from Stormwater Fund	4,243,108	5,115,239	229,777	(1,138,572)	4,206,444	(36,664)
Total other financing sources	16,915,830	6,013,336	229,777	(1,187,234)	5,055,879	(11,859,951)
Net change in net position	$ -	$ 1,235,813	$ (525,041)	$ (23,015)	$ 687,757	$ 687,757

City of Asheville

Harrah's Cherokee Center - Asheville
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 911,420	$ 1,074,573	$ 163,153
Rents	704,574	889,230	184,656
Concessions	1,882,000	2,254,648	372,648
Other operating revenue	290,113	315,709	25,596
Intergovernmental revenue	-	2,441,050	2,441,050
Interest earned - leases	-	32,517	32,517
Investment earnings (losses)	50,000	(17,920)	(67,920)
Total revenues	3,838,107	6,989,807	3,151,700
Expenditures:			
Administration	1,624,058	1,531,672	92,386
Operations	3,058,540	3,318,392	(259,852)
Debt service:			
Principal	265,637	267,480	(1,843)
Interest and other charges	94,292	94,435	(143)
Total expenditures	5,042,527	5,211,979	(169,452)
Revenues over (under) expenditures	(1,204,420)	1,777,828	2,982,248
Other financing sources (uses):			
Transfers from other funds	1,204,420	1,204,428	8
Total other financing sources	1,204,420	1,204,428	8
Net change in net position	$ -	2,982,256	$ 2,982,256
Reconciliation of budgetary basis (Non-GAAP) to full accrual basis:			
Revenues under expenditures and other financing sources:			
Harrah's Cherokee Center Capital Projects Fund		(555,293)	
Total		2,426,963	
Reconciling items:			
Depreciation		(775,346)	
Reduction of principal on long-term debt		267,480	
Amortization of premium on long-term debt		30,073	
Capitalized assets		1,205,650	
Change in interest payable		(850)	
Increase in deferred outflows of resources - OPEB		25,055	
Increase in deferred outflows of resources - pensions		72,761	
Increase in deferred inflows of resources - OPEB		65,639	
Increase in deferred inflows of resources - pensions		(435,566)	
Decrease in OPEB liability		1,847	
Increase in net pension liability		270,264	
Change in compensated absences		29,035	
Pension expense		147,546	
Change in net position		$ 3,330,551	

City of Asheville

Harrah's Cherokee Center - Asheville Capital Projects Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2022

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Capital grants and contributions	$ 6,350,000	$ 5,401,783	$ 500,000	$ -	$ 5,901,783	$ (448,217)
Other revenue	200,000	154,705	20,665	-	175,370	(24,630)
Total revenues	6,550,000	5,556,488	520,665	-	6,077,153	(472,847)
Expenditures:						
General Improvements	98,374	-	-	-	-	98,374
Thomas Wolfe Fire Exits	54,715	53,596	-	-	53,596	1,119
US Cellular Center Maintenance	2,225,744	571,020	178,048	-	749,068	1,476,676
TPDF Theater Project	5,293,653	5,157,518	78,778	-	5,236,296	57,357
Thomas Wolfe Roof Replacement	185,000	-	-	-	-	185,000
Thomas Wolfe Renovations	700,000	405,646	688	-	406,334	293,666
USCC Fan Experience	1,448,000	1,337,137	8,115	-	1,345,252	102,748
USCC Brand Change	255,765	255,765	-	-	255,765	-
USCC Water Mitigation	1,317,924	317,334	940,021	-	1,257,355	60,569
Total expenditures	11,579,175	8,098,016	1,205,650	-	9,303,666	2,275,509
Revenues under expenditures	(5,029,175)	(2,541,528)	(684,985)	-	(3,226,513)	1,802,662
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 Center	1,322,038	1,322,038	-	-	1,322,038	-
Transfers from other funds	2,033,760	2,040,384	129,692	-	2,170,076	136,316
Total other financing sources,net	4,676,110	4,115,422	129,692	-	4,245,114	(430,996)
Net change in net position	$ (353,065)	$ 1,573,894	$ (555,293)	$ -	$ 1,018,601	$ 1,371,666

City of Asheville

Parking Services Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 6,314,500	$ 4,156,369	$ (2,158,131)
Rents	18,660	31,848	13,188
Other operating revenue	702,100	748,678	46,578
Interest earned - leases	-	430	430
Investment earnings (losses)	42,420	(12,440)	(54,860)
Total revenues	7,077,680	4,924,885	(2,152,795)
Expenditures:			
Operations	4,449,410	2,833,525	1,615,885
Capital Outlay	141,167	26,920	114,247
Debt service:			
Principal	642,770	654,486	(11,716)
Interest and other charges	209,939	212,519	(2,580)
Leases:			
Principal - leases	-	36,045	(36,045)
Interest and other charges- leases	-	855	(855)
Total expenditures	5,443,286	3,764,350	1,678,936
Revenues over expenditures	1,634,394	1,160,535	(473,859)
Other financing sources (uses):			
Transfers to other funds	(2,076,875)	1,600,000	3,676,875
Transfers to Parking Capital Project Fund	-	(500,000)	(500,000)
Appropriated fund balance	442,481	-	(442,481)
Total other financing sources (uses), net	(1,634,394)	1,100,000	2,734,394
Net change in fund balance	$ -	2,260,535	$ 2,260,535

Reconciliation of budgetary basis (Non-GAAP) to full accrual basis:		
Net change in fund balance:		
Revenues over expenditures and other financing uses:		
Parking Services Capital Projects Fund		(168,493)
Total		2,092,042
Reconciling items:		
Bad debt expense		(183,633)
Reduction of principal on long-term debt		654,486
Amortization of premium on long-term debt		54,566
Amortization of refunding loss on long term debt		(3,413)
Change in interest payable		7,805
Depreciation		(563,812)
Capitalized assets		693,478
Amortization - leases		(327)
Decrease in deferred outflows of resources - OPEB		11,942
Decrease in deferred outflows of resources - pensions		75,808
Increase in deferred inflows of resources - OPEB		61,968
Decrease in deferred inflows of resources - pensions		(453,810)
Increase in OPEB liability		1,924
Increase in net pension liability		433,885
Change in compensated absences		(4,922)
Change in net position		$ 2,877,987

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, 2022

	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	683,312	188,347	-	871,659	53,341
Structural Maint Civic Center Parking	1,184,909	429,528	84,216	-	513,744	671,165
Rankin Structural Maintenance	195,000	37,805	-	-	37,805	157,195
Wall Structural Maintenance	195,000	26,277	-	-	26,277	168,723
Parc Gate Equipment	750,000	-	395,930	-	395,930	354,070
Garage Assessment	500,000	-	-	-	-	500,000
Parking Vehicles	100,000	97,332	-	-	97,332	2,668
Total expenditures	24,910,585	5,518,471	668,493	(45,518)	6,141,446	18,769,139
Revenues under expenditures	(24,910,585)	(5,474,425)	(668,493)	45,518	(6,097,400)	18,813,185
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	3,099,909	2,251,813	-	-	2,251,813	(848,096)
Transfers from Parking Services Fund	-	500,000	500,000	-	1,000,000	1,000,000
Total other financing sources, net	24,910,585	2,949,398	500,000	(45,518)	3,403,880	(21,506,705)
Net change in fund balance	$ -	$ (2,525,027)	$ (168,493)	$ -	$ (2,693,520)	$ (2,693,520)

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, 2022

	General Insurance	Health	Workers' Compensation	Property and Casualty	Total Internal Service Funds
Assets					
Current assets:					
Cash and investments	$ 1,193,802	$ 3,606,129	$ 4,270,664	$ 4,697,181	$ 13,767,776
Accounts receivable (net of allowance for uncollectibles)	-	2,500,853	-	17,814	2,518,667
Total current assets	1,193,802	6,106,982	4,270,664	4,714,995	16,286,443
Non-current assets:					
Right to use leased asset, less amortization	-	285,591	-	-	285,591
Total assets	1,193,802	6,392,573	4,270,664	4,714,995	16,572,034
Deferred outflows of resources					
Pension deferrals	-	80,234	-	21,238	101,472
Total deferred outflows of resources	-	80,234	-	21,238	101,472
Liabilities					
Current liabilities:					
Accounts payable	-	247,147	195,927	71,735	514,809
Other accrued liabilities	-	67,411	-	5,003	72,414
Estimated claims payable, current	-	1,522,552	-	-	1,522,552
Current portion of long-term debt - leases	-	50,644	-	-	50,644
Total current liabilities	-	1,887,754	195,927	76,738	2,160,419
Non-current liabilities:					
Net pension liability	-	53,090	-	14,053	67,143
Long-term debt, less current maturies - leases	-	240,505	-	-	240,505
Estimated claims payable, long-term	-	-	1,121,055	2,360,122	3,481,177
Total liabilities	-	2,181,349	1,316,982	2,450,913	5,949,244
Deferred inflows of resources					
Pension deferrals	-	79,208	-	20,967	100,175
Total deferred inflows of resources	-	79,208	-	20,967	100,175
Net position					
Unrestricted	$ 1,193,802	$ 4,212,250	$ 2,953,682	$ 2,264,353	$ 10,624,087

City of Asheville

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2022

	General Insurance	Health	Workers' Compensation	Property and Casualty	Total Internal Service Funds
Operating revenues:					
Charges for services	$ -	$ 15,393,977	$ 1,465,942	$ 2,227,462	$ 19,087,381
Other operating revenue	-	1,179,041	23,543	238,506	1,441,090
Total operating revenues	-	16,573,018	1,489,485	2,465,968	20,528,471
Operating expenses:					
Administration	-	1,008,939	53,501	350,793	1,413,233
Benefits	-	17,017,547	1,112,425	1,796,202	19,926,174
Leases:					
Principal	-	48,840	-	-	48,840
Interest and other charges	-	3,292	-	-	3,292
Total operating expenses	-	18,078,618	1,165,926	2,146,995	21,391,539
Operating income (loss)	-	(1,505,600)	323,559	318,973	(863,068)
Non-operating revenues:					
Investment earnings (losses)	-	5,729	(9,353)	(14,644)	(18,268)
Total non-operating revenues	-	5,729	(9,353)	(14,644)	(18,268)
Change in net position	-	(1,499,871)	314,206	304,329	(881,336)
Total net position – beginning	1,193,802	5,712,121	2,639,476	1,960,024	11,505,423
Total net position – ending	$ 1,193,802	$ 4,212,250	$ 2,953,682	$ 2,264,353	$ 10,624,087

City of Asheville

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2022

	General Insurance	Health	Workers' Compensation	Property and Casualty	Total Internal Service Funds
Cash flows from operating activities:					
Cash received from customers, users and others	$ -	$ 15,085,166	$ 1,489,485	$ 2,910,778	$ 19,485,429
Cash paid for goods and services	-	(17,626,333)	(1,381,883)	(2,206,391)	(21,214,607)
Cash paid to employees	-	(253,942)	-	(90,275)	(344,217)
Net cash provided by (used in) operating activities	-	(2,795,109)	107,602	614,112	(2,073,395)
Cash flows from investing activities:					
Investment earnings (losses)	-	5,729	(9,353)	(14,644)	(18,268)
Net change in cash and cash equivalents	-	(2,789,380)	98,249	599,468	(2,091,663)
Cash and cash equivalents:					
Beginning of year, July 1	1,193,802	6,395,509	4,172,415	4,097,713	15,859,439
End of year, June 30	$ 1,193,802	$ 3,606,129	$ 4,270,664	$ 4,697,181	$ 13,767,776
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ -	$ (1,505,600)	$ 323,559	$ 318,973	$ (863,068)
Amortization - leases	-	5,558	-	-	5,558
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in assets, liabilities and deferred outflows and inflows of resources:					
(Increase) decrease in accounts receivable	-	(1,487,852)	-	444,810	(1,043,042)
(Increase) decrease in deferred outflows of resources for pensions	-	(12,953)	-	(3,429)	(16,382)
Increase (decrease) in accounts payable	-	157,992	(52,822)	(7,001)	98,169
Increase (decrease) in other accrued liabilities	-	44,342	-	459	44,801
Increase (decrease) in estimated claims payable	-	-	(163,135)	(140,602)	(303,737)
Increase (decrease) in pension obligation - LGERS	-	(74,131)	-	(19,623)	(93,754)
Increase (decrease) in deferred inflows of resources for pensions	-	77,535	-	20,525	98,060
Net cash provided by (used in) operating activities	$ -	$ (2,795,109)	$ 107,602	$ 614,112	$ (2,073,395)

City of Asheville

Health Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 16,106,024	$ 15,393,977	$ (712,047)
Other operating revenue	1,000,000	1,179,041	179,041
Investment earnings (losses)	40,000	5,729	(34,271)
Total revenues	17,146,024	16,578,747	(567,277)
Expenditures:			
Administration	1,554,556	1,003,381	551,175
Benefits	16,354,670	17,017,547	(662,877)
Leases:			
Principal	-	48,840	(48,840)
Interest and other charges	-	3,292	(3,292)
Total expenditures	17,909,226	18,073,060	(163,834)
Revenues under expenditures	(763,202)	(1,494,313)	(403,443)
Other financing sources:			
Appropriated fund balance	763,202	-	(763,202)
Net change in net position	$ -	(1,494,313)	$ 1,494,313
Reconciliation of budgetary basis (Non-GAAP) to full accrual basis:			
Reconciling items:			
Amortization - leases		(5,558)	
Change in net position		$ (1,499,871)	

City of Asheville

Workers' Compensation Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 1,473,974	$ 1,465,942	$ (8,032)
Other operating revenue	167,026	23,543	(143,483)
Investment earnings (losses)	15,000	(9,353)	(24,353)
Total revenues	1,656,000	1,480,132	(175,868)
Expenditures:			
Administration	119,943	53,501	66,442
Benefits	1,570,000	1,275,560	294,440
Total expenditures	1,689,943	1,329,061	360,882
Revenues over (under) expenditures	(33,943)	151,071	(536,750)
Other financing sources:			
Appropriated fund balance	33,943	-	(33,943)
Net change in net position	$ -	151,071	$ (570,693)
Reconciliation of budgetary basis (Non-GAAP) to full accrual basis:			
Reconciling items:			
Change in estimate for claims incurred but not reported		163,135	
Change in net position		$ 314,206	

City of Asheville

Property and Casualty Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 2,242,463	$ 2,227,462	$ (15,001)
Other operating revenue	105,646	238,506	132,860
Investment earnings (losses)	5,000	(14,644)	(19,644)
Total revenues	2,353,109	2,451,324	98,215
Expenditures:			
Administration	521,431	353,320	168,111
Benefits	2,180,095	1,936,804	243,291
Total expenditures	2,701,526	2,290,124	411,402
Revenues over expenditures	(348,417)	161,200	509,617
Other financing sources:			
Appropriated fund balance	348,417	-	(348,417)
Total other financing sources	348,417	-	-
Net change in net position	$ -	161,200	$ 509,617
Reconciliation of budgetary basis (Non-GAAP) to full accrual basis:			
Reconciling items:			
Pension expense		2,527	
Change in estimate for claims incurred but not reported		140,602	
Change in net position		$ 304,329	

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 Receivable
June 30, 2022

	Taxes Receivable July 1, 2021	Additions	Collections and Other Reductions	Taxes Receivable June 30, 2022
Fiscal years ended June 30:				
2012 and prior	$ 66,351	$ -	$ 34,273	$ 32,078
2013	38,043	-	205	37,838
2014	33,410	-	1,059	32,351
2015	2,023	-	264	1,759
2016	4,203	-	3,463	740
2017	3,713	-	311	3,402
2018	5,959	-	657	5,302
2019	11,102	-	1,817	9,285
2020	56,096	-	30,484	25,612
2021	268,127	-	79,289	188,838
2022	-	79,626,591	79,517,820	108,771
	$ 489,027	$ 79,626,591	$ 79,669,642	445,976
Less allowance for uncollectable ad valorem tax receivable				(162,761)
Ad valorem taxes receivable, net				$ 283,215
Ad valorem taxes receivable, net				$ 283,215
Motor vehicle licenses and taxes collected, but due from the State				459,336
General Fund Property taxes receivable per the fund financial statement (Exhibit C)				$ 742,551
Reconcilement to revenues collected:				
Revenue, general fund				$ 79,908,772
Motor vehicle licenses and taxes receivable from the State				(459,336)
Increase in allowance for uncollectible taxes				31,752
Other adjustments				293,916
Collections and other reductions				$ 79,775,104

City of Asheville

Analysis of Current Tax Levy and Secondary Market Disclosures
City-Wide Levy
Year Ended June 30, 2022

	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	$ 19,643,953,734	$ 0.4030	$ 79,165,134	$ 75,675,706	$ 3,489,428
Discoveries	225,563,697	Various	511,876	511,876	-
Releases	(12,510,988)	0.4030	(50,419)	(50,419)	-
Total property valuation	$ 19,857,006,443				
Net levy			79,626,591	76,137,163	3,489,428
Uncollected taxes at June 30, 2022			(108,286)	(108,286)	-
Current year's taxes collected			$ 79,518,305	$ 76,028,877	$ 3,489,428
Current levy collection percentage			99.86%	99.86%	100.00%
Secondary market disclosures:					
Assessed valuation:					
Assessment ratio				100%	
Real property				$ 17,391,519,275	
Personal property				1,374,921,580	
Public service companies				224,702,660	
Motor vehicles				865,862,928	
Total assessed valuation				$ 19,857,006,443	
Tax rate per $100				$ 0.4030	
Total tax levy (excluding penalties)				$ 79,626,591	

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

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)

	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	$ 139,093	$ 134,534	$ 141,191	$ 131,310
Restricted	13,044	15,967	13,577	26,269
Unrestricted	24,067	25,131	28,112	38,261
Total governmental activities net position	$ 176,204	$ 175,632	$ 182,880	$ 195,840
Business-type activities:				
Net investment in capital assets	$ 130,733	$ 138,358	$ 135,964	$ 146,854
Restricted	-	-	-	-
Unrestricted	52,999	55,313	68,114	73,315
Total business-type activities net position	$ 183,732	$ 193,671	$ 204,078	$ 220,169
Primary government:				
Net investment in capital assets	$ 269,826	$ 272,892	$ 277,155	$ 278,164
Restricted	13,044	15,967	13,577	26,269
Unrestricted	77,066	80,444	96,226	111,576
Total primary government net position	$ 359,936	$ 369,303	$ 386,958	$ 416,009

(Continued)

2017	2018	2019	2020	2021	**2022**
$ 106,280	$ 92,930	$ 113,451	$ 130,826	$ 143,206	**$ 145,863**
59,437	61,829	62,152	56,744	31,363	**39,482**
4,275	13,188	12,240	9,778	44,483	**56,661**
$ 169,992	$ 167,947	$ 187,843	$ 197,348	$ 219,052	**$ 242,006**
$ 153,910	$ 175,742	$ 193,433	$ 213,000	$ 219,592	**$ 231,326**
-	-	-	-	-	**2,156**
82,152	73,246	73,581	69,448	71,538	**79,525**
$ 236,062	$ 248,988	$ 267,014	$ 282,448	$ 291,130	**$ 313,007**
$ 260,190	$ 268,672	$ 306,884	$ 343,826	$ 362,798	**$ 377,189**
59,437	61,829	62,152	56,744	31,363	**41,638**
86,427	86,434	85,821	79,226	116,021	**136,186**
$ 406,054	$ 416,935	$ 454,857	$ 479,796	$ 510,182	**$ 555,013**

(Continued)

City of Asheville

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

	2013	2014	2015	2016
Expenses:				
Governmental activities:				
General government	$ 15,049	$ 17,909	$ 18,461	$ 19,710
Public safety	49,988	45,206	46,311	46,350
Environmental services	9,869	6,083	6,099	5,848
Community development	5,389	8,682	8,054	8,065
Transportation	14,693	17,456	14,654	6,533
Culture and recreation	10,665	9,923	10,423	11,765
Interest on long-term debt	662	856	757	791
Total governmental activities expenses	106,315	106,115	104,759	99,062
Business-type activities:				
Water resources	31,539	28,107	28,733	27,536
Parking services	2,446	3,121	3,288	3,550
Street cut utility	1,337	1,417	1,407	1,464
Stormwater	2,596	3,318	4,069	4,614
U.S. cellular center	3,137	3,636	3,726	3,598
Mass transit	7,654	7,293	7,143	6,993
Golf course	2,081	-	-	-
Total business-type activities expenses	50,790	46,892	48,366	47,755
Total primary government expenses	$ 157,105	$ 153,007	$ 153,125	$ 146,817

(Continued)

2017	2018	2019	2020	2021	**2022**
$ 32,078	$ 15,618	$ 14,402	$ 14,352	$ 17,940	**$ 22,251**
52,690	61,135	53,705	56,601	54,444	**62,155**
5,676	6,928	6,043	5,645	6,624	**7,189**
9,337	11,486	11,036	21,244	16,399	**17,988**
7,996	6,503	20,342	22,714	19,030	**12,551**
11,156	14,752	10,507	7,820	7,345	**15,543**
724	1,431	2,225	2,551	2,912	**3,229**
119,657	117,853	118,260	130,927	124,694	**140,906**
27,470	27,903	30,262	33,101	31,325	**32,042**
3,870	4,692	4,678	3,919	4,118	**3,697**
1,477	1,625	1,719	1,708	1,503	**1,591**
5,240	5,131	5,724	5,157	6,947	**5,349**
3,977	4,839	4,672	4,871	3,655	**5,514**
7,552	9,515	11,248	12,237	16,035	**14,446**
-	-	-	-	-	**-**
49,586	53,705	58,303	60,993	63,583	**62,639**
$ 169,243	$ 171,558	$ 176,563	$ 191,920	$ 188,277	**$ 203,545**

(Continued)

City of Asheville

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

	2013	2014	2015	2016
Program revenues:				
Governmental activities:				
Charges for services:				
General government	$ 7,682	$ 8,262	$ 9,414	$ 8,595
Public safety	4,572	1,622	1,348	1,468
Other activities	4,116	8,402	8,452	9,650
Operating grants and contributions	7,275	6,092	7,325	5,184
Capital grants and contributions	4,474	3,240	7,887	4,209
Total governmental activities program revenues	28,119	27,618	34,426	29,106
Business-type activities:				
Charges for services:				
Water resources	33,634	34,186	35,564	37,765
Parking services	3,876	4,385	5,221	5,311
Street cut utility	1,446	1,350	1,461	1,625
Stormwater	3,172	3,149	5,036	5,329
U.S. cellular center	2,320	2,418	1,622	2,236
Mass transit	1,121	1,281	1,215	1,139
Golf course	255	-	-	-
Operating grants and contributions	2,840	2,504	2,818	2,789
Capital grants and contributions	6,198	4,973	3,760	4,166
Total business-type activities program revenues	54,862	54,246	56,697	60,360
Total primary government program revenues	$ 82,981	$ 81,864	$ 91,123	$ 89,466
Net expense (revenue):				
Governmental activities	$ (78,196)	$ (78,497)	$ (70,333)	$ (69,956)
Business-type activities	4,072	7,355	8,331	12,605
Total primary government net expense	$ (74,124)	$ (71,142)	$ (62,002)	$ (57,351)

(Continued)

2017	2018	2019	2020	2021	**2022**
$ 22,300	$ 9,552	$ 10,514	$ 10,501	$ 9,783	**$ 8,521**
1,472	3,306	738	723	1,719	**1,547**
11,626	11,140	12,527	11,201	12,054	**14,530**
5,600	3,245	4,217	2,442	2,309	**10,967**
3,526	7,443	5,902	4,682	2,574	**5,984**
44,524	34,686	33,898	29,549	28,439	**41,549**
38,659	39,204	39,517	40,167	33,366	**38,432**
5,251	6,030	6,712	5,191	4,179	**4,937**
1,722	1,733	1,679	1,867	1,671	**1,737**
5,614	5,852	6,298	6,482	6,499	**6,588**
2,997	4,104	3,420	3,431	337	**4,555**
997	1,051	1,026	850	405	**927**
-	-	-	-	-	**-**
2,828	836	6,408	2,415	8,833	**9,068**
3,760	7,570	4,029	6,985	7,962	**7,692**
61,828	66,380	69,089	67,388	63,252	**73,936**
$ 106,352	$ 101,066	$ 102,987	$ 96,937	$ 91,691	**$ 115,485**
$ (75,133)	$ (83,167)	$ (84,362)	$ (101,378)	$ (96,255)	**$ (99,357)**
12,242	11,841	10,786	6,395	(331)	**11,297**
$ (62,891)	$ (71,326)	$ (73,576)	$ (94,983)	$ (96,586)	**$ (88,060)**

(Continued)

City of Asheville

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

	2013	2014	2015	2016
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	$ 46,836	$ 52,052	$ 51,783	$ 52,407
Sales taxes	16,569	17,250	21,372	20,941
Other taxes	741	890	540	669
Unrestricted grants and contributions	10,415	8,682	13,058	11,200
Investment earnings and miscellaneous	775	1,337	1,199	782
Transfers out	(2,434)	(2,286)	(3,133)	(3,083)
Total general revenues, transfers and special item	72,902	77,925	84,819	82,916
Business-type activities:				
Miscellaneous	254	298	450	404
Transfers in	2,434	2,286	3,133	3,082
Total business-type activities change in net position	2,688	2,584	3,583	3,486
Total primary government	$ 75,590	$ 80,509	$ 88,402	$ 86,402
Changes in net position:				
Governmental activities	$ (5,294)	$ (572)	$ 14,486	$ 12,960
Business-type activities	6,760	9,939	11,914	16,091
Total primary government	$ 1,466	$ 9,367	$ 26,400	$ 29,051

2017	2018	2019	2020	2021	**2022**
$ 55,473	$ 62,957	$ 65,094	$ 69,096	$ 73,567	**$ 79,760**
22,455	24,876	26,123	26,922	31,293	**36,629**
684	688	927	1,042	1,006	**1,318**
11,408	8,980	14,637	17,860	18,207	**14,933**
(284)	8,166	2,206	-	2,430	**(62)**
(5,125)	(5,153)	(4,728)	(6,772)	(8,545)	**(10,269)**
84,611	100,514	104,259	110,882	117,958	**122,309**
361	745	2,510	2,265	469	**314**
5,125	5,153	4,728	6,772	8,545	**10,269**
5,486	5,898	7,238	9,037	9,014	**10,583**
$ 90,097	$ 106,412	$ 111,497	$ 119,919	$ 126,972	**$ 132,892**
$ 9,478	$ 17,347	$ 19,897	$ 9,504	$ 21,703	**$ 22,952**
17,728	17,739	18,024	15,432	8,683	**21,880**
$ 27,206	$ 35,086	$ 37,921	$ 24,936	$ 30,386	**$ 44,832**

City of Asheville

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

	2013	2014	2015 (a)	2016
General fund:				
Non-spendable	$ 471	$ 469	$ 7,407	$ 7,558
Restricted	7,196	9,426	12,394	15,039
Committed	893	623	842	1,134
Assigned	-	6,545	8,683	16,605
Unassigned	15,485	15,040	16,647	18,010
Total general fund	$ 24,045	$ 32,103	$ 45,973	$ 58,346
All other governmental funds:				
Non-spendable	$ 317	$ 317	$ 4,613	$ 4,585
Restricted	5,530	6,224	866	1,185
Committed	8,921	915	-	-
Unassigned	-	-	(3,535)	(61)
Total all other government funds	$ 14,768	$ 7,456	$ 1,944	$ 5,709

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

2017	2018	2019	2020	2021	**2022**
$ 8,660	$ 8,081	$ 7,046	$ 10,747	$ 12,117	**$ 9,196**
13,659	16,238	15,692	23,104	30,552	**27,744**
1,541	1,632	2,167	3,201	4,403	**6,427**
20,493	33,484	34,294	38,845	44,135	**43,727**
20,091	18,289	23,808	18,066	18,132	**34,587**
$ 64,444	$ 77,724	$ 83,007	$ 93,963	$ 109,339	**$ 121,681**
$ 317	$ 314	$ 6,272	$ 5,577	$ 4,990	**$ 5,428**
45,460	45,999	46,126	1,378	458	**465**
-	-	818	1,270	719	**1,058**
(30,099)	(14,894)	(31,047)	(3,092)	(7,083)	**(2,868)**
$ 15,678	$ 31,419	$ 22,169	$ 5,133	$ (916)	**$ 4,083**

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)

	2013	2014	2015	2016
Revenues:				
Taxes	$ 64,202	$ 70,192	$ 71,901	$ 77,901
Intergovernmental	15,064	14,697	20,519	19,626
Licenses and permits	5,213	5,585	5,974	4,526
Charges for services	7,182	9,055	9,459	10,405
Private donations	-	-	-	-
Investment earnings (losses)	85	173	142	331
Miscellaneous	1,947	2,017	2,457	2,178
Total revenues	93,693	101,719	110,452	114,967
Expenditures:				
Current:				
General government	10,502	13,177	18,427	16,266
Public safety	47,174	45,721	44,840	44,233
Environmental services	9,504	5,609	5,669	5,422
Community development	5,349	6,081	8,524	8,132
Transportation	4,542	7,267	6,826	4,867
Culture and recreation	9,048	8,314	9,072	10,297
Capital outlay	6,288	9,837	15,458	16,809
Debt service:				
Principal	4,093	3,516	3,906	4,150
Interest	723	1,201	1,105	1,133
Leases:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	97,223	100,723	113,827	111,309
Revenues over (under) expenditures	(3,530)	996	(3,375)	3,658
Other financing sources (uses):				
Transfer from other funds	1,936	1,152	1,107	913
Transfer to other funds	(4,369)	(3,343)	(3,788)	(3,932)
Long-term debt issued	2,143	1,591	2,815	27,525
Payment to defease long-term debt	-	-	-	-
Lease liabilities issued	-	-	-	-
Sale of capital assets	111	351	347	38
Total other financing sources (uses), net	(179)	(249)	481	24,544
Net change in fund balance	$ (3,709)	$ 747	$ (2,894)	$ 28,202

2017	2018	2019	2020	2021	**2022**
$ 56,196	$ 87,836	$ 92,346	$ 97,060	$ 105,866	**$ 117,856**
23,138	20,824	21,974	24,984	23,090	**31,425**
21,518	5,078	5,739	5,528	5,473	**6,139**
5,957	12,485	13,065	12,430	11,813	**13,699**
12,533	-	-	-	-	**-**
221	517	2,179	1,870	36	**(385)**
2,925	3,179	4,976	4,579	6,271	**4,760**
122,488	129,919	140,279	146,451	152,549	**173,494**
15,551	9,875	7,428	12,284	18,508	**19,135**
49,224	52,502	55,667	58,150	56,925	**60,839**
5,668	5,845	6,399	6,313	6,700	**7,032**
9,565	13,697	10,096	23,196	14,496	**18,186**
5,287	16,473	17,256	6,502	6,239	**10,996**
9,718	9,782	9,554	8,826	10,323	**13,070**
19,292	26,043	33,521	42,104	33,113	**22,663**
5,712	5,058	6,817	6,440	7,257	**8,668**
1,063	1,371	2,225	2,495	2,841	**3,332**
-	-	-	-	-	**121**
-	-	-	-	-	**28**
121,080	140,646	148,963	166,310	156,402	**164,070**
1,408	(10,727)	(8,684)	(19,859)	(3,853)	**9,424**
2,719	4,040	9,413	7,421	4,450	**6,868**
(7,727)	(9,038)	(14,182)	(13,834)	(12,445)	**(17,136)**
7,288	7,250	9,255	41,713	51,249	**15,968**
-	-	-	(22,176)	(33,969)	**-**
-	-	-	-	-	**1,886**
315	37,497	232	582	3,894	**393**
2,595	39,749	4,718	13,706	13,179	**7,979**
$ 4,003	$ 29,022	$ (3,966)	$ (6,153)	$ 9,326	**$ 17,403**

City of Asheville

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

	Ad Valorem Taxes	Local Option Sales Taxes	Other Taxes	Total
Fiscal years ended June 30:				
2013	$ 46,892	$ 16,569	$ 741	$ 64,202
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**

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)
2013	$ 5,787,870	$ 4,062,869	$ (153,899)	$ 9,696,840	$ 551,327	$ 688,439
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)	14,131,450	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**

(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 1.

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)
$ 190,235	$ 11,126,841	$ -	96.91%
185,757	11,167,998	0.460	95.17%
181,201	11,147,858	0.460	90.00%
217,134	11,411,112	0.475	84.55%
213,802	11,680,060	0.475	98.73%
213,978	11,458,564	0.475	91.67%
218,580	15,091,601	0.475	86.25%
199,590	16,040,057	0.429	84.33%
200,598	17,092,859	0.429	98.73%
224,703	**19,857,066**	0.403	**98.73%**

City of Asheville

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

	City of Asheville			Bumcombe County	Asheville City Schools	Total Direct and
Fiscal Year	Operating Millage	Debt Service Millage	Total Millage	Total County Millage (b)	Total District Millage (b)	Overlapping Rates
2013	$ (1.242)	$ 1.662	$ 0.420	$ 0.525	$ 0.150	$ 1.095
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	0.539	0.120	1.088
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	**0.385**	**0.032**	**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 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 millage are not available for Buncombe County and Asheville City Schools.

City of Asheville

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

	June 30, 2022			June 30, 2013		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
MH Mission Hospital LLLP	$ 943,094	1	4.90%	$ -	-	-
GPI Resort Holdings LLC	146,281	2	0.76%	132,625	1	1.19%
Ingles Markets	130,113	3	0.68%	70,399	5	0.63%
New Belgium Brew ing Company Inc	109,817	4	0.57%	-	-	-
Linamar North Carolina Inc.	106,293	5	0.55%	-	-	-
Duke Energy Progress Inc.	99,752	6	0.52%	92,614	3	0.83%
Tow n Square West LLC	93,414	7	0.48%	114,808	2	1.03%
MHG Asheville	80,183	8	0.42%	-	-	-
Unison Engine Components	69,646	9	0.36%	26,280	8	0.24%
Asheville Retail Associates LLC	55,112	10	0.29%	-	-	-
Asheville LLC	-	-	-	78,531	4	0.71%
Bellsouth Telephone Co. (dba AT&T NC)	-	-	-	33,443	7	0.30%
Day International, Inc.	-	-	-	36,504	6	0.33%
Weirbridge Village Apartments LLC	-	-	-	25,201	9	0.23%
The Forest at Asheville Prop Etal	-	-	-	24,391	10	0.22%
	$ 1,833,705		9.53%	$ 634,796		5.71%

City of Asheville

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

	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
2013	$ 46,837	$ 46,532	99.30%	$ 43	$ 262	$ 46,794	99.90%
2014	52,284	51,604	98.70%	12	668	52,272	100.00%
2015	50,677	50,605	99.90%	19	53	50,658	100.00%
2016	54,221	54,173	99.90%	36	12	54,185	99.90%
2017	56,093	56,057	99.90%	36	-	56,057	99.90%
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%**

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
2013	$ 770,000	$ 27,917,000	$ 28,687,000	26.00%	$ 326
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	50,160,950	50,630,958	44.00%	557
2017	370,000	51,547,375	51,917,375	44.00%	565
2018	7,175,384	77,777,836	84,953,220	58.00%	923
2019	12,745,384	75,091,653	87,837,037	58.00%	949
2020	27,581,965	74,167,288	101,749,253	63.00%	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**	**59.19%**	**1,214**

Business-Type Activities					
Revenue Bonds	Installment Financing Contracts and Other Long-Term Debt	Total Primary Government	Percentage of Personal Income	Debt per Capita	
$ 65,570,000	$ 13,353,000	$ 107,610,000	3.30%	$ 1,223	
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	
52,064,578	14,091,862	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	201,939,447	4.33%	2,163	
76,757,943	**9,769,223**	**204,065,856**	**4.22%**	**2,107**	

City of Asheville

Direct and Overlapping Governmental Activities Debt
June 30, 2022
(Amounts in Thousands)

	Outstanding Debt		Percentage Applicable to City (b)	Amount Applicable to City
Direct debt:				
City of Asheville	$ 117,539	(a)	100.00%	$ 117,539
Overlapping debt (b):				
Buncombe County	522,228		36.41%	190,154
Total direct and overlapping debt	$ 639,767			$ 307,693

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 businessess 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 Information
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
2013	$ 11,126,843	$ 890,147	$ 41,262	$ 848,885	4.64%
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	15,109,412	1,208,753	189,274	1,019,479	15.66%
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%**

(a) Excludes debt not applicable to the limit.

Notes:	2021	**2022**
(1) Calculation for net debt apllicable to debt limit:		
Governmental general obligation bonds (includes related premium & discount)	$ 29,986	**$ 33,675**
General obligation bonds authorized, not issued (2)	44,595	**40,325**
Installment financing contracts	89,450	**91,888**
Other debt agreements	160	**124**
Gross outstanding debt	164,191	**166,012**
Statutory deductions:		
Incurred for Water Enterprise System	(99)	**(89)**
Net debt applicable to debt limit	$ 164,092	**$ 165,923**

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
2013	$ 33,881	$ 21,091	$ 12,790	$ 2,770	$ 3,163
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**

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	2.16	$ 492	$ 6,425	1.99
5,933	2.80	492	6,425	2.58
5,926	3.01	175	6,101	2.93
5,611	3.41	170	5,781	3.31
5,358	3.63	165	5,523	3.52
5,359	3.60	10	5,369	3.59
5,513	3.29	10	5,523	3.28
5,691	3.08	10	5,701	3.08
5,475	1.95	10	5,485	1.95
5,731	**2.72**	**10**	**5,741**	**2.72**

City of Asheville

Pledged Revenue Coverage
Special Obligation Bonds
Last Ten Fiscal Years
(amounts in thousands)

	Pledged Funds
Utility Taxes	$ 9,222
Article 39	17,062
Article 40	6,392
Article 42	8,302
Article 44	4,873
FY21 Total Pledged Funds	**45,851**

		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	36,182	860	602	-	-
2021	36,689	860	568	-	-
2022	**45,851**	**2,385**	**1,297**	**-**	**-**

*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	-	-	-	24.75
1,428	568	-	-	-	25.69
3,682	**1,297**	**-**	**-**	**-**	**12.45**

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 in Thousands)	School Enrollment (c)	Unemployment Rate (d)
2013	85,329	$ 37,029	$ 3,258,663	4,360	6.40%
2014	86,367	36,470	3,205,057	4,377	5.10%
2015	87,855	38,445	3,377,585	4,422	4.80%
2016	89,378	40,591	3,628,308	4,553	4.00%
2017	91,145	41,779	3,807,947	4,570	3.60%
2018	91,978	43,235	3,968,887	4,559	3.10%
2019	92,452	45,433	4,200,372	4,460	3.30%
2020	92,870	49,930	(e)	4,526	8.80%
2021	93,350	(e)	(e)	4,219	4.10%
2022	**96,829**	**(e)**	**(e)**	**4,286**	**3.00%**

Sources:
(a) State Office of Budget and Management and US Census Bureau
(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

		2022			2013		
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	1,000 +	0.75%	1	1,000 +	0.87%
Buncombe County Board of Education	Educational Services	2	1,000 +	0.75%	2	1,000 +	0.87%
Ingles Markets, Inc	Retail Trade	3	1,000 +	0.75%	3	1,000 +	0.87%
Veterans Administration	Health Care and Social Assistance	4	1,000 +	0.75%	4	1,000 +	0.87%
Biltmore Workforce Management, Inc	Arts, Entertainment, and Recreation	5	1,000 +	0.75%	11	500-999	0.66%
County of Buncombe	Public Administration	6	1,000 +	0.75%	5	1,000 +	0.87%
City of Asheville	Public Administration	7	1,000 +	0.75%	6	1,000 +	0.87%
Wal-Mart Associates Inc.	Retail Trade	8	1,000 +	0.75%	7	1,000 +	0.87%
Eaton Corporation	Manufacturing	9	1,000 +	0.75%	9	1,000 +	0.87%
Kendro Laboratory Products LP	Manufacturing	10	500-999	0.56%	16	500-999	0.66%
Mountain Area Health Education Center	Health Care and Social Assistance	11	500-999	0.56%			
A-B Technical Community College	Educational Services	12	500-999	0.56%	8	1,000 +	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 Services	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

City of Asheville

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

Service Function	2013	2014	2015(a)	2016(b)	2017	2018	2019	2020	2021	**2022**
Primary government:										
General government	110	122	134	149	158	170	168	151	154	**157**
Public safety:										
Fire department	244	259	257	261	261	261	271	277	277	**292**
Police department	242	241	279	283	284	300	301	301	288	**269**
Building safety	40	41	-	-	-				-	**-**
Environmental services	47	38	37	38	44	45	46	59	59	**59**
Community and economic development	24	21	64	75	78	71	78	81	85	**108**
Transportation	47	54	65	52	54	54	52	59	59	**60**
Culture and recreation	83	100	94	91	93	95	95	96	105	**101**
Business type:										
Water resources	139	143	148	149	155	155	155	162	162	**164**
Parking services	17	20	22	22	23	26	27	29	29	**29**
Street cut utility	9	9	10	11	11	11	11	11	11	**11**
Stormw ater	22	27	30	39	39	46	47	52	52	**52**
U.S. Cellular Center	14	15	16	17	23	23	22	26	26	**26**
Mass transit	3	3	3	3	4	4	4	4	4	**4**
Golf course (b)	-	-	-	-	-	-	-	-	-	**-**
Total city government employees	1,041	1,093	1,159	1,190	1,227	1,259	1,277	1,308	1,311	**1,332**

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

(a) Building Safety (Development Services Department) moved to Community and Economic Development classification in fiscal year 2015.

(b) 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	2013	2014	2015	2016
Police:				
Number of police personnel and officers	242	241	283	283
Number of calls for service	115,348	113,448	113,702	116,977
Number of law violations:				
Uniform crime report part I crimes reported	5,304	5,597	4,701	4,859
Uniform crime report part II crimes reported	5,172	4,756	5,019	5,716
Accidents investigated	6,771	5,025	6,859	6,294
Number of physical arrests	628	5,453	5,622	4,911
Number of traffic violations	5,056	3,693	10,005	9,869
Number of incident reports	10,476	10,353	9,720	10,575
Fire:				
Number of fire personnel and officers	244	259	261	261
Number of calls answered	15,012	15,012	16,897	17,979
Inspections	8,077	3,397	9,112	10,137
Water:				
Number of service connections	56,900	57,516	58,289	58,570
Maximum daily capacity of plants in gallons	43,500,000	43,500,000	43,500,000	43,500,000
Daily average consumption in in gallons	20,130,000	19,700,000	20,400,000	19,900,000
Education:				
Number of preschool instructors	11	11	10	24
Number of elementary school instructors	158	186	190	157
Number of middle school instructors	65	75	74	68
Number of secondary school instructors	97	118	128	118
Miscellaneous:				
Number of full-time equivalent employees	1,041	1,093	1,155	1,188
Area in square miles	45.73	45.73	45.25	45.25

Sources: Various City departments and Asheville City Schools.

2017	2018	2019	2020	2021	**2022**
293	205	301	301	248	**220**
118,773	123,108	136,904	177,656	175,716	**96,365**
4,677	5,042	5,879	6,291	10,253	**9,785**
5,928	6,708	6,067	6,580	1,371	**1,218**
6,586	6,586	7,002	7,135	6,588	**6,923**
4,728	4,479	4,527	4,260	2,706	**2,807**
7,651	4,672	6,078	6,314	2,300	**4,346**
10,717	11,665	11,946	15,296	14,484	**27,299**
261	261	270	277	277	**292**
18,793	20,019	20,290	18,915	19,214	**22,057**
8,022	8,094	7,643	7,227	6,928	**6,598**
60,916	63,252	63,980	58,209	59,018	**59,973**
43,500,000	43,500,000	43,500,000	43,500,000	43,500,000	**43,500,000**
20,160,000	20,080,000	20,300,000	20,330,000	21,630,000	**22,290,000**
9	16	12	12	12	**8**
180	195	191	200	169	**168**
72	90	86	88	83	**78**
113	121	91	105	105	**107**
1,227	1,261	1,276	1,308	1,311	**1,332**
45.25	45.25	45.53	45.60	45.60	**45.60**

City of Asheville

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2013	2014	2015	2016
Public safety:				
Police stations/resource center	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	404	405
Street lights	9,810	9,804	10,189	10,200
Traffic lights	295	295	295	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)	1,673	1,674	1,681	1,691
Fire hydrants	6,780	6,846	6,916	6,977
Number of treatment plans	3	3	3	3
City schools (a):				
Number of preschools	1	1	2	2
Number of elementary schools	5	5	5	5
Number of middle schools	1	1	1	1
Number of secondary schools	1	1	1	1
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)	1,057	1,052	1,039	1,002

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.

2017	2018	2019	2020	2021	**2022**
1/6	1/6	1/6	1/6	1/5	**1/5**
3	3	3	4	3	**3**
13	13	13	16	16	**16**
12	12	12	12	12	**12**
405	405	405	406	409	**407**
10,250	10,250	10,251	10,500	10,500	**10,500**
300	300	316	316	316	**316**
874	874	874	874	884	**884**
59	59	59	59	59	**59**
3	3	3	3	3	**2**
26	26	26	26	26	**26**
11	11	11	11	11	**11**
1,695	1,699	1,702	1,703	1,702	**1,706**
7,070	7,230	7,400	7,597	7,815	**7,666**
3	3	3	3	3	**3**
1	1	1	1	1	**-**
5	6	6	6	5	**5**
1	2	2	2	2	**2**
2	2	2	2	2	**2**
1	1	1	1	1	**1**
2	2	2	2	2	**3**
2	2	3	3	4	**4**
1,039	1,039	1,088	1,009	1,229	**1,229**

City of Asheville

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

	2015	2016	2017	2018	2019	2020	2021	**2022**
Refunding bonds	$ -	$ -	$ -	$ -	$ -	$ 20,825	$ 19,785	**$ 18,740**
GO Anticipation Notes	-	-	-	6,905	12,305	5,066	8,580	**14,935**
General government bonds	570	470	370	270	170	70	-	**-**
Total debt outstanding	$ 570	$ 470	$ 370	$ 7,175	$ 12,475	$ 25,961	$ 28,365	**$ 33,675**

City of Asheville

General Obligation Debt Ratios
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
2013	$ 770	$ 11,126,843	0.0070%	88,003	$ 9	$ 126,437
2014	670	11,167,999	0.0060%	87,882	8	127,079
2015	570	11,010,345	0.0050%	89,248	6	123,368
2016	470	11,411,112	0.0040%	90,918	5	125,510
2017	370	11,810,567	0.0030%	91,929	4	128,475
2018	7,175	14,654,367	0.0490%	92,000	78	159,287
2019	12,475	15,156,336	0.0820%	92,245	135	164,305
2020	25,961	16,123,956	0.1610%	93,413	278	172,609
2021	28,365	17,092,859	0.1660%	93,350	304	183,105
2022	**33,675**	**19,857,066**	**0.1700%**	**96,829**	**348**	**205,074**

(a) Real property in the City was revalued in 2018 for the first time since 2014.

(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 Service Rquirements and Maturity Schedule
As of June 30, 2022

	Sewer Lines		Firefighting Equipment		Bond Anticipation Notes	
	Existing Debt		Existing Debt		Existing Debt	
Fiscal Year	Principal	Principal & Interest	Principal	Principal & Interest	Principal	Principal & Interest
2000-01		$ 32,022		$ 16,503		
2001-02	$ 65,990	128,466	$ 34,010	66,209		
2002-03	65,990	125,315	34,010	64,585		
2003-04	65,990	122,114	34,010	62,936		
2004-05	65,990	118,881	34,010	61,269		
2005-06	65,990	115,647	34,010	59,603		
2006-07	65,990	112,414	34,010	57,936		
2007-08	65,990	109,180	34,010	56,270		
2008-09	65,990	105,947	34,010	54,603		
2009-10	65,990	102,713	34,010	52,937		
2010-11	65,990	99,480	34,010	51,270		
2011-12	65,990	96,246	34,010	49,604		
2012-13	65,990	93,013	34,010	47,937		
2013-14	65,990	89,746	34,010	46,254		
2014-15	65,990	86,447	34,010	44,553		
2015-16	65,990	83,147	34,010	42,853		
2016-17	65,990	79,848	34,010	41,152		
2017-18	65,990	76,548	34,010	39,452		
2018-19	65,990	73,249	34,010	37,751		$ 138,417
2019-20	65,990	69,949	34,010	36,051	$ 22,175,550	22,354,975
2020-21	46,193	47,348	23,807	24,402	-	63,991
2021-22	-	-	-	-	-	78,075
2022-23	-	-	-	-	14,934,912	234,450
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	-	-	-	-	-	-
	$ 1,300,003	$ 1,967,720	$ 669,997	$ 1,014,130	$ 37,110,462	$ 22,869,908

Refunding Bonds Existing Debt		Total Existing Debt	
Principal	Principal & Interest	Principal	Principal & Interest
			$ 48,525
		$ 100,000	194,675
		100,000	189,900
		100,000	185,050
		100,000	180,150
		100,000	175,250
		100,000	170,350
		100,000	165,450
		100,000	160,550
		100,000	155,650
		100,000	150,750
		100,000	145,850
		100,000	140,950
		100,000	136,000
		100,000	131,000
		100,000	126,000
		100,000	121,000
		100,000	116,000
		100,000	249,417
		22,275,550	22,460,975
$ 1,040,000	$ 1,620,630	1,110,000	1,756,371
1,045,000	1,522,466	1,045,000	1,600,541
1,045,000	1,508,985	15,979,912	1,743,435
1,040,000	1,490,400	1,040,000	1,490,400
1,040,000	1,476,048	1,040,000	1,476,048
1,040,000	1,461,176	1,040,000	1,461,176
1,040,000	1,444,848	1,040,000	1,444,848
1,040,000	1,427,480	1,040,000	1,427,480
1,045,000	1,409,600	1,045,000	1,409,600
1,045,000	1,357,350	1,045,000	1,357,350
1,040,000	1,300,100	1,040,000	1,300,100
1,040,000	1,248,100	1,040,000	1,248,100
1,045,000	1,211,500	1,045,000	1,211,500
1,040,000	1,185,600	1,040,000	1,185,600
1,040,000	1,164,800	1,040,000	1,164,800
1,040,000	1,144,000	1,040,000	1,144,000
1,040,000	1,123,200	1,040,000	1,123,200
1,040,000	1,102,400	1,040,000	1,102,400
1,040,000	1,081,600	1,040,000	1,081,600
1,040,000	1,060,800	1,040,000	1,060,800
$ 20,825,000	$ 26,341,083	$ 59,905,462	$ 52,192,841

City of Asheville

Schedule of Payments for Outstanding Financings
As of June 30, 2022

Fiscal Year	Principal	Total Principal and Interest Payments
2022-23	$ 23,296,911	$ 26,487,784
2023-24	7,220,470	9,544,168
2024-25	15,739,369	17,830,987
2025-26	4,595,898	6,669,341
2026-27	4,554,906	6,435,233
2027-28	4,558,193	6,245,425
2028-29	4,560,431	6,056,818
2029-30	4,557,668	5,849,786
2030-31	4,541,619	5,638,650
2031-32	4,536,095	5,443,251
2032-33	3,975,734	4,745,648
2033-34	3,989,575	4,650,667
2034-35	3,989,575	4,541,379
2035-36	3,989,575	4,432,092
2036-37	3,989,575	4,322,343
2037-38	3,989,575	4,227,006
2038-39	2,570,000	2,718,550
2039-40	2,570,000	2,667,150
2040-41	1,525,000	1,570,750
Total remaining payments	$ 108,750,169	$ 130,077,028

This table summarizes fourteen financings with fixed interest rates ranging from 0.92% to 5.64%, payable semi-annually.

City of Asheville

Compiled Budget – Annually Budgeted Funds
For the Year Ended June 30, 2023

	General Fund	Enterprise Funds
Estimated revenues:		
Ad valorem taxes	$ 81,404,292	$ -
Other taxes	38,878,015	-
Intergovernmental revenues	12,247,445	3,911,302
Licenses and permits	5,411,496	789,422
Sales and services	13,586,759	52,982,828
Investment earning	673,000	535,000
Miscellaneous revenues	3,405,803	5,848,445
Total estimated revenues	155,606,810	64,066,997
Appropriations:		
Current:		
General government	27,947,046	-
Public safety	66,004,953	-
Transportation	7,473,292	5,947,499
Environmental services	8,420,389	6,858,216
Economic and physical development	12,765,992	-
Culture and recreation	12,703,398	-
Civic Center	2,239,370	4,655,390
Water	-	27,454,494
Mass transit	-	12,734,792
Debt service	10,858,985	8,300,280
Total appropriations	148,413,425	65,950,671
Estimated revenues over (under) appropriations	7,193,385	(1,883,674)
Other financing sources (uses):		
Operating transfers from other funds:		
General fund	-	8,042,369
Enterprise funds	-	1,000,000
Grant fund	3,225,077	-
Capital project fund	23,457	-
Operating transfers to other funds:		
Enterprise funds	(8,042,369)	(1,000,000)
Capital project fund	(1,236,739)	(6,258,695)
Other funds	(1,562,811)	-
Debt Proceeds	-	100,000
Appropriated fund balances	400,000	-
Total other financing sources (uses), net	(7,193,385)	1,883,674
Estimated revenues and other sources over appropriations and other uses	$ -	$ -

City of Asheville

Current Water Rate Information
Effective July 1, 2022

Consumption Charge Rate Increase

Per CCF (Hundred Cubic Feet or 748 gallons per unit of water)		Current CCF Rate
Singe family residential		$ 4.47
Irrigation		5.90
Multi-family		4.20
Commercial (</=1,000 CCF monthly)		4.04
Commercial (>1,000 CCF monthly)		2.51
Commercial (</=2,000 CCF bi-monthly)		4.04
Commercial (>2,000 CCF bi-monthly)		2.51
Manufacturer (</=1,000 CCF monthly)		4.04
Manufacturer (>1,000 CCF monthly)		2.29
Manufacturer (</=2,000 CCF bi-monthly)		4.04
Manufacturer (>2,000 CCF bi-monthly)		2.29
Wholesale	Consumption	1.23
	Capacity	$184.00 per 10,000 gallons/day

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

Capital Improvement (CIP) Charge (Monthly Charge)

Meter Size	Fee	Meter Size	Fee
5/8 inch	$ 6.18	3 inch	$ 80.05
3/4 inch	8.64	4 inch	124.38
1 inch	13.57	6 inch	247.50
1 1/2 inch	25.88	8 inch	395.25
2 inch	40.65	10 inch	1,035.50

Note: All Single Family Residential customers are charged $4.26 per month for their Capital Improvement Fee Regardless of their meter size. If a Single Family Residential customer has an irrigation account, they will be charged a CIP Fee according to their meter size as provided above.

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 Systems Statistics (a)
Water Customers and Historical Demand
Last Ten Fiscal Years

	2013	2014	2015	2016
Total number of accounts:				
Residential single family	47,589	47,810	48,498	49,057
Residental multi-family	1,487	1,451	1,467	1,473
Non-residential	4,763	4,860	4,961	5,220
Total number of accounts	53,839	54,121	54,926	55,750
Total number of bills:				
Residential single family	290,669	288,535	293,579	297,389
Residental multi-family	9,474	8,692	8,956	9,038
Non-residential	28,757	29,907	30,442	31,522
Total number of bills	328,900	327,134	332,977	337,949
Annual usage volume (in thousands of gallons):				
Residential single family	2,774,177	2,746,714	2,776,912	2,854,189
Residental multi-family	946,852	958,903	996,330	1,038,574
Non-residential	2,691,711	2,722,144	2,875,165	3,083,139
Total annual usage volume	6,412,740	6,427,761	6,648,407	6,975,902

(a) City of Asheville Water Resources Department

2017	2018	2019	2020	2021	**2022**
49,858	50,393	50,583	50,895	51,680	**52,882**
1,503	1,681	1,722	1,694	1,710	**1,754**
5,212	5,315	5,685	5,620	5,628	**5,768**
56,573	57,389	57,990	58,209	59,018	**60,404**
301,459	304,791	314,001	312,988	310,080	**317,292**
9,136	10,049	10,538	10,451	10,260	**10,524**
31,803	32,852	33,678	34,779	33,768	**34,608**
342,398	347,692	358,217	358,218	354,108	**362,424**
2,933,571	2,823,451	2,030,142	2,097,256	2,155,595	**2,272,493**
1,044,508	1,112,452	846,855	897,179	923,755	**1,045,508**
3,380,859	3,238,271	2,446,214	2,327,092	2,272,950	**2,744,484**
7,358,938	7,174,174	5,323,211	5,321,527	5,352,300	**6,062,485**

City of Asheville

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

	2015	2016	2017	2018	2019	2020	2021	**2022**
Operating revenues	$ 35,564	$ 37,764	$ 38,659	$ 39,204	$ 39,517	$ 40,167	$ 33,366	**$ 38,431**
Operation and maintenance expense	(18,135)	(18,649)	(19,209)	(19,907)	(21,378)	(22,634)	(22,687)	**(22,825)**
Operating income before depreciation	17,429	19,115	19,450	19,297	18,139	17,533	10,679	**15,606**
Depreciation	(7,376)	(7,292)	(6,932)	(7,164)	(6,675)	(6,009)	(5,734)	**(6,460)**
Operating income	10,053	11,823	12,518	12,133	11,464	11,524	4,945	**9,146**
Non-operating revenues (expenses):								
Investment income	175	349	206	552	1,661	1,511	58	**(148)**
Non-operating income (expenses)	256	11	104	(48)	(16)	(1,943)	(2,904)	**(2,758)**
Bond interest expense	(3,222)	(1,595)	(1,330)	(832)	(1,889)	(2,487)	282	**282**
Net income	7,262	10,588	11,498	11,805	11,220	8,605	2,381	**6,522**
Adjustments to net income:								
Depreciation	7,376	7,292	6,932	7,164	6,675	6,009	5,734	**6,460**
Non-operating expenses	3,222	1,595	1,330	832	1,889	2,487	(282)	**(282)**
Net revenues (revenue available for debt service)	$ 17,860	$ 19,475	$ 19,760	$ 19,801	$ 19,784	$ 17,101	$ 7,833	**$ 12,700**
Debt service coverage:								
Total senior lien obligations debt service	$ 5,925	$ 5,611	$ 5,358	$ 5,359	$ 5,513	$ 5,691	$ 5,488	**$ 5,332**
Senior debt service coverage	3.01	3.47	3.69	3.69	3.59	3.04	1.43	**2.38**
Subordinated debt service	$ 175	$ 170	$ 165	$ 10	$ 10	$ 10	$ 10	**$ 10**
Subordinated debt service coverage	61.43	74.95	80.79	1,337.02	1,316.84	1,049.98	124.74	**630.16**
Total system debt service	$ 6,100	$ 5,781	$ 5,523	$ 5,369	$ 5,523	$ 5,701	$ 5,498	**$ 5,342**
Total system debt service coverage	2.93	3.37	3.58	3.69	3.58	3.04	1.42	**2.38**

(a) Calculated as the ratio of the sum of net revenues less 1.20 times senior debt service, divided by subordinate debt.

Compliance Section

Report 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*

Independent Auditor's Report

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, the aggregate remaining fund information, the budgetary comparison of the general fund, and the Schedule of Federal and State Awards of the City of Asheville, North Carolina (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 9, 2022. 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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a significant deficiency.

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 of Asheville's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the 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 the 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.

PBMares, LLP

Morehead City, North Carolina
November 9, 2022

Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Asheville, 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* issued by the North Carolina 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, 2022. 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 of Ashville 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, 2022.

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; 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* (Uniform Guidance); and the State Single Audit Implementation Act.[2] Our responsibilities under those standards and the Uniform Guidance 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 reasonable 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 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance 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 the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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, 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 that 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 Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during out 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 of 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. Accordingly, this report is not suitable for any other purposes.

PBMares, LLP

Morehead City, North Carolina
November 9, 2022

Report on Compliance for the Major State Program and Report on Internal Control Over Compliance Required by the State Single Audit Implementation Act

Independent Auditor's Report

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

Report on Compliance for the 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* issued by the North Carolina 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, 2022. 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.

In our opinion, the City of Asheville 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, 2022.

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; 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* (Uniform Guidance); and the State Single Audit Implementation Act.[2] Our responsibilities under those standards and the Uniform Guidance 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 reasonable 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance 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 the City's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Cit'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 that 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 Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during out 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 of 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 compliances and the results of that testing based on the requirements of the Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purposes.

PBMares, LLP

Morehead City, North Carolina
November 9, 2022

CITY OF ASHEVILLE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2022

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: unmodified

Internal control over financial reporting:

Material weakness identified?		Yes	X	No
Significant deficiency identified?	X	Yes		None Reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major federa; programs:

Material weakness identified?	Yes	X	No
Significant deficiency identified?	Yes	X	None Reported

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	Name of Federal Program or Cluster
14.218	Community Block Grant Cluster – including COVID-19
14.239	Home Investments Partnerships Program
21.027	Coronavirus State and Local Fiscal Recovery Fund
20.507	Federal Transit Cluster (including COVID -19 funding)
20.205	Highway Planning and Construction Cluster
59.075	Shuttered Venue Operators Grant
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B programs	$ 750,000		
Auditee qualified as low-risk auditee?	Yes	X	No

(Continued)

Section I. Summary of Auditor's Results (Continued)

State Awards

Internal control over major State programs:

Material weakness identified?	Yes	X	No
Significant deficiency identified?	Yes	X	None Reported

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 State Single Audit Implementation Act?	Yes	X	No

Identification of major State programs:

State ID Number	Name of Federal Program or Cluster
DOT-4	Non-State System Street-Aid Allocation (Powell Bill)
N/A	Senate Bill 105 - Sulphur Springs Grant

(Continued)

Section II. Financial Statement Findings

Significant Deficiency in Internal Control – Capital Assets

Finding 2022-001

Criteria: Construction in process additions should be reconciled to the capital project fund taking into account transfers.

Condition: In performing our audit, it was noted that insufficient review of the capital asset schedules and reconciliations resulted in inaccurate information and calculations. Certain construction in process additions were counted twice by not recognizing transfers from construction in process to intangible assets, resulting in an overstatement of construction in process and understatement of expenses.

Effect: Construction in process was overstated and repairs and maintenance understated by $677,025 by not counting the transfers from construction in process to intangible assets.

Cause: Turnover in the Finance Department in positions responsible for the financial reporting process.

Recommendation: We recommend the City strengthen their capital asset schedule review procedures to ensure proper reporting of capital asset information.

Views of Responsible Officials: Management concurs with the finding. See Corrective Action Plan.

Section III. Federal Awards Findings and Questioned Costs

None reported.

Section IV. State Awards Findings and Questioned Costs

None reported.

THE CITY OF ASHEVILLE

Corrective Action Plan

Finding 2022-01

The city agrees with the recommendation and the following corrective actions have been taken: Additional checks and balances have been added to the quarterly and yearly reconciliation of capital assets. All asset additions related to Construction in Progress will be tied out to the ledger to ensure completion of transactions. Additional training will be also be competed with the capital asset Accountant and the Accounting Manager to ensure proper review and signoff is completed.

Estimated Completion Date: December 15, 2022

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

Debra D. Campbell
City Manager

Tony McDowell
Chief Financial Officer

THE CITY OF ASHEVILLE

City of Asheville, North Carolina

Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2022

Material Weakness in Internal Control – Year-End Closeout

Finding 2021-001

Status: Corrected

CITY OF ASHEVILLE

SCHEDULE FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2022

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 - Coronavirus State and Local Fiscal Recovery Fund	21.027	Unknown	$ 6,417,139	$ -	$ -
Passed through North Carolina State Treasurer:					
Passed through Buncombe County Government					
COVID-19 Coronavirus Relief Fund	21.019	Unknown	10,945	-	-
Total U.S. Treasury			6,428,084	-	-
U.S. Department of Housing and Urban Development					
Direct Programs					
Community Development Block Grant Cluster:					
Community Development Block Grant	14.218	N/A	734,982	-	560,320
COVID 19 - Community Development Block Grants	14.218	N/A	508,138	-	395,005
Total Community Development Block Grant Cluster			1,243,120	-	955,325
HOME ARP Program	14.239	N/A	912,974	-	679,758
HOME Investment Partnerships Program	14.239	N/A	72,113	-	-
Total Home Investment Partnerships Program			985,087	-	679,758
Passed Through NC Department of Health and Human Services:					
Continuum of Care Program	14.267	NC0292L4F011200	38,926	-	-
Continuum of Care Program Planning	14.267	NC0292L4F011200	42,577	-	-
Total Continuum of Care Program			81,503	-	-
Total U.S. Department of Housing and Urban Development			2,309,710	-	1,635,083

(Continued)

CITY OF ASHEVILLE

SCHEDULE FEDERAL AND STATE AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

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 Justice					
Direct Programs					
COVID-19 FY 2020 Coronavirus Emergency Supplemental Funding Program	16.034	N/A	$ 18,990	$ -	$ -
Bulletproof Vest Partnership 2019	16.607	N/A	14,700	-	-
Justice Assistance Grant - BJA - 2019	16.738	N/A	109,617	-	13,118
Total U.S. Department of Justice			143,307	-	13,118
U.S. Department of Transportation					
Direct Programs					
Metropolitan Transportation Planning and State Non-Metropolitan Planning & Research	20.505	N/A	60,000	7,500	-
Federal Transit Cluster:					
Federal Transit Administration Formula Grants	20.507	N/A	2,383,972	-	11,566
Bus and Bus Facilities	20.507	N/A	1,575,080	-	-
COVID-19 CARES Act Funds for Operating and Capital Assistance	20.507	N/A	96,707	-	96,707
Total Federal Transit Cluster			4,055,759	-	108,273
Transit Services Cluster:					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	N/A	529,140	-	529,140
Job Access and Reverse Commute	20.516	N/A	20,126	-	-
Total Transit Services Cluster			549,266	-	529,140

(Continued)

CITY OF ASHEVILLE

SCHEDULE FEDERAL AND STATE AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

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 (Continued)					
Passed through NC Department of Transportation:					
Highway Planning and Construction Cluster:					
Highway Planning and Construction - LMPO - French Broad Greenway	20.205	U-5019B	$ 2,293,744	$ -	$ -
Highway Planning and Construction - LPMO - Greenway Connectors	20.205	2000004590	19,613	-	-
Total Highway Planning and Construction Cluster			2,313,357	-	-
Total U.S. Department of Transportation			6,978,382	7,500	637,413
U.S. Small Business Administration					
Shutter Venue Operators Grant	59.075	Unknown	2,441,050	-	-
Executive Office of the President					
Passed through Office of National Drug Control Policy:					
High Intensity Drug Trafficking Areas Program	95.001	G15GA0006A	192,265	-	-
Total Executive Office of the President			192,265	-	-
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	385,976	-	-
Dissaster Grants - Public Assistance (Presidentially Declared Disastsers)	97.036	Unknown	31,345	-	-
Fire Prevention and Safety Grant	Unknown	Unknown	30,842	-	-
FEMA Storm Reimbursements - TS Fred	97.036	Unknown	96,161	25,179	-
Energency Protective Measures - COVID-19	97.036	4617DR-NC	663,637	-	-
COVID-19 NCEM State Centric Non-Congregate Sheltering	97.036	Unknown	1,711,686	-	-
Total U.S. Dept. of Homeland Security			2,919,647	25,179	-
Total Federal Awards Expended			21,412,445	32,679	2,285,614

(Continued)

CITY OF ASHEVILLE

SCHEDULE FEDERAL AND STATE AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

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	$ -	$ 2,731,174	$ -
State Maintenance Assistance Program	DOT-9	13-SM-002	-	1,098,253	-
Total N.C. Department of Transportation			-	3,829,427	-
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	-	3,564	-
Senior Center Gen'l Purpose - Harvest House	N/A	HB-1473	-	3,564	-
Total N.C. Department of Health and Human Services			-	7,128	-
N.C. Department of Public Safety					
RRT6 2015 Operating Allotment	N/A	1901-536902-1506-8064	-	56,826	-
Senate Bill 105 - Sulphur Springs	N/A	Unknown	-	1,002,787	-
Total N.C. Department of Public Safety			-	1,059,613	-
N.C. Department of Environmental Quality	N/A				
Backyard Composting Grant	N/A	CW19166	-	17,856	-
Total Federal and State Awards Expended			$ 21,412,445	$ 4,946,703	$ 2,285,614

See notes to the Schedule of Expenditures of Federal and State Awards.

CITY OF ASHEVILLE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2022

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, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 US 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.