CITY OF ASHEVILLE, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

JUNE 30, 2021

PBMares SM

ASSURANCE, TAX & ADVISORY SERVICES

CITY OF ASHEVILLE, NORTH CAROLINA

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Introductory Section

(Unaudited)

December 1, 2021

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, 2021.

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 that it has 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, PBMares LLP concluded that the City's financial statements, for the fiscal year ended June 30, 2021, 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 will be available at a later date.

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, a top growth area in the state. Asheville occupies a land area of approximately 45.5 square miles and serves a population of about 94,500. 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 service industry 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 North Carolina State Legislature adopted legislation in 2017 establishing voting districts within the City. Part of that legislation delayed regular Council elections until the districts take effect in 2020; however, the City Council adopted a Charter change in October, 2019 to reinstate at-large elections. 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 Public Financing Corporation and the Asheville Claims Corporation are reported as blended component units, and, as such, are not presented in the Basic Financial Statements. 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 is 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. The most recent data from the N.C. Department of Commerce indicate that domestic tourism in Buncombe County generates an economic impact of over $1.29 billion annually. Over 12,500 jobs in Buncombe County are directly linked to travel and tourism.[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 increased significantly over the last decade as the local and regional economy recovered from the Great Recession of 2008. Sales did decline in fiscal year 2019-20 due to the impacts of the COVID-19 pandemic but growth resumed in fiscal 2020-21. Year over year changes are shown below. [2]

Fiscal Year	Taxable Sales	Increase (Decrease)	Precentage Change
2013-14	$ 3,789,896,675	$ 157,790,024	
2014-15	4,305,329,303	515,432,355	13.60%
2015-16	4,705,944,445	400,615,415	9.30%
2016-17	5,134,269,461	428,325,016	9.10%
2017-18	5,437,492,143	303,222,682	5.90%
2018-19	5,754,439,712	316,947,569	5.80%
2019-20	5,490,195,247	(264,244,564)	-4.60%
2020-21	$ 6,160,933,639	$ 670,738,392	12.20%

1 https://partners.visitnc.com/economic-impact-studies
2 https://www.ncdor.gov/news/reports-and-statistics/state-sales-and-use-tax-reports-fiscal-year

Another key economic indicator is the area unemployment rate, which speaks directly to the relative strength of the local economy. As of August 2021, Buncombe County's unemployment rate of 3.8%, which was one of the lowest county unemployment rates in North Carolina, and below the statewide rate of 4.4%. Unemployment rates have improved throughout 2021 as the economy recovers from the impacts of the COVID-19 pandemic.[3]

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 the future needs of the community and on balancing those needs with the City's fiscal resources.



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.

Downtown Asheville

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.[3]

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.

3 https://www.bls.gov/lau/

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 Spillway and Embankment Improvement Project was completed in calendar year 2020. The North Fork Reservoir and Water Treatment Plant serves as the City's primary drinking water source, providing 70% of Asheville's water. The project Asheville's makes the North Fork Dam safer against major storm and seismic activity for our community. It also received the Rehabilitation Project of the Year Award from the Association of State Dam Safety Officials at the Dam Safety 2021 conference's Awards Luncheon. Originally built in 1955, the North Fork Dam the project raised the dam by 4 feet, and added earth buttressing to reinforce seismic stability. The principal spillway was improved while a new auxiliary spillway was constructed. The dam is now more resilient to climate change with its potential for larger storm events. The City used pay-as-you-go funding and debt to pay for the improvements.

In the next five-year 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 greater lifecycle. This project, which will cost an estimated $20 million will also be funded with the issuance of debt.

The City also completes a five-year operating financial forecast as part of the annual budget process and includes this forecast in the Adopted Budget Document.



View of North Fork Reservoir

While budgets are adopted on an annual basis, and no Council decision may commit a future Council, the addition of a five-year forecast to the decision-making process provides Council members the tools to strategically evaluate capital and operating investments in light of long-term financial impacts, economic trends and other factors.

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 calls for the city manager to establish a process within the next year 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. During fiscal year 2021, city-owned property at 172 and 174 South Charlotte Street was sold to White Labs, Inc. at a sale price of approximately $3.7 million. On June 8, 2021, City Council approved a budget amendment directing staff to utilize $2.1 million from the White Lab land sales proceeds to provide initial funding for community reparations. Work on the Reparations Program will continue in fiscal year 2022 with next steps including development of the Reparations Commission and the scope of work of the Reparations Commission.

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 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, 2021, the unassigned fund balance was approximately 17.4 percent of FY 2021 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 $500,000 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 $353,647,992. 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 is 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. Both the Moody's and S&P said the City was in a very strong debt position, including contingent liabilities.

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. Previously, the City launched a Fraud, Waste and Abuse Hotline for City employees, and in FY 2017 reassigned the internal audit function to the City Manager's Office, eliminating any real or perceived conflict of the Internal Auditor reporting to the Chief Financial Officer.

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, 2020. 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.

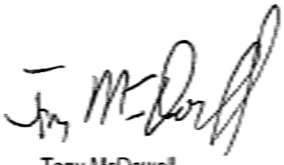
We recognize the City's responsibility for the contents of this report and would like to express our appreciation for the cooperation and assistance of our independent auditors, PBMares LLP, in its preparation. This report would not have been possible without the efficient and dedicated service of staff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

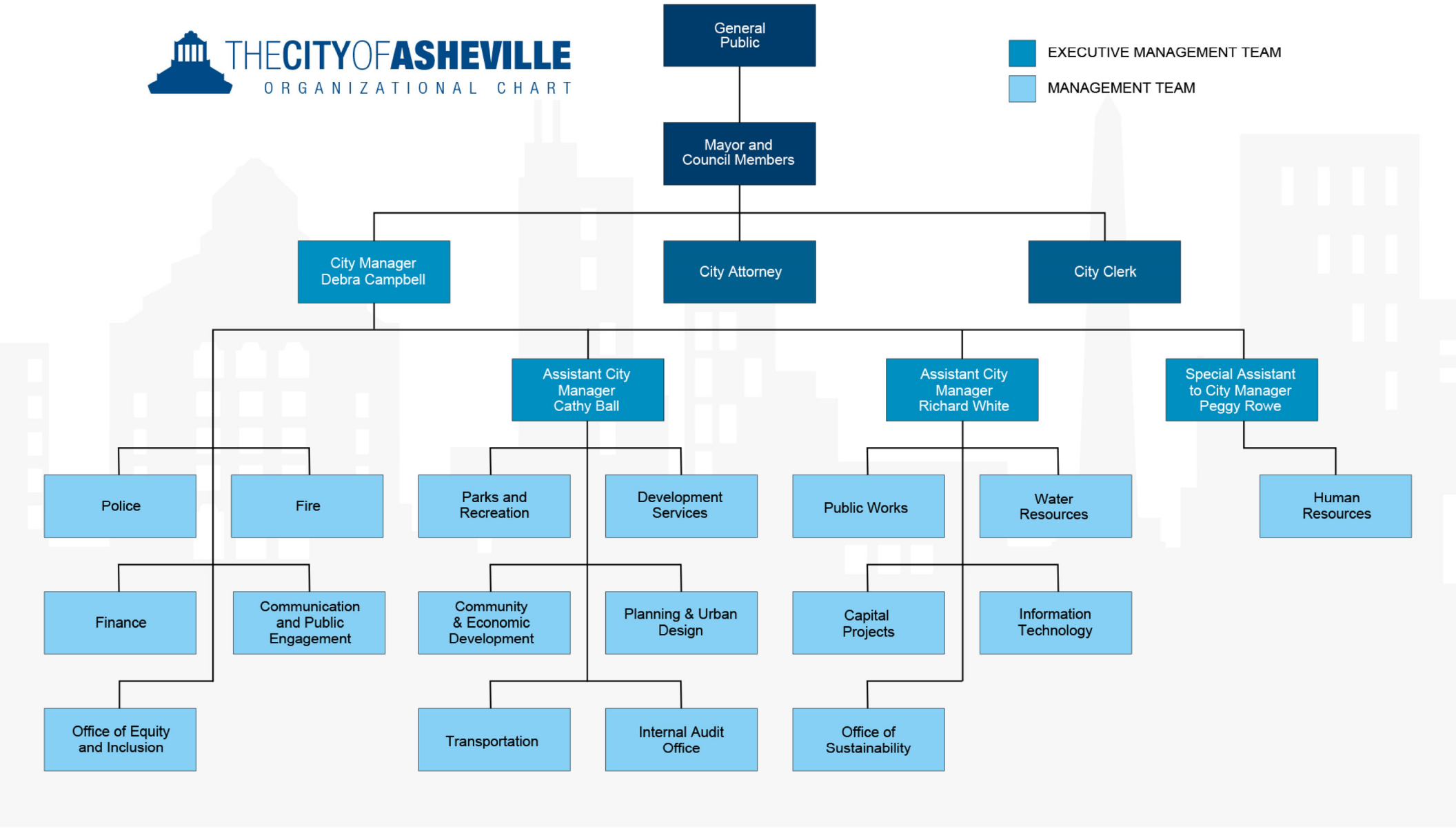
Respectfully submitted,



Debra D. Campbell
City Manager



Tony McDowell
Chief Financial Officer


THECITYOFASHEVILLE
ORGANIZATIONAL CHART
EXECUTIVE MANAGEMENT TEAM
MANAGEMENT TEAM
General Public
Mayor and Council Members
City Manager Debra Campbell
City Attorney
City Clerk
Assistant City Manager Cathy Ball
Assistant City Manager Richard White
Special Assistant to City Manager Peggy Rowe
Police
Fire
Parks and Recreation
Development Services
Public Works
Water Resources
Human Resources
Finance
Communication and Public Engagement
Community & Economic Development
Planning & Urban Design
Capital Projects
Information Technology
Office of Equity and Inclusion
Transportation
Internal Audit Office
Office of Sustainability

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

Financial Section

Independent Auditor's Report

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

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Asheville ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of another auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the budgetary comparison of the general fund of City of Asheville, North Carolina as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and information on Other Postemployment Benefits, the Local Governmental Employees' Retirement System and the Law Enforcement Officers' Special Separation Allowance on pages 95 - 100 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.

Other 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, introductory information, other supplementary information and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The major fund schedules, combining and individual fund statements, and other supplementary information are 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.

The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021, 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
December 1, 2021

CITY OF ASHEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2021

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, 2021. 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 $510 million (net position). Of this amount, $116 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 $ 510 million represents an increase of $30.4 million over fiscal year 2020's net position of approximately $480 million.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of over $108 million, an increase of $9 million in comparison with the prior year's amount of $99 million. The unassigned portion of the General Fund balance is approximately $18 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 $97 million.
- The City's total long-term liabilities increased by $20.1 million during the current fiscal year. This increase is primarily attributable to the General Obligation Bond Anticipation Note issued in 2020, in the amount of $24 million, of which an additional $3.5 million was drawn down FY2021. 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, of which an additional $10.2 million has been drawn in FY2021. In FY2018, the city issued direct placement limited obligation bonds, in an amount not to exceed $48 million, of which an additional $14.2 million was drawn down in FY2021. The increase 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

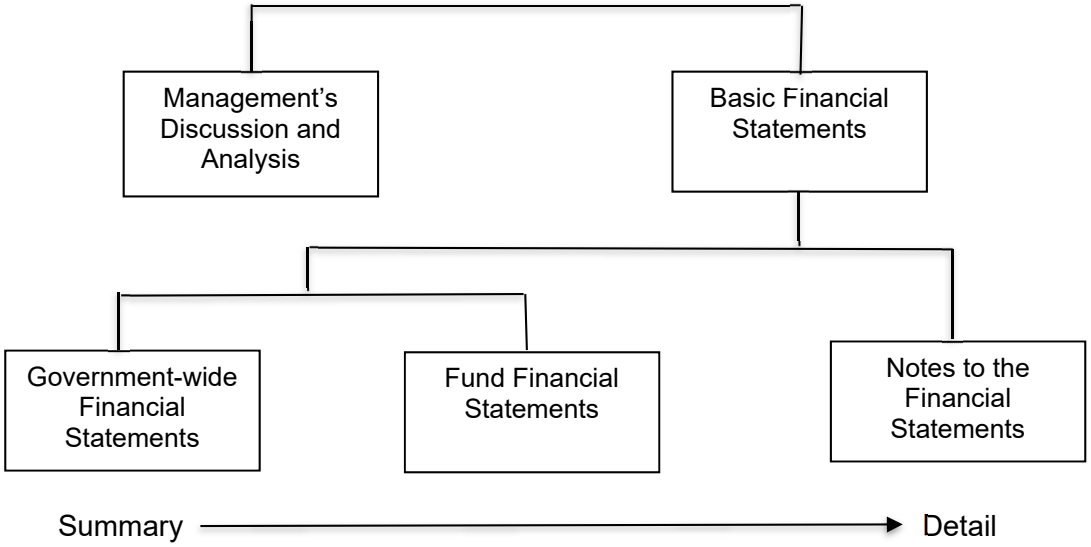
The GO Bond Anticipation Notes and the Water Resources interim construction debt are part of the City's long-term debt model, which is designed to minimize debt service during capital construction. These debt issuances are short-term, interim debt facilities which will be paid off in full with the issuance 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 43-94 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 95-100 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 $510 million as of June 30, 2021 (Figure 2).

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

- The increases in both governmental and business-type non-current liabilities (approximately $21 million), is related to the General Obligation Bond Anticipation Note, Water Revenues Bonds and Limited Obligation Bonds issued in 2020, noted above.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 149,706	$ 130,796	$ 96,735	$ 90,424	$ 246,441	$ 221,220
Capital assets	253,190	231,569	310,867	298,870	564,057	530,439
Total Asssets	402,896	362,365	407,602	389,294	810,498	751,659
Deferred outflows of resources	19,330	16,728	5,503	4,156	24,833	20,884
Total assets and deferred outflows of resources	422,226	379,093	413,105	393,450	835,331	772,543
Non-current liabilities	169,296	156,885	104,418	96,474	273,714	253,359
Other liabilities	29,491	21,736	16,389	13,557	45,880	35,293
Total Liabilities	198,787	178,621	120,807	110,031	319,594	288,652
Deferred inflows of resources	4,387	3,124	1,167	971	5,554	4,095
Total liabilities and deferred inflows of resources	4,387	181,745	121,974	111,002	126,361	292,747
Net position:						
Net investment in capital assets	143,206	130,826	219,589	213,000	362,795	343,826
Restricted	31,363	56,744	-	-	31,363	56,744
Unrestricted	44,483	9,778	71,541	69,448	116,024	79,226
Total net position	$ 219,052	$ 197,348	$ 291,130	$ 282,448	$ 510,182	$ 479,796

By far the largest portion of the City's net position ($362.8 million or 71 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, $31.4 million, represents resources that are subject to external restrictions such as state statute requirements, community development activities, and cemetery maintenance. The remaining balance of $116 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:

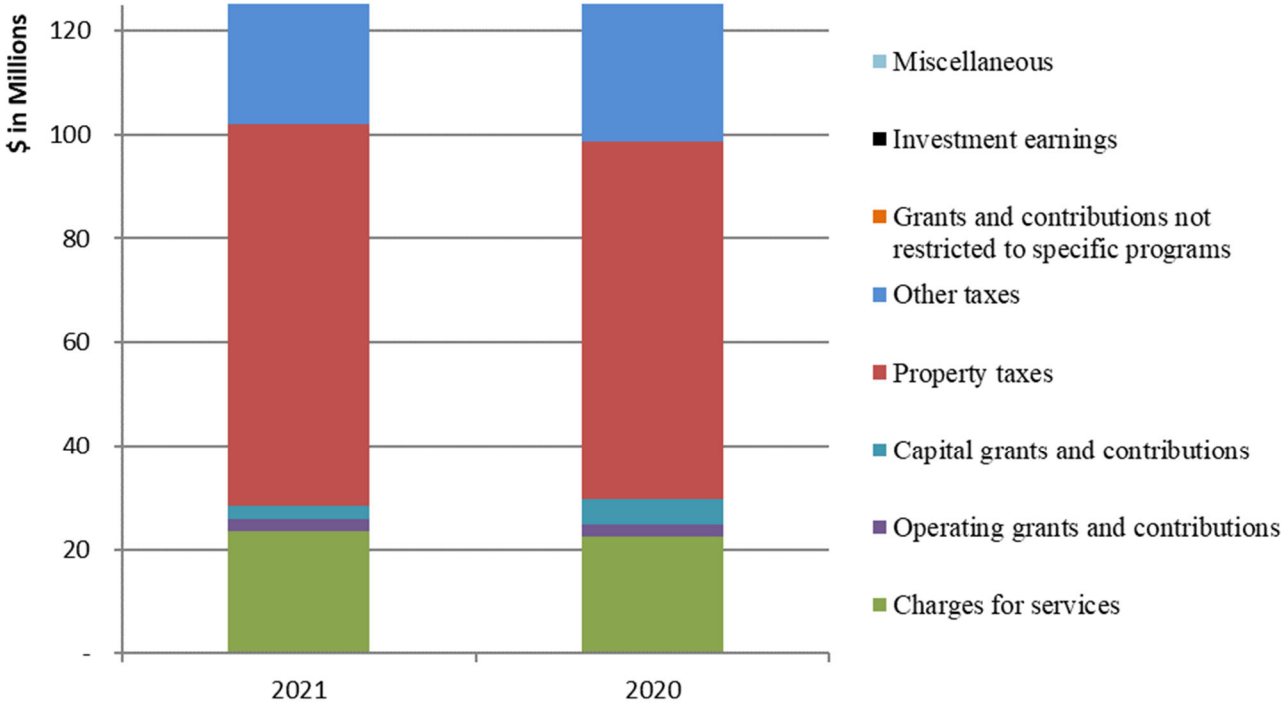
- Ongoing careful management of resources. The City of Asheville's management is committed to deliberate and considered use of taxpayer funds. Actual budget performance in expenditures consistently comes in under the adopted budget. Continued better than budget performance demonstrates the success of 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. Sales tax revenue decreased during the final quarter of fiscal year 2020 due to the COVID-19 pandemic but recovered in fiscal year 2021, increasing by 16.2%.

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

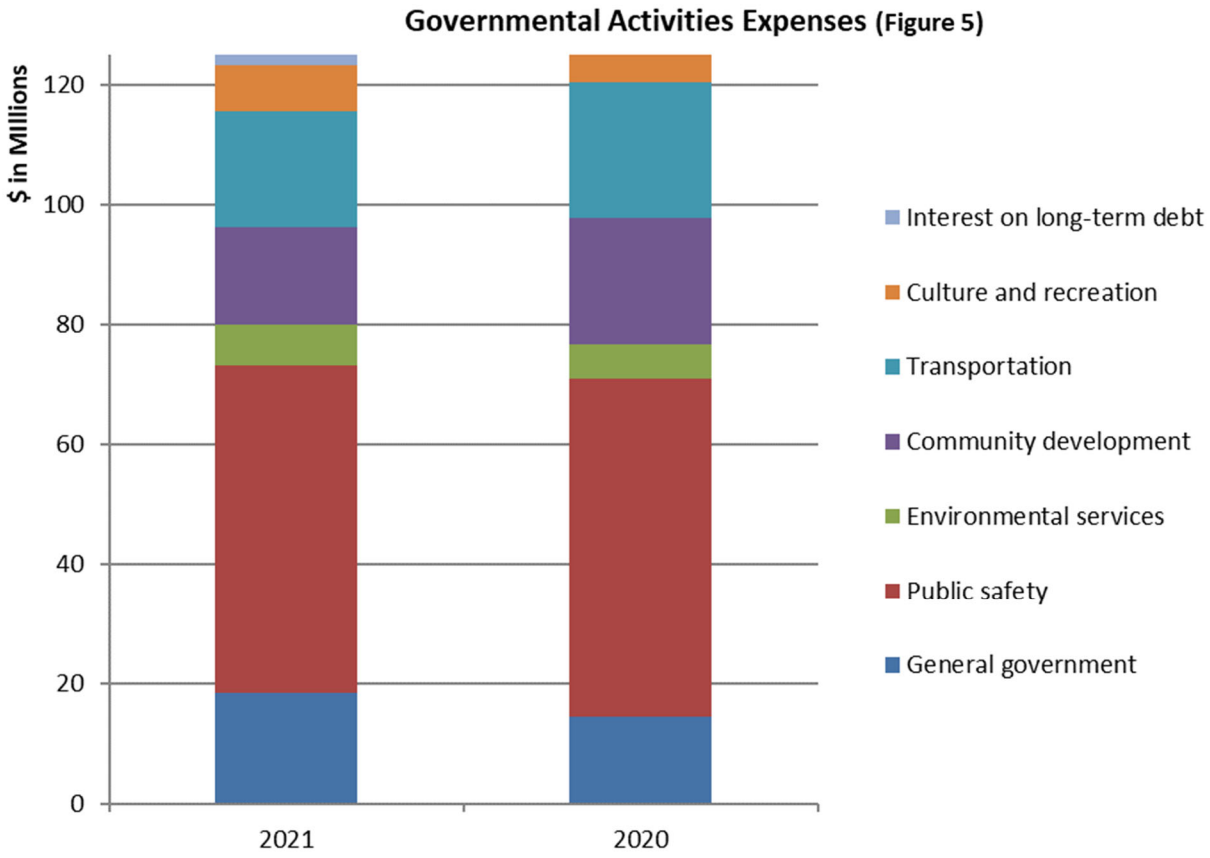
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	$23,556	$22,426	$46,422	$57,989	$69,978	$80,415
Operating grants and contributions	2,309	2,442	8,867	2,415	11,176	4,857
Capital grants and contributions	2,574	4,682	7,962	6,985	10,536	11,667
General revenues:						
Property taxes	73,567	69,096	-	-	73,567	69,096
Other taxes	32,299	27,964	-	-	32,299	27,964
Grants and contributions not restricted to specific programs	18,207	17,860	-	-	18,207	17,860
Investment earnings	42	2151	76	1774	118	3925
Miscellaneous	3,894	584	393	492	4,287	1,076
Total revenues	156,448	147,205	63,720	69,655	220,168	216,860
Expenses:						
General government	18,418	14,353	-	-	18,418	14,353
Public safety	54,829	56,601	-	-	54,829	56,601
Environmental services	6,660	5,646	-	-	6,660	5,646
Community development	16,404	21,243	-	-	16,404	21,243
Transportation	19,262	22,714	-	-	19,262	22,714
Culture and recreation	7,714	7,820	-	-	7,714	7,820
Interest on long-term debt	2,912	2,551	-	-	2,912	2,551
Water resources	-	-	31,325	33,101	31,325	33,101
Parking services	-	-	4,118	3,919	4,118	3,919
Street Cut Utility	-	-	1,503	1,708	1,503	1,708
Stormwater	-	-	6,947	5,157	6,947	5,157
U.S. Cellular Center	-	-	3,655	4,871	3,655	4,871
Mass transit	-	-	16,035	12,237	16,035	12,237
Total expenses	126,199	130,928	63,583	60,993	189,782	191,921
Increase in net position before transfers	30,249	16,277	137	8,662	30,386	24,939
Transfers	(8,545)	(6,772)	8,545	6,772	-	-
Increase in net position	21,704	9,505	8,682	15,434	30,386	24,939
Net position, beginning of year	197,348	187,843	282,448	267,014	479,796	454,857
Net position, end of year	$219,052	$197,348	$291,130	$282,448	$510,182	$479,796

Government-wide Analysis

Governmental Activities Revenues (Figure 4)



Total expenses reported (Figure 5) in the governmental activities for fiscal year 2021 were $126.2 million as compared to fiscal year 2020's $130.9 million – a year-over-year decrease of $4.7 million. There were small fluctuations in expenses amongst all functions of government. The primary reasons for the decrease were due to a higher level of vacancies within the Police Department as well as a decrease in loans awarded in the Housing Trust Fund for Community Development.

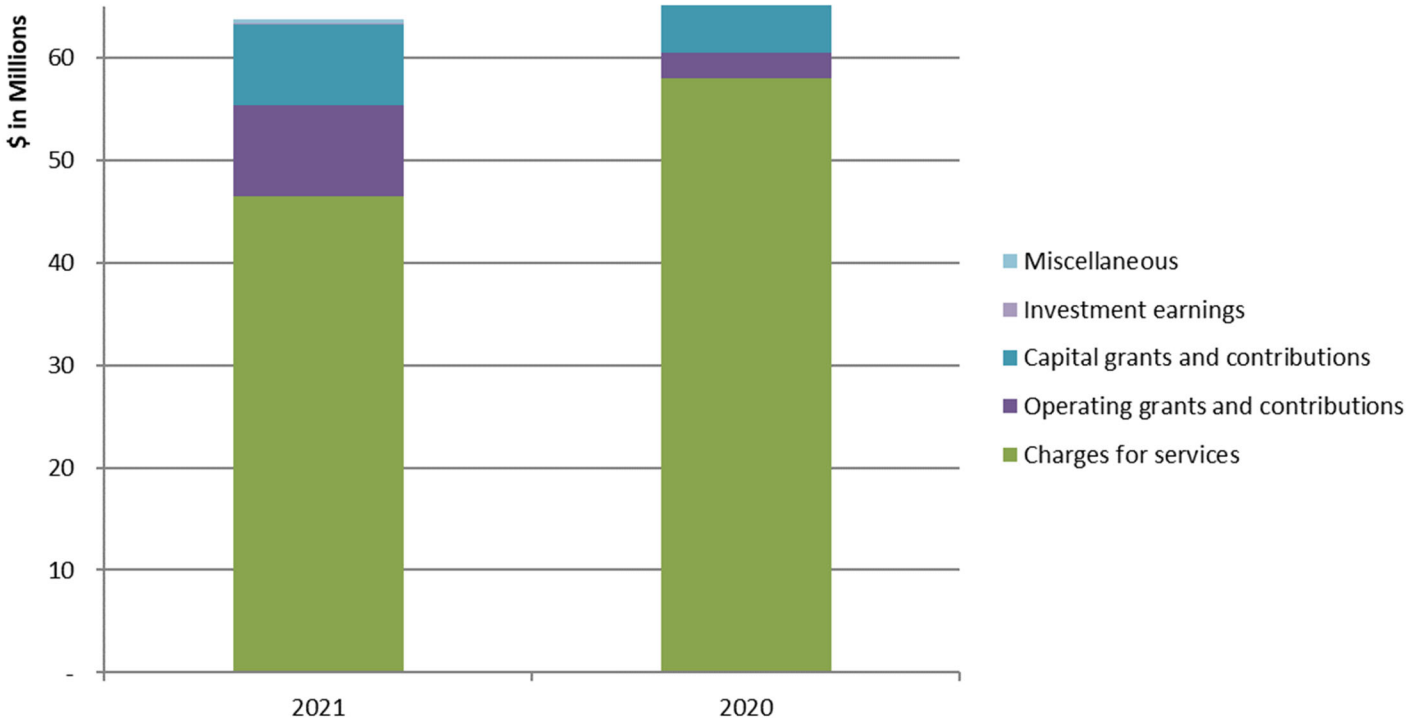


Business-type activities – The City's Net Position for business-type activities increased approximately $8.7 million. This increase was related to ongoing investments in Mass Transit Services.

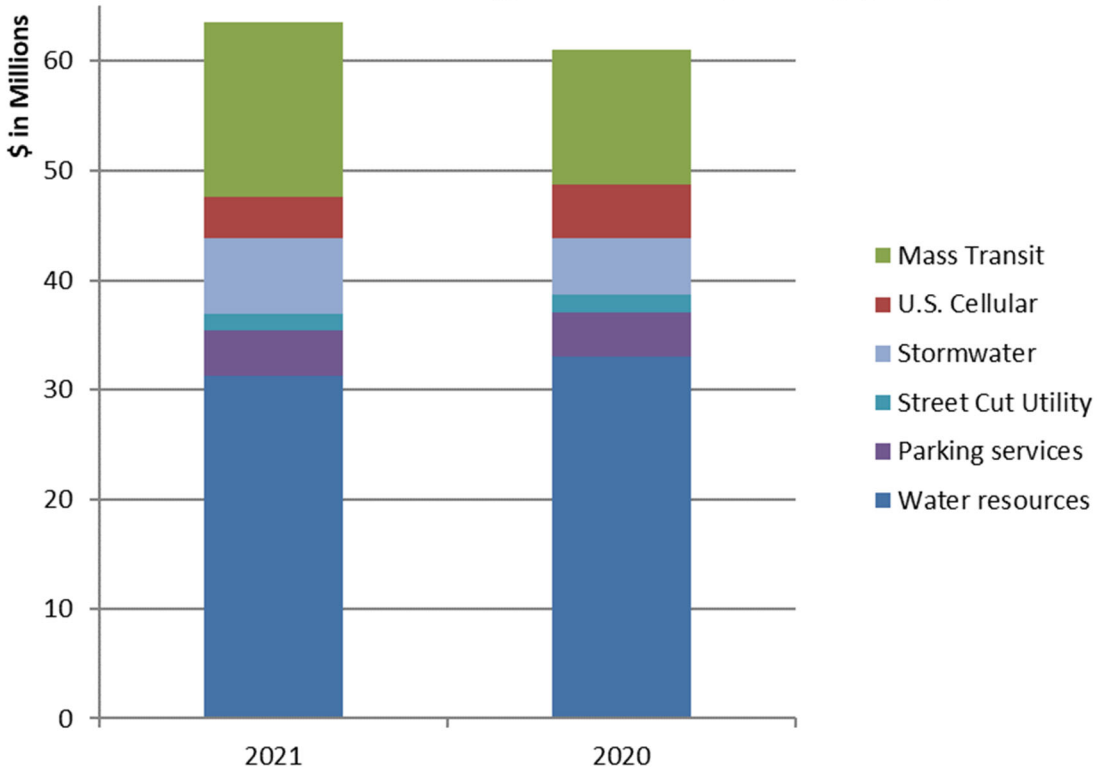
Revenues for all business-type activities, year-over-year, decreased by $5.9 million (Figure 6). Expenses increased by $2.6 million (Figure 7). Key elements of these changes are as follows:

- Program revenues across all funds decreased by $11.6 million primarily due to the elimination of the Water Capital Improvement Fee along with pandemic revenue decreases in the Parking Services Fund and at Harrah's Cherokee Center Asheville.
- Program revenues for Mass Transit Operating Grants and Contributions increased by $6.4 million.
- Expenses for Mass Transit increased by $3.8 million.

Business-Type Activites Revenues (Figure 6)



Business-Type Activities Expenses (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 $18.1 million, while total fund balance reached $109.3 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, 2021, the unassigned fund balance of $18.1 million is approximately 16.5 percent of fiscal year 2021 General Fund expenditures and other financing uses (excluding debt refunding expenses). There were approved uses of unassigned fund balance in the fiscal year 2021 final budget; however, revenue growth and lower than anticipated expenditures meant that use of fund balance was unnecessary. 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 $4.5 million or 6.5%, and $4.3 million or 15.5%, respectively.
- Departmental budgeted 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, 2020 was ($1) million. As of June 30, 2021 the fund balance was ($3.8) 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, 2021, totals $564.1 million (net of accumulated depreciation). This is an increase of $34.2 million, driven primarily by construction in progress.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	$ 54,816	$ 49,672	$ 16,046	$ 16,046	$ 70,862	$ 65,718
Buildings and Improvements	29,594	29,179	53,032	55,088	82,626	84,267
Improvements Other than Buildings	14,476	13,561	3,680	3,897	18,156	17,458
Machinery and Equipment	27,814	27,732	13,406	10,832	41,220	38,564
Infrastructure	44,690	45,368	169,931	111,028	214,621	156,396
Construction in Progress	76,649	60,930	29,401	81,977	106,050	142,907
Intangibles	5,127	5,096	25,356	19,983	30,483	25,079
Other Capital Assets	24	31	15	19	39	50
Net Capital Assets	$ 253,190	$ 231,569	$ 310,867	$ 298,870	$ 564,057	$ 530,439

Major capital expenditures in fiscal year 2021 included:

- Purchase of replacement vehicles for various departments,
- Improvements to the City's streets, sidewalks, greenways and parks,
- Completion of the North Fork water treatment plant and dam,
- Replacement and maintenance of water lines,
- Ongoing major improvements in the River Arts District, including the addition of greenways and realignment of existing roads, and
- Purchase of land for affordable housing projects.

Additional information regarding the City's capital assets is found in Note 4 of this report.

Long-term Debt – As of June 30, 2021, the City had total debt outstanding of $185.4 million (Figure 9). Of this total indebtedness, $28.3 million is backed by the full faith and credit of the City. The remainder of the City's bonded debt, totaling $157.1 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 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 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's total net debt at June 30, 2021 increased by approximately $9.6 million when compared to 2020 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, 2021.

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 6 on page 67 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	
	2021	2020	2021	2020	2021	2020
General obligation bonds	$ 28,365	$ 25,961	$ -	$ -	$ 28,365	$ 25,961
Installment financing contracts	71,271	69,686	9,309	10,245	80,580	79,931
Revenue bonds	-	-	76,300	69,713	76,300	69,713
Other long-term indebtedness	61	87	99	109	160	196
Total bonds	$ 99,697	$ 95,734	$ 85,708	$ 80,067	$ 185,405	$ 175,801

General Fund Budgetary Highlights

During fiscal year 2021, there was a $42.9 million net increase in appropriations between the original and final amended General Fund budgets. The largest component of this budget increase was the $35.4 million budget amendment approved by City Council on June 22, 2021 to account for the refunding of the 2018 Limited Obligation Bond Anticipation Note (BAN). The final amended budget also included a $7.5 million increase in appropriations for prior year's encumbrances and carry-over commitments that rolled over from fiscal year 2020.

Actual General Fund revenues came in above final budget estimates by approximately $5.7 million or 3.7% primarily due to the fact that ad valorem and other taxes came in higher than budget estimates. Ad valorem tax revenues, the City's largest General Fund revenue source, finished the year at 103.0% of budget. Fiscal year 2021 revenue from ad valorem taxes was up 6.5% compared to fiscal year 2020. Other (sales) taxes, the second largest General Fund revenue, finished the year at 117.9% of budget, and was up 15.5% compared to fiscal year 2020. Charges for Services revenue fell short of budget due to the impact of COVID-19 on certain Parks facilities. Intergovernmental revenue fell short of budget due to the fact that a portion of Powell Bill funds were assigned to the General Capital Projects Fund as opposed to the General Fund. Revenue from investment earnings came in under budget as interest rates were reduced due to the pandemic. Overall, General Fund revenues for fiscal year 2021 totaled $137.8 million compared to fiscal year 2020 revenues of $131.3 million, an increase of $6.5 million or 5.0%.

General Fund expenditures (excluding transfers to other funds, which are included in the budget as expenditures) came in under budget by $18.0 million. The biggest determinants of the under budget performance in expenditures were: 1) $5.3 million in additional planned assignments to the City's long-term capital and debt program; and 2) $3.4 million in budget that is committed to housing trust fund activities. In addition, approximately $5.9 million in under budget performance is restricted and assigned for unexpended fiscal year 2021 contracts, purchase orders, and various projects. Overall, expenditures and transfers to other funds (excluding transactions associated with refunding debt) finished the year at 87% of budget, with total expenditures and transfers up 0.1% year-over-year.

As of June 30, 2021, 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 $2.0 million in expenditure budget savings for future expenses, including: 1) $423,000 for parks maintenance, 2) $400,000 for land use incentive grants (LUIG), 3) $258,000 for facility maintenance, and 4) $227,000 for Strategic Partnership Funding (SPF). The City also assigned $650,000 in fund balance that was appropriated for the fiscal year 2022 budget.

The other financing uses category includes transfers to other funds totaling $10.6 million for fiscal year 2021. 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 $9.2 million. The original fiscal year 2021 budget adopted by City Council included a $1.6 million appropriation from fund balance. The largest portion of 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 2020 fund balance. The only additional fund balance appropriation approved by Council was in the amount of $70,000 for the Vance Monument Community Vision Document. Actual revenues and other financing sources exceeded expenditures and other financing uses by $15.4 million in fiscal year 2021. The comparable figure in fiscal year 2020 was $10.9 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 2021, Buncombe County's unemployment rate was down to 3.8%, which was one of the lowest county unemployment rates in North Carolina, and below the statewide rate of 4.4%.

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%. For fiscal year 2021 retail sales totaled $6.2 billion.

Overall economic conditions, population growth, and retail sales trends were all factors considered in preparing the City's budget for the 2022 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2022

The City's adopted General Fund budget for fiscal year 2022 totals $145,233,553, which represents a 7.8 percent increase compared to the fiscal year 2021 original budget. The City's adopted ad valorem tax rate for fiscal year 2022 is 40.30 cents per $100 of assessed valuation. Buncombe County completed a real property valuation that became effective for fiscal year 2022. The City's adopted ad valorem tax rate of 40.30 cents is 2 cents above the revenue neutral rate. Revenue from other (sales) taxes is budgeted to increase by 5.8% compared to fiscal 2021 estimates as the local economy continues to recover from the COVID-19 pandemic. The adopted fiscal year 2022 General Fund budget includes a $650,000 fund balance appropriation.

The General Fund budget for personnel costs (salaries & wages and fringe benefits) includes $6.7 million to fully implement the Archer Compensation Study recommendations for employees on the public safety pay plans, and increases compensation for all other employees to the greater of the new Archer-recommended minimum pays or a 2.5% pay increase. The budget also restores full funding to positions that were held vacant during fiscal year 2021, at a cost of $1.1 million.

Based on claims trends, the City was able to keep both employer and employee contributions to the health insurance program flat for the fourth consecutive fiscal year. The budget does include a $700,000 (1.2%) Citywide increase in the required employer contribution to the Local Government Employee Retirement System (LGERS).

In the General Fund, operating costs are up approximately $2.7 million, including $382,000 for previously approved economic incentive payments, $289,000 for recycling services, and an additional $200,000 for storm response materials. An additional $150,000 was also added to support a new neighborhood grant program.

Funding for the General Fund multi-year capital model is held flat for the second consecutive year. However, due to lower interest rates and revised spending schedules on existing projects, the Capital Improvement Program (CIP) budget has capacity to support an additional $2 million in annual capital spending with existing resources. This newly identified capacity will be used to support additional investments in sidewalks, road resurfacing, facilities, and other infrastructure.

Business-type Activities – Budgets increased in each of the City's six Enterprise Funds in fiscal year 2022. Similar to the General Fund, most of the increases were the result of the Archer Compensation Study implementation. Budgets in the Parking Services and Harrah's Cherokee Center funds were also increased to reflect a return to pre-pandemic activity and usage. The Parking Service budget also included additional revenue from Council-approved off-street parking fee changes. The Transit Services Fund budget included funding to implement transit service enhancements in October 2021 that were recommended in the Transit Master Plan.

After the Water Capital Improvement (CIP) Fee was discontinued at the start of fiscal year 2021, staff engaged with the Water Resources Department's rate model consultant, Raftelis, to develop a long-term plan to recover the $7.5 million revenue loss from the CIP fee. In May 2021, City Council approved a water rate increase to go into effect September 1, 2021. Even with the increase, water rates for fiscal year 2022 are still 3.2% lower than fiscal year 2020 rates for the average household. This fee change is expected to generate an additional $3.5 million in revenue.

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, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Asheville ABC Board
Assets				
Current assets:				
Cash and investments	$ 105,992,714	$ 77,201,160	$ 183,193,874	$ 5,115,670
Cash and investments – restricted	2,057,236	9,033,540	11,090,776	250,879
Receivables (net of allowance for uncollectibles):				
Property taxes	886,500	-	886,500	-
Due from other governments	19,246,835	4,141,008	23,387,843	-
Accounts receivable	4,419,962	6,218,328	10,638,290	2,525
Other receivables	349,592	-	349,592	-
Inventories and prepaids	3,830,114	140,673	3,970,787	5,102,712
Notes receivable (net of allowance for uncollectibles)	12,923,316	-	12,923,316	-
Total current assets	149,706,269	96,734,709	246,440,978	10,471,786
Non-current assets:				
Capital assets, net:				
Assets not being depreciated	136,591,561	70,802,844	207,394,405	3,644,734
Assets being depreciated, net	116,598,203	240,064,288	356,662,491	6,402,331
Total noncurrent assets	253,189,764	310,867,132	564,056,896	10,047,065
Total assets	402,896,033	407,601,841	810,497,874	20,518,851
Deferred Outflows of Resources				
Pension and OPEB related deferrals	18,688,146	4,534,681	23,222,827	650,804
Charge on refunding	641,901	967,991	1,609,892	-
Total deferred outflows of resources	19,330,047	5,502,672	24,832,719	650,804
Liabilities				
Accounts payable	6,975,379	12,212,817	19,188,196	1,136,891
Due to other governments	2,303	9,560	11,863	2,133,258
Due to other funds	(1,350,175)	1,350,175	-	-
Other accrued liabilities	5,008,364	949,677	5,958,041	413,906
Customer deposits	485,643	733,621	1,219,264	-
Accrued interest payable	539,674	756,898	1,296,572	-
Unearned revenue	12,712,431	376,658	13,089,089	-
Estimated claims payable:				
Due within one year	1,331,947	-	1,331,947	-
Due in more than one year	3,784,914	-	3,784,914	-
Non-current liabilities:				
Due within one year	11,157,206	46,027,071	57,184,277	297,993
Due in more than one year	158,139,293	58,390,800	216,530,093	4,495,260
Total liabilities	198,786,979	120,807,277	319,594,256	8,477,308
Deferred Inflows of Resources				
Prepaid taxes	117,738	-	117,738	-
Pension and OPEB related deferrals	4,269,710	1,166,982	5,436,692	(4,965)
Total deferred inflows of resources	4,387,448	1,166,982	5,554,430	(4,965)
Net Position				
Net investment in capital assets	143,205,664	219,588,685	362,794,349	6,761,948
Restricted for:				
Nonspendable:				
Perpetual maintenance	353,220	-	353,220	-
Stabilization by State Statute	30,552,117	-	30,552,117	-
Community development	457,522	-	457,522	-
Perpetual maintenance	-	-	-	-
Working capital	-	-	-	1,303,879
Capital improvements	-	-	-	250,879
Unrestricted	44,483,130	71,541,569	116,024,699	4,380,606
Total net position	$ 219,051,653	$ 291,130,254	$ 510,181,907	$ 12,697,312

See notes to financial statements.

City of Asheville **Exhibit B**

Statement of Activities
Year Ended June 30, 2021

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	$ 17,939,781	$ 9,782,723	$ -	$ -	$ (8,157,058)	$ -	$ (8,157,058)	$ -
Public safety	54,444,394	1,718,940	10,803	52,083	(52,662,568)	-	(52,662,568)	-
Environmental services	6,623,955	5,537,838	-	-	(1,086,117)	-	(1,086,117)	-
Community development	16,399,017	3,868,616	-	-	(12,530,401)	-	(12,530,401)	-
Transportation	19,029,594	1,539,012	2,298,066	2,522,015	(12,670,501)	-	(12,670,501)	-
Culture and recreation	7,345,212	1,109,210	-	-	(6,236,002)	-	(6,236,002)	-
Interest on long-term debt	2,911,501	-	-	-	(2,911,501)	-	(2,911,501)	-
Total governmental activities	124,693,454	23,556,339	2,308,869	2,574,098	(96,254,148)	-	(96,254,148)	-
Business-type activities:								
Water Resources	31,324,639	33,366,000	-	5,962,354	-	8,003,715	8,003,715	-
Parking Services	4,118,431	4,178,556	-	-	-	60,125	60,125	-
Street Cut Utility	1,503,281	1,671,126	-	-	-	167,845	167,845	-
Stormwater	6,946,956	6,499,020	-	-	-	(447,936)	(447,936)	-
U.S. Cellular Center	3,654,710	302,604	34,240	2,000,000	-	(1,317,866)	(1,317,866)	-
Mass Transit	16,034,836	404,971	8,832,625	-	-	(6,797,240)	(6,797,240)	-
Total business-type activities	63,582,853	46,422,277	8,866,865	7,962,354	-	(331,357)	(331,357)	-
Total primary government	$ 188,276,307	$ 69,978,616	$ 11,175,734	$ 10,536,452	(96,254,148)	(331,357)	(96,585,505)	-
Component unit:								
ABC Board	$ 32,869,912	$ 33,952,915	$ -	$ -	-	-	-	1,083,003
General revenues:								
Property taxes					73,567,305	-	73,567,305	-
Sales taxes					31,293,132	-	31,293,132	-
Other taxes					1,005,970	-	1,005,970	-
Grants and contributions not restricted to specific programs					18,207,199	-	18,207,199	-
Investment earnings					42,400	76,292	118,692	147
Miscellaneous					-	343,598	343,598	404
Gain (loss) on sale of assets					2,387,615	48,645	2,436,260	-
Transfers					(8,545,327)	8,545,327	-	(159,035)
Total general revenues and transfers					117,958,294	9,013,862	126,972,156	(158,484)
Changes in net position					21,704,146	8,682,505	30,386,651	924,519
Net position – beginning					197,347,507	282,447,749	479,795,256	11,772,793
Net position – ending					$ 219,051,653	$ 291,130,254	$ 510,181,907	$ 12,697,312

See notes to financial statements.

City of Asheville **Exhibit C**

Balance Sheet
Governmental Funds
June 30, 2021

	Major Funds				
	General Fund	General Capital Projects Fund	Grant Programs Fund	Non-major Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 78,355,140	$ 25,000	$ 10,934,293	$ 818,842	$ 90,133,275
Cash and investments – restricted	1,285,406	-	-	771,830	2,057,236
Receivables (net of allowance for uncollectibles):					
Property taxes	886,500	-	-	-	886,500
Due from other governments	13,863,867	2,573,906	968,133	1,840,929	19,246,835
Accounts receivable	2,882,101	62,236	-	-	2,944,337
Other receivables	289,869	-	3,994	55,729	349,592
Inventories and prepaids	2,242,968	1,587,146	-	-	3,830,114
Due from other funds	8,664,388	-	-	-	8,664,388
Notes receivable (net of allowance for uncollectibles)	9,872,827	-	-	3,050,489	12,923,316
Total assets	$ 118,343,066	$ 4,248,288	$ 11,906,420	$ 6,537,819	$ 141,035,593
Liabilities					
Accounts payable	$ 3,104,734	$ 2,650,000	$ 482,513	$ 130,887	$ 6,368,134
Other accrued liabilities	4,964,882	-	-	15,869	4,980,751
Due to other governments	2,303	-	-	-	2,303
Due to other funds	-	5,387,505	-	1,926,708	7,314,213
Deposits	485,643	-	-	-	485,643
Unearned revenue	3,183	10,000	12,648,160	51,088	12,712,431
Total liabilities	8,560,745	8,047,505	13,130,673	2,124,552	31,863,475
Deferred Inflows of Resources					
Taxes	326,516	-	-	-	326,516
Unavailable resources	117,738	5,816	300,383	-	423,937
Total deferred inflows of resources	444,254	5,816	300,383	-	750,453
Fund Balances					
Non-spendable:					
Inventories and prepaids	2,242,968	1,587,146	-	-	3,830,114
Perpetual maintenance	-	-	-	353,220	353,220
Notes receivable	9,872,827	-	-	3,050,489	12,923,316
Restricted:					
Stabilization by State Statute	30,552,117	-	-	-	30,552,117
Grant programs	-	-	-	457,522	457,522
Committed:					
Community and economic development	4,403,293	-	-	-	4,403,293
Sustainability	-	-	-	718,750	718,750
Assigned:					
Appropriated for subsequent year's budget	650,000	-	-	-	650,000
Capital improvements	41,490,728	-	-	-	41,490,728
Various projects	1,993,861	-	-	-	1,993,861
Unassigned	18,132,273	(5,392,179)	(1,524,636)	(166,714)	11,048,744
Total fund balances (deficit)	109,338,067	(3,805,033)	(1,524,636)	4,413,267	108,421,665
Total liabilities, deferred inflows of resources and fund balances	$ 118,343,066	$ 4,248,288	$ 11,906,420	$ 6,537,819	$ 141,035,593

See notes to financial statements.

Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:		
Ending fund balance – governmental funds	$	108,421,665
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		253,189,764
Certain assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Unavailable resources		632,715
Bond refunding charges		641,901
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements:		
General obligation bonds		(28,365,347)
Installment financing contracts and premiums		(71,271,196)
Other long-term indebtedness		(60,680)
Bond premiums		(9,328,591)
Compensated absences payable		(6,391,623)
Total pension liability - LEOSSA		(8,195,994)
Net OPEB Liability		(16,077,901)
Net pension liability - LGERS		(29,444,270)
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position		5,873,838
Pension and OPEB related deferrals		8,461,623
Other accrual adjustments that do not require current financial resources and, therefore, are not reported in fund statements:		
Interest payable		(539,674)
The internal service fund is used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		11,505,423
Net position of governmental activities (Exhibit A)	$	219,051,653

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, 2021

	Major Funds				
	General Fund	General Capital Projects Fund	Grant Programs Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Ad valorem taxes	$ 73,567,305	$ -	$ -	$ -	$ 73,567,305
Other taxes	32,299,102	-	-	-	32,299,102
Intergovernmental	11,373,451	6,278,378	3,364,963	2,073,374	23,090,166
Licenses and permits	5,472,815	(231)	-	-	5,472,584
Charges for services	11,429,376	324,776	1,716	57,294	11,813,162
Investment earnings	39,901	-	-	(3,687)	36,214
Miscellaneous	4,472,463	1,327,033	105,414	365,683	6,270,593
Total revenues	138,654,413	7,929,956	3,472,093	2,492,664	152,549,126
Expenditures:					
Current:					
General government	17,316,556	7,133,124	288,110	542,781	25,280,571
Public safety	54,861,174	3,284,893	2,015,666	-	60,161,733
Environmental services	6,697,204	470,691	3,425	-	7,171,320
Community development	8,769,366	422,958	3,295,091	3,962,743	16,450,158
Transportation	6,060,538	17,992,238	271,884	-	24,324,660
Culture and recreation	10,111,436	2,511,267	382,170	825	13,005,698
Debt service:					
Principal	7,027,229	-	-	230,084	7,257,313
Interest and other charges	2,840,724	-	-	-	2,840,724
Total expenditures	113,684,227	31,815,171	6,256,346	4,736,433	156,492,177
Revenues over (under) expenditures	24,970,186	(23,885,215)	(2,784,253)	(2,243,769)	(3,943,051)
Other financing sources (uses):					
Transfers from other funds	327,813	2,886,190	318,479	917,555	4,450,037
Transfers to other funds	(10,631,310)	(856,073)	-	(957,981)	(12,445,364)
Proceeds from sale of capital assets	135,641	2,157,988	-	1,600,000	3,893,629
Proceeds from long term debt issued	29,898,101	14,936,137	-	-	44,834,238
Premiums on Long-Term debt issued	4,644,010	-	-	-	4,644,010
Principal payments on refunding	(33,969,191)	-	-	-	(33,969,191)
Installment purchase obligations issued	-	1,861,841	-	-	1,861,841
Total other financing sources (uses), net	(9,594,936)	20,986,083	318,479	1,559,574	13,269,200
Net change in fund balances	15,375,250	(2,899,132)	(2,465,774)	(684,195)	9,326,149
Fund balances - beginning	93,962,817	(905,901)	941,138	5,097,462	99,095,516
Fund balances - ending	$ 109,338,067	$ (3,805,033)	$ (1,524,636)	$ 4,413,267	$ 108,421,665

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, 2021

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances--total governmental funds (Exhibit E)	$	9,326,149
Depreciation expense is not a use of current financial resources and, therefore, is not reported in the governmental fund statements.		(11,506,874)
Capital asset additions are a use of current financial resources and, therefore, are not reported as expenditures in the Statement of Activities.		33,618,392
Cumulative effect of disposal of fixed assets		1,015,010
Interest is paid on long-term debt when due and, therefore, not accrued in the fund statements.		(91,511)
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		(69,273)
Change in unavailable revenues for grants		165,493
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		41,226,504
Long-term debt issued		(46,696,079)
Premium on refunding of debt		(4,644,010)
Amortization of refunding loss		20,734
Amortization of premium/discount		244,620
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.		1,382,911
Adjustments to other long-term obligations that do not require current financial resources and therefore, are not reported as expenditures in the governmental fund statements:		
Compensated absences payable		567,042
Net Pension liability, Net OPEB liability, & Total Pension liabilty		(4,454,619)
The Internal Service Funds are used by management to charge the costs of risk management to the individual funds. The net expenses of certain activities of the Internal Service Funds are reported with governmental activities.		1,599,657
Change in net position of governmental activities (Exhibit B)	$	21,704,146

See notes to financial statements.

City of Asheville **Exhibit G**

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – General Fund (Non-GAAP)
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes:				
Ad valorem taxes	$71,397,852	$71,397,852	$ 73,567,305	$ 2,169,453
Other taxes	27,394,684	27,394,684	32,299,102	4,904,418
Intergovernmental	13,149,886	13,149,886	11,373,451	(1,776,435)
Licenses and permits	5,502,450	5,504,450	5,472,815	(31,635)
Charges for services	11,869,491	11,869,491	11,429,376	(440,115)
Investment earnings	550,000	550,000	39,901	(510,099)
Miscellaneous	3,046,240	3,046,240	4,472,463	1,426,223
Total revenues	132,910,603	132,912,603	138,654,413	5,741,810
Expenditures:				
Current:				
General government	90,478,997	22,416,110	17,316,556	5,099,554
Public safety	15,041,925	57,259,710	54,861,174	2,398,536
Environmental services	1,647,929	6,866,576	6,697,204	169,372
Community development	3,326,021	14,876,170	8,769,366	6,106,804
Transportation	1,795,668	7,066,473	6,060,538	1,005,935
Culture and recreation	2,927,289	11,531,409	10,111,436	1,419,973
Debt service:				
Principal	7,084,241	8,763,327	7,027,229	1,736,098
Interest and other charges	2,595,847	2,855,927	2,840,724	15,203
Total expenditures	124,897,917	131,635,702	113,684,227	17,951,475
Revenues over (under) expenditures	8,012,686	1,276,901	24,970,186	23,693,285
Other financing sources (uses):				
Appropriated fund balance	1,627,173	9,152,157	-	(9,152,157)
Transfers from other funds	23,457	23,457	327,813	304,356
Transfers to other funds	(9,898,116)	(10,687,315)	(10,631,310)	56,005
Proceeds from long tern debt	-	35,403,247	29,898,101	(5,505,146)
Premiums on Long-Term debt issued	-	-	4,644,010	4,644,010
Principal payments on refunding	-	(35,403,247)	(33,969,191)	1,434,056
Proceeds from sale of capital assets	234,800	234,800	135,641	(99,159)
Total other financing (uses), net	(8,012,686)	(1,276,901)	(9,594,936)	(8,318,035)
Net change in fund balance	$ -	$ -	$ 15,375,250	$ 15,375,250

See notes to financial statements.

City of Asheville **Exhibit H**

Statement of Net Position
Proprietary Funds
June 30, 2021

	Major Funds			Non-major Enterprise Funds	Totals	
	Water Resources	Mass Transit	Parking Services		Enterprise Funds	Internal Service Funds
Assets						
Current assets:						
Cash and investments	$ 67,178,897	$ -	$ 2,080,187	$ 7,942,076	$ 77,201,160	$ 15,859,439
Cash and investments - restricted	4,980,916	-	500	4,052,124	9,033,540	-
Accounts receivable (net of allowance for uncollectibles)	4,785,296	18,800	265,048	1,149,184	6,218,328	1,475,625
Due from other governments	-	4,131,287	9,448	273	4,141,008	-
Inventories and prepaids	-	5,683	-	134,990	140,673	-
Total current assets	76,945,109	4,155,770	2,355,183	13,278,647	96,734,709	17,335,064
Non-current assets:						
Capital assets:						
Assets not being depreciated	56,018,622	165,512	11,767,941	2,850,769	70,802,844	-
Assets being depreciated, net	197,569,568	8,533,652	10,690,718	23,270,350	240,064,288	-
Total noncurrent assets	253,588,190	8,699,164	22,458,659	26,121,119	310,867,132	-
Total assets	330,533,299	12,854,934	24,813,842	39,399,766	407,601,841	17,335,064
Deferred outflows of resources						
Employer contributions subsequent to the measurement date	887,182	24,547	139,565	413,083	1,464,377	85,090
Differences between expected and actual experience	817,127	22,608	128,544	380,461	1,348,740	-
Change in assumptions and other inputs	352,257	17,032	83,738	169,081	622,108	-
Net difference between projected and actual earnings on pension plan investments	666,097	18,430	104,785	310,144	1,099,456	-
Deferred charge on refunding	947,833	-	20,158	-	967,991	-
Total deferred outflows of resources	3,670,496	82,617	476,790	1,272,769	5,502,672	85,090
Liabilities						
Current liabilities:						
Accounts payable	3,415,480	3,551,432	267,603	4,978,302	12,212,817	607,245
Claims payable	-	-	-	-	-	1,331,947
Customer deposits	733,121	-	500	-	733,621	-
Interest payable	666,495	-	52,997	37,406	756,898	-
Other accrued liabilities	548,671	12,708	63,255	325,043	949,677	27,613
Due to other governments	-	9,560	-	-	9,560	-
Due to other funds	-	1,350,175	-	-	1,350,175	-
Unearned revenue	368,713	7,945	-	-	376,658	-
Current portion of long-term debt	44,473,095	7,482	751,351	795,143	46,027,071	-
Total current liabilities	50,205,575	4,939,302	1,135,706	6,135,894	62,416,477	1,966,805
Non-current liabilities:						
Estimated claims payable	-	-	-	-	-	3,784,914
Long-term liabilities, less current portion	44,156,621	212,976	6,098,149	7,923,054	58,390,800	160,897
Total liabilities	94,362,196	5,152,278	7,233,855	14,058,948	120,807,277	5,912,616
Deferred inflows of resources						
Differences between expected and actual experience	-	-	-	-	-	2,115
Changes in proportion and differences between employer contributions and proportionate share of contributions	665,546	32,718	137,880	330,838	1,166,982	-
Total deferred inflows of resources	665,546	32,718	137,880	330,838	1,166,982	2,115
Net position						
Net investment in capital assets	172,794,780	8,699,164	16,861,365	21,233,376	219,588,685	-
Unrestricted	66,381,273	(946,609)	1,057,532	5,049,373	71,541,569	11,505,423
Total net position	$ 239,176,053	$ 7,752,555	$ 17,918,897	$ 26,282,749	$ 291,130,254	$ 11,505,423

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, 2021

	Major Funds				Totals	
	Water Resources	Mass Transit	Parking Services	Non-major Enterprise Funds	Enterprise Funds	Internal Service Funds
Operating revenues:						
Charges for services	$ 33,330,036	$ 34,965	$ 3,444,714	$ 8,295,072	$ 45,104,787	$ 19,475,137
Rents	-	-	18,489	104,088	122,577	-
Concessions	-	-	-	59,705	59,705	-
Other operating revenue	35,964	370,006	715,353	13,885	1,135,208	1,818,852
Total operating revenues	33,366,000	404,971	4,178,556	8,472,750	46,422,277	21,293,989
Operating expenses:						
Administration	1,224,514	618,497	-	3,893,880	5,736,891	967,731
Operations	21,461,953	12,375,090	3,365,953	5,472,243	42,675,239	18,182,787
Other operating expenses	-	1,811,968	-	1,025,862	2,837,830	-
Depreciation	5,734,422	1,213,684	531,499	1,570,810	9,050,415	-
Total operating expenses	28,420,889	16,019,239	3,897,452	11,962,795	60,300,375	19,150,518
Operating income (loss)	4,945,111	(15,614,268)	281,104	(3,490,045)	(13,878,098)	2,143,471
Non-operating revenues (expenses)						
Intergovernmental	-	8,832,625	-	34,240	8,866,865	-
Interest earned	57,617	5,383	9,349	3,943	76,292	6,186
Interest and other charges	(2,903,750)	(15,597)	(220,979)	(142,152)	(3,282,478)	-
Amortization of bond issuance	282,034	-	61,564	-	343,598	-
Total non-operating revenues (expenses),	(2,564,099)	8,822,411	(150,066)	(103,969)	6,004,277	6,186
Income (loss) before transfers, proceeds from sale of capital assets and capital grants and contributions	2,381,012	(6,791,857)	131,038	(3,594,014)	(7,873,821)	2,149,657
Transfers:						
Transfers from other funds	-	8,918,718	-	1,203,484	10,122,202	
Transfers to other funds	-	-	(1,576,875)	-	(1,576,875)	(550,000)
Proceeds from sale of capital assets	14,913	23,522	785	9,425	48,645	-
Capital grants and contributions	5,962,354	-	-	2,000,000	7,962,354	-
Changes in net position	8,358,279	2,150,383	(1,445,052)	(381,105)	8,682,505	1,599,657
Total net position – beginning	230,817,774	5,602,172	19,363,949	26,663,854	282,447,749	9,905,766
Total net position – ending	$ 239,176,053	$ 7,752,555	$ 17,918,897	$ 26,282,749	$ 291,130,254	$ 11,505,423

See notes to financial statements.

City of Asheville **Exhibit J**

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021

	Major Funds				Totals	
	Water Resources	Mass Transit	Parking Services	Non-major Enterprise Funds	Enterprise Funds	Internal Service Funds
Cash flows from operating activities:						
Cash received from customers, users and others	$ 33,639,333	$ 411,288	$ 4,359,321	$ 8,108,098	$ 46,518,040	$ 20,867,810
Cash paid for goods and services	(16,055,871)	(12,883,428)	(1,760,317)	(1,788,141)	(32,487,757)	(18,998,770)
Cash paid to employees	(9,090,780)	(271,623)	(1,306,604)	(5,500,580)	(16,169,587)	(207,102)
Net cash provided by (used for) operating activities	8,492,682	(12,743,763)	1,292,400	819,377	(2,139,304)	1,661,938
Cash flows from non-capital financing activities:						
Receipts from operating grants	-	-	-	34,240	34,240	-
Transfers from other funds	-	8,918,718	-	1,203,484	10,122,202	-
Transfers to other funds	-	-	(1,576,875)	-	(1,576,875)	(550,000)
Net cash provided by (used for) non-capital financing activities	-	8,918,718	(1,576,875)	1,237,724	8,579,567	(550,000)
Cash flows from capital and related financing activities:						
Receipts from capital grants or contributions	-	5,466,221	-	2,000,000	7,466,221	-
Proceeds from disposal of capital assets	14,913	23,522	785	9,425	48,645	-
Acquisition and construction of capital assets	(11,399,096)	(3,910,958)	(344,592)	(401,971)	(16,056,617)	-
Proceeds from long-term debt issued	10,237,409	-	62,903	1,702,030	12,002,342	-
Due to other funds	-	1,350,175	-	-	1,350,175	-
Principal paid on debt	(3,659,910)	-	(825,023)	(1,706,557)	(6,191,490)	-
Interest and other charges paid on debt	(1,842,696)	(15,597)	(248,478)	(170,204)	(2,276,975)	-
Net cash provided by (used for) capital and related financing activities	(6,649,380)	2,913,363	(1,354,405)	1,432,723	(3,657,699)	-
Cash flows from investing activities:						
Interest earned	57,617	5,383	9,349	3,943	76,292	6,186
Net increase (decrease) in cash and cash equivalents	1,900,919	(906,299)	(1,629,531)	3,493,767	2,858,856	1,118,124
Cash and cash equivalents:						
Beginning of year, July 1	70,258,894	906,299	3,710,218	8,500,433	83,375,844	14,741,315
End of year, June 30	$ 72,159,813	$ -	$ 2,080,687	$ 11,994,200	$ 86,234,700	$ 15,859,439

(Continued)

See notes to financial statements

City of Asheville

Exhibit J
Continued

Statement of Cash Flows
Proprietary Funds (Continued)
Year Ended June 30, 2021

	Major Funds				Totals	
	Water Resources	Mass Transit	Parking Services	Non-major Enterprise Funds	Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	$ 4,945,111	$ (15,614,268)	$ 281,104	$ (3,490,045)	$(13,878,098)	$ 2,143,471
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	5,734,422	1,213,684	531,499	1,570,810	9,050,415	-
Changes in assets, liabilities and deferred outflows and inflows of resources:						
(Increase) decrease in accounts receivable	82,506	(1,628)	180,765	(364,652)	(103,009)	(426,179)
(Increase) decrease in inventories and prepaids	11,319	5,967	25	26	17,337	-
(Increase) decrease in deferred outflows of resources for pensions	(890,573)	(32,107)	(161,756)	(348,674)	(1,433,110)	(4,167)
Increase (decrease) in accounts payable	(3,395,451)	1,628,659	116,388	2,768,218	1,117,814	146,661
Increase (decrease) in other accrued expenses	82,716	(3,411)	9,460	15,353	104,118	169,189
Increase (decrease) in unearned revenue	76,420	7,945	-	-	84,365	-
Increase (decrease) in customer deposits	114,407	-	-	-	114,407	-
Increase (decrease) in estimated claims payable	-	-	-	-	-	(388,478)
Increase (decrease) in compensated absences	44,952	2,595	2,439	11,522	61,508	-
Increase (decrease) in pension liability - LGERS	1,818,413	59,604	363,155	731,943	2,973,115	21,617
Increase (decrease) in OPEB liability	(269,331)	(7,452)	(42,369)	(125,405)	(444,557)	-
Increase (decrease) in deferred inflows of resources for pensions	137,771	(3,351)	11,690	- 50,281	196,391	(176)
Net cash provided by (used in) operating activities	$ 8,492,682	$ (12,743,763)	$ 1,292,400	$ 819,377	$ (2,139,304)	$ 1,661,938
Reconciliation of cash and cash equivalents:						
Cash and investments:						
Unrestricted	$ 67,178,897	$ -	$ 2,080,187	$ 7,942,076	$ 77,201,160	$ 15,859,439
Restricted	4,980,916	-	500	4,052,124	9,033,540	-
Total cash and cash equivalents	$ 72,159,813	$ -	$ 2,080,687	$ 11,994,200	$ 86,234,700	$ 15,859,439
Non-cash investing, capital, and financing activities:						
Donated capital assets	$ 5,962,354	$ -	$ -	$ -	$ 5,962,354	$ -

See notes to financial statements.

City of Asheville **Exhibit K**

Statement of Fiduciary Net Position
Fiduciary Trust and Custodial Funds
June 30, 2021

	OPEB Trust Fund	Metropolitan Sewer District Custodial Fund
Assets		
Cash and investments	$ -	$ 441,440
Cash and investments held by fiscal agent:		
State Treasurer's OPEB Fund	16,791,432	-
Due from customers	-	2,420,096
Total assets	16,791,432	2,861,536
Liabilities		
Due to other governments	-	2,861,536
Total liabilities	-	2,861,536
Net Position		
Assets held in trust for OPEB benefits	$ 16,791,432	$ -

See notes to financial statements.

City of Asheville **Exhibit L**

Statement of Changes in Fiduciary Net Position
Fiduciary Trust Fund
Year Ended June 30, 2021

	OPEB Trust Fund	Metropolitan Sewer District Custodial Fund
Additions:		
Employer contributions	$ 2,705,778	$ -
Investment earnings	2,835,594	-
Sewer fees	-	27,527,628
Total additions	5,541,372	27,527,628
Deductions:		
Benefits	2,705,778	-
Administrative expenses	2,798	-
Sewer payments	-	27,527,628
Total deductions	2,708,576	27,527,628
Change in net position	2,832,796	-
Total net position – beginning	13,958,636	-
Total net position – ending	$ 16,791,432	$ -

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)

A. Reporting Entity

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)

Parking Services Fund: The Parking Services Fund is an enterprise fund used to account for the operations and maintenance of the City's public parking system, which includes four parking decks, as well as the debt service for the payment of parking long-term debt principal, interest, and related costs. This fund also covers acquisition and/or construction of major parking capital facilities and infrastructure, which are accounted for in the Parking Capital Projects Fund, which is combined with the Parking Services Fund (the operating fund) for financial statement purposes. While this fund did not qualify as major for this reporting period, it will be presented as a major fund for consistency with prior year and due to public interest.

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 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value.

Note 1. Summary of Significant Accounting Policies (Continued)

The NCCMT-Term Portfolio is a bond fund, has no ratings and is measured at fair value. As of June 30, 2020, the Term-Portfolio has a duration of .15 years. Because the NCMT Government and Term-Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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).

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 $32.24591 per share at June 30, 2021. The weighted average maturity of the STIF is 1.3 years and the weighted average maturity of the BIF is 8.34 years.

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, 2020. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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 2021 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 several items that meet the criterion for this category – prepaid taxes, property taxes receivable, grants, and pension and OPEB deferrals.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

At June 30, 2021, the City's deposits, including fiduciary fund amounts, had a carrying amount of $56,214,845 and a bank balance of $57,247,561. 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 and ABC Board also had $12,284 and $11,400, respectively, in petty cash at year-end. At June 30, 2021, the ABC Board's deposits had a carrying amount of $4,562,782 and a bank balance of $4,464,587. 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 2021 for the City was $36,372. This amount takes into account all changes in fair value (including purchases, sales and maturities) that occurred during the year. The unrealized gain on investments held at year-end was $914,921.

Note 2. Deposits and Investments (Continued)

As of June 30, 2021, the City had the following investments and maturities:

	Valuation Measurement Method	Reported at 6/30/2021	Maturity 0-6 Months	6-12 Months	1-3 Years	Rating
U.S. government securities	Fair Value Level 2	$ 98,255,766	$ 52,738,540	$ 30,247,065	$ 15,270,161	AAA
U.S. government agencies	Fair Value Level 2	15,410,773	-	15,410,773	-	Aaa/AA+
NCCMT – Government portfolio	Fair Value Level 1	2,332,797	2,332,797	-	-	AAAm
Bank Certificates of Deposit	Amortized Cost	15,000,000	-	10,000,000	5,000,000	Unrated
Commercial paper	Fair Value Level 2	7,499,625	7,499,625	-	-	A1/P1
Total		$ 138,498,961	$ 62,570,962	$ 55,657,838	$ 20,270,161	

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, 2021, the ABC Board had investments of $541,488.

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

Credit risk: State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations ("NRSROs"). The City limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The City's investments in the Federal Home Loan Bank rated of AAA by Standard & Poor's and Aaa by Moody's Investors Service. The City's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAAm-mf by Moody's Investors Service. The City's investments in bank certificates of deposits are unrated. The City's investments in commercial paper are rated A1 by Standard & Poor's and P1 by Moody's Investors Service. The City's investments in US Agencies (Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association) are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service as of June 30, 2021.

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.

Note 2. Deposits and Investments (Continued)

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, 2021, 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, 2021, the City's OPEB Trust had $16,791,432 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 39.9 percent and BlackRock's MSCI ACWI Equity Index Non-Lendable Fund B (EIF) 60.1 percent (the equities were split with 58.82% in domestic securities and 41.18% 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, 2021 of 1.3 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 and outflows as well as allocations of net earnings. On June 30, 2021 the BIF, which does not have a credit rating, was valued at $1 per unit and had an average maturity of 8.34 years at June 30, 2021.

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, 2021 the fair value of the funds was $32.24591 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	$ 162,507	$ -	$ 162,507	$ -
Accounts receivable	2,798,860	-	2,798,860	-
Notes receivable	45,500	-	45,500	-
Non-major governmental funds:				
Notes receivable	228,125	-	228,125	-
Major funds:				
Water resources	-	1,218,011	-	1,218,011
Parking services	-	1,307,111	-	1,307,111
Mass Transit	-	64,822	-	64,822
Non-major enterprise funds	-	1,609,813	-	1,609,813
Internal services	24,926	-	-	24,926
	$ 3,259,918	$ 4,199,757	$ 3,234,992	$ 4,224,683

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balances	Additions	Retirements	Transfers In (Out)	Ending Balances
Governmental activities:					
Capital assets, non depreciable:					
Land and improvements	$ 49,672,360	$ 1,677,476	$ (22)	$ 3,466,529	$ 54,816,343
Intangibles	5,096,126	8,570	-	22,210	5,126,906
Construction in progress	60,929,550	31,320,494	(506,661)	(15,095,071)	76,648,312
Total capital asset, non-depreciable	115,698,036	33,006,540	(506,683)	(11,606,332)	136,591,561
Capital assets, depreciable:					
Buildings and improvements	71,132,093	161,667	-	2,700,476	73,994,236
Improvements other than buildings	16,848,437	-	-	1,991,840	18,840,277
Machinery and equipment	68,640,731	450,185	(868,345)	5,541,403	73,763,974
Infrastructure	260,657,076	-	-	1,431,325	262,088,401
Intangibles	569,775	-	-	-	569,775
Other capital assets	105,999	-	-	-	105,999
Total capital asset, depreciable	417,954,111	611,852	(868,345)	11,665,044	429,362,662
Less accumulated depreciation for:					
Buildings and improvements	(41,953,199)	(2,446,453)	-	-	(44,399,652)
Improvement other than buildings	(3,287,057)	(1,077,131)	-	-	(4,364,188)
Machinery and equipment	(40,908,827)	(5,866,626)	876,196	(50,884)	(45,950,141)
Infrastructure	(215,288,921)	(2,108,824)	-	-	(217,397,745)
Intangibles	(569,774)	-	-	-	(569,774)
Other capital assets	(75,119)	(7,840)	-	-	(82,959)
Total accumulated depreciation	(302,082,897)	(11,506,874)	876,196	(50,884)	(312,764,459)
Total capital assets, depreciable, net	115,871,214	(10,895,022)	7,851	11,614,160	116,598,203
Government activities capital assets, net	$ 231,569,250	$ 22,111,518	$ (498,832)	$ 7,828	$ 253,189,764

Note 4. 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	19,983,233	5,372,845	-	-	25,356,078
Construction in progress	81,976,705	12,607,469	(2,616,004)	(62,567,766)	29,400,404
Total capital assets, non-depreciable	118,006,300	17,980,314	(2,616,004)	(62,567,766)	70,802,844
Capital assets, depreciable:					
Buildings and improvements	114,878,702	31,011	-	-	114,909,713
Improvements other than buildings	4,778,648	-	-	-	4,778,648
Machinery and equipment	44,517,230	4,608,941	(1,591,488)	717,484	48,252,167
Infrastructure	200,027,045	1,089,170	-	61,791,570	262,907,785
Other capital assets	25,000	-	-	-	25,000
Total capital assets, depreciable	364,226,625	5,729,122	(1,591,488)	62,509,054	430,873,313
Less accumulated depreciation for:					
Buildings and improvements	(59,790,386)	(2,087,580)	-	-	(61,877,966)
Improvement other than buildings	(881,633)	(217,297)	-	-	(1,098,930)
Machinery and equipment	(33,685,492)	(2,767,360)	1,553,283	50,884	(34,848,685)
Infrastructure	(88,999,333)	(3,977,170)	-	-	(92,976,503)
Other capital assets	(5,933)	(1,008)	-	-	(6,941)
Total accumulated depreciation	(183,362,777)	(9,050,415)	1,553,283	50,884	(190,809,025)
Total capital assets, depreciable, net	180,863,848	(3,321,293)	(38,205)	62,559,938	240,064,288
Business-type activities capital assets, net	$ 298,870,148	$ 14,659,021	$ (2,654,209)	$ (7,828)	$ 310,867,132

	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	19,628,744	5,366,445	-	-	24,995,189
Construction in progress	76,843,783	10,337,726	(971,572)	(59,779,819)	26,430,118
Total capital assets, non-depreciable	101,065,842	15,704,171	(971,572)	(59,779,819)	56,018,622
Capital assets, depreciable:					
Buildings and improvements	69,150,196	-	-	-	69,150,196
Improvements other than buildings	396,505	-	-	-	396,505
Machinery and equipment	22,023,144	568,108	(268,250)	-	22,323,002
Infrastructure	183,806,639	1,089,171	-	59,779,819	244,675,629
Total capital assets, depreciable	275,376,484	1,657,279	(268,250)	59,779,819	336,545,332
Less accumulated depreciation for:					
Buildings and improvements	(37,484,102)	(1,107,223)	-	-	(38,591,325)
Improvement other than buildings	(169,155)	(19,531)	-	-	(188,686)
Machinery and equipment	(19,425,406)	(850,394)	268,250	-	(20,007,550)
Infrastructure	(76,430,929)	(3,757,274)	-	-	(80,188,203)
Total accumulated depreciation	(133,509,592)	(5,734,422)	268,250	-	(138,975,764)
Total capital assets, depreciable, net	141,866,892	(4,077,143)	-	59,779,819	197,569,568
Water activities capital assets, net	$ 242,932,734	$ 11,627,028	$ (971,572)	$ -	$ 253,588,190

Note 4. Capital Assets (Continued)

	Beginning Balances	Additions	Retirements	Transfers (In) Out	Ending Balances
Parking Services Fund:					
Capital assets, non-depreciable:					
Land and imporvements	$ 10,631,482	$ -	$ -	$ -	$ 10,631,482
Intangibles	20,801	-	-	-	20,801
Construction in Progress	894,352	318,638	-	(97,332)	1,115,658
Total capital assets, non-depreciable	11,546,635	318,638	-	(97,332)	11,767,941
Capital assets, depreciable:					
Buildings and improvements	18,192,249	-	-	-	18,192,249
Improvements other than buildings	1,052,078	-	-	-	1,052,078
Machinery and equipment	315,744	25,954	-	97,332	439,030
Other capital assets	25,000	-	-	-	25,000
Total capital assets, depreciable	19,585,071	25,954	-	97,332	19,708,357
Less accumulated depreciation for:					
Buildings and improvements	(8,050,121)	(404,316)	-	-	(8,454,437)
Improvement other than buildings	(216,833)	(75,971)	-	-	(292,804)
Machinery and equipment	(213,253)	(50,204)	-	-	(263,457)
Other capital assets	(5,933)	(1,008)	-	-	(6,941)
Total accumulated depreciation	(8,486,140)	(531,499)	-	-	(9,017,639)
Total capital assets, depreciable, net	11,098,931	(505,545)	-	97,332	10,690,718
Parking Services Fund capital assets, net	$ 22,645,566	$ (186,907)	$ -	$ -	$ 22,458,659

	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	13,463,964	3,910,958	(867,150)	-	16,507,772
Total capital assets, depreciable	15,745,920	3,910,958	(867,150)	-	18,789,728
Less accumulated depreciation for:					
Buildings and improvements	(1,578,900)	(36,811)	-	-	(1,615,711)
Improvement other than buildings	(35,615)	(29,829)	-	-	(65,444)
Machinery and equipment	(8,295,027)	(1,147,044)	867,150	-	(8,574,921)
Total accumulated depreciation	(9,909,542)	(1,213,684)	867,150	-	(10,256,076)
Total capital assets, depreciable, net	5,836,378	2,697,274	-	-	8,533,652
Mass Transit Fund capital assets, net	$ 6,001,890	$ 2,697,274	$ -	$ -	$ 8,699,164

Note 4. Capital Assets (Continued)

	Beginning Balances	Additions	Retirements	Transfers (In) Out	Ending Balances
Asheville ABC Board:					
Land	$ 3,640,788	$ -	$ -	$ -	$ 3,640,788
Construction in progress	-	3,946	-	-	3,946
Total capital assets, non-depreciable	3,640,788	3,946	-	-	3,644,734
Capital assets, depreciable:					
Buildings	9,120,112	36,538	(7,200)	-	9,149,450
Leashold improvements	172,418	-	-	-	172,418
Furniture and equipment	1,838,180	268,169	(468,172)	-	1,638,177
Vehicles	255,930	142,915	(23,495)	-	375,350
Total capital assets, depreciable	11,386,640	447,622	(498,867)	-	11,335,395
Less accumulated depreciation for:					
Buildings	(3,131,936)	(287,436)	7,200	-	(3,412,172)
Leashold improvements	(169,874)	(765)	-	-	(170,639)
Furniture and equipment	(1,260,741)	(147,390)	296,479	-	(1,111,652)
Vehicles	(234,407)	(30,564)	26,370	-	(238,601)
Total accumulated depreciation	(4,796,958)	(466,155)	330,049	-	(4,933,064)
Total capital assets, depreciable, net	6,589,682	(18,533)	(168,818)	-	6,402,331
Ashevill ABC Board capital assets, net	$ 10,230,470	$ (14,587)	$ (168,818)	$ -	$ 10,047,065

During the year, the City recorded capital contributions of $5,962,354, 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	$ 2,519,219
Public safety	3,598,030
Transportation	2,136,451
Environmental protection	606,953
Economic Development	70,063
Culture and recreation	2,576,158
Total depreciation, governmental activities	$ 11,506,874
Business-type activities:	
Water resources	$ 5,734,422
Parking services	531,499
Mass transit	1,213,684
Non-major enterprise funds	1,570,810
Total depreciation, business-type activities	$ 9,050,415

Note 4. Capital Assets (Continued)

The City has numerous construction projects as of June 30, 2021. The amounts the City is contractually committed to spend at June 30, 2021 are the following:

Project	Spent to Date	Remaining Commitments
Governmental:		
Building maintenance	$ 1,780,687	$ 2,288,346
Transportation	5,826,813	12,093,453
Parks and Recreation	79,399	121,507
RADTIP	35,875,617	2,474,311
Bond Projects	8,374,536	3,523,563
Total governmental	51,937,052	20,501,180
Proprietary:		
Water	16,595,251	8,295,393
North Fork Dam	43,169,818	1,544,950
Stormwater	1,372,575	829,914
Harrahs Cherokee Asheville	5,370,196	1,210,469
Parking	351,083	174,106
Total proprietary	66,858,923	12,054,832
Total commitments	$118,795,975	$ 32,556,012

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2021, is as follows:

Due From Other Funds	Due to General Fund
Non-major governmental funds:	
Community Development Special Revenue Fund	$ 1,078,063
Affordable Home Ownership Special Revenue Fund	848,645
Total due from non-major governmental funds	1,926,708
Major governmental funds:	
General Capital Project Fund	5,387,505
Total due from governmental funds	7,314,213
Major proprietary funds:	
Mass Transit Fund	1,350,175
Total due from proprietary funds	1,350,175
Total due from other funds	$ 8,664,388

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.

Note 5. Interfund Receivables, Payables and Transfers (Continued)

	Transfers In						
	General Fund	General Capital Projects Fund	Grant Programs Fund	Non-major Governmental Funds	Mass Transit Fund	Non-major Enterprise Fund	Transfers Out
General Fund	$ -	$ 1,380,009	$ 276,679	$ 917,555	$ 6,853,583	$ 1,203,484	$10,631,310
General Capital Projects Fund	327,813	-	40,000	-	488,260	-	856,073
Non-major Governmental Funds	-	956,181	1,800	-	-	-	957,981
Parking Services Fund	-	-	-	-	1,576,875	-	1,576,875
Internal Service Funds	-	550,000	-	-	-	-	550,000
Total	$ 327,813	$ 2,886,190	$ 318,479	$ 917,555	$ 8,918,718	$ 1,203,484	$14,572,239

Note 6. Long-Term Obligations

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.

Note 6. Long-Term Obligations (Continued)

Long-term obligations at June 30, 2021, are comprised of the following individual issues:

Table 6.A.1

	Issue Date	Final Maturity	Interest Rate	Original Issue	Principal Balances June 30, 2021	Principal and Unamortized Balances at June 30, 2021	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	7,160,000	7,160,000	7,160,000	-
2020 GO Bond Anticipation Note	6/10/2020	6/1/2023	Variable (1)	25,000,000	8,580,347	8,580,347	8,580,347	-
				45,825,000	28,365,347	29,986,341	28,365,347	-
2. Installment Financing Contracts:								
2010 Installment financing (Parks & Recreation)	7/12/2010	7/12/2025	4.55%	1,100,000	330,000	330,000	330,000	-
2012 Limited Obligation Bonds	6/27/2012	4/1/2032	3.00%-5.00%	39,160,000	1,470,000	1,623,645	637,759	832,241
2013 Installment financing (Green CIP)	6/13/2013	7/1/2023	1.44%	998,000	249,500	249,500	249,500	-
2017 Installment financing (Equip. and Vehicles)	11/9/2017	10/1/2037	1.62%-1.70%	4,307,060	1,681,265	1,681,265	1,509,265	172,000
2017 Limited Obligation Bonds	11/9/2017	10/1/2037	3.00%-5.00%	25,000,000	22,945,000	25,724,422	17,863,070	5,081,930
2017 Special Obligation Bonds	6/30/2017	6/1/2022	2.50%-5.00%	17,140,000	14,560,000	15,683,532	12,594,400	1,965,600
2018 Installment financing (Equip. and Vehicles)	6/12/2018	6/12/2021	2.65%	6,220,100	2,492,426	2,492,426	2,409,171	83,254
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	3,664,021	3,664,021	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	14,435,566	13,350,000	-
2021 Special Obligation Bonds	4/29/2021	4/1/2033	3.00%-5.00%	17,240,000	17,240,000	20,967,679	16,457,304	782,696
				133,495,235	80,580,212	89,450,056	71,271,196	9,309,016
3. Revenue bonds:								
2015 water system revenue refunding bonds	6/11/2015	8/1/2032	2.00%-5.00%	50,625,000	36,300,000	40,491,217	-	36,300,000
2018 Water System Revenue Refunding Bonds	10/10/2018	10/1/2021	Variable (3)	40,000,000	40,000,000	40,000,000	-	40,000,000
				90,625,000	76,300,000	80,491,217	-	76,300,000
4. Other long-term indebtedness:								
2001 Metropolitan sewage district	4/22/1985	6/30/2024	5.00%	615,000	60,680	60,680	60,680	-
2011 NC DENR, drinking water revolving loan	6/22/2011	5/1/2031	0.00%	198,194	99,097	99,097	-	99,097
				$ 813,194	159,777	159,777	60,680	99,097
Total general obligations bonds, limited obligation bonds, revenue bonds and other long-term obligations					$ 185,405,336	$ 200,087,391	$ 99,697,223	$ 85,708,113

(1) Interest is variable at SIFMA plus 38 bppa

(2) Interest is variable at SIFMA plus 38 bppa

(3) Interest is variable at (30 day LIBOR *79%) plus 32 bppa

Note 6. Long-Term Obligations (Continued)

The preceding long-term obligations included in Table 6.A.1 are as follows:

	Governmental Activities	Business-type Activities	Total
General obligation bonds	$ 28,365,347	$ -	$ 28,365,347
Installment financing contracts	71,271,196	9,309,016	80,580,212
Revenue bonds	-	76,300,000	76,300,000
Other long-term indebtedness	60,680	99,097	159,777
	$ 99,697,223	$ 85,708,113	$ 185,405,336

The principal balances compared to the principal and unamortized balances in the preceding Table 6.A.1 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 2012	153,645
Limited obligation bonds, Series 2017	2,779,421
Special obligation bonds, Series 2017	1,123,532
Limited obligation bonds, Series 2021	1,085,568
Special obligation bonds, Series 2021	3,727,678
Revenue Bonds:	
2015 Water System Revenue Refunding Bonds	4,191,217
	$ 14,682,055

Note 6. Long-Term Obligations (Continued)

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

	General Obligation Bonds		Limited Obligation Bonds and Installment Financings		Other Long-Term Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental activities:								
year(s) ending June 30,								
2022	$ 1,045,000	$ 580,781	$ 6,474,415	$ 2,393,812	$ 26,240	$ 3,034	$ 7,545,655	$ 2,977,627
2023	9,625,347	567,300	6,570,759	2,278,943	26,240	1,722	16,222,346	2,847,965
2024	1,040,000	450,400	6,172,270	2,063,947	8,200	451	7,220,470	2,514,798
2025	1,040,000	436,048	5,175,333	1,846,670	-	-	6,215,333	2,282,718
2026	1,040,000	421,176	3,555,898	1,652,267	-	-	4,595,898	2,073,443
2027-2031	5,210,000	1,729,378	17,562,817	5,723,817	-	-	22,772,817	7,453,195
2032-2036	5,205,000	749,000	15,275,554	2,583,483	-	-	20,480,554	3,332,483
2036-2041	4,160,000	208,000	10,484,150	653,648	-	-	14,644,150	861,648
	$ 28,365,347	$ 5,142,083	$ 71,271,196	$ 19,196,587	$ 60,680	$ 5,207	$ 99,697,223	$ 24,343,877

	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,								
2022	$ 43,800,000	$ 1,575,734	$ 1,230,125	$ 374,374	$ 9,910	$ -	$ 45,040,035	$ 1,950,108
2023	3,970,000	1,348,338	851,931	314,937	9,910	-	4,831,841	1,663,275
2024	4,170,000	1,144,838	880,488	281,069	9,910	-	5,060,398	1,425,907
2025	4,375,000	931,213	772,724	243,742	9,910	-	5,157,634	1,174,955
2026	4,600,000	706,838	695,769	208,230	9,910	-	5,305,679	915,068
2027-2031	10,590,000	1,813,153	3,482,183	555,445	49,547	-	14,121,730	2,368,598
2032-2036	4,795,000	167,841	1,164,446	90,054	-	-	5,959,446	257,895
2036-2041	-	-	231,350	7,214	-	-	231,350	7,214
	$ 76,300,000	$ 7,687,955	$ 9,309,016	$ 2,075,065	$ 99,097	$ -	$ 85,708,113	$ 9,763,020

Note 6. 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 $330,000 as of June 30, 2021.

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. The City had direct placement limited obligation bonds balance of $1,470,000 as of June 30, 2021.

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 direct placement installment debt balance of $249,500 as of June 30, 2021.

In June 2016, the City entered into a direct placement installment-financing contract with Wells Fargo Bank to provide funding for the purchase of computers, vehicles and equipment. The $5,520,000 loan is payable over 59 months with semi-annual payments of principal and interest at a fixed interest rate of 1.25 percent. In addition, on June 2014, the City had entered into a direct placement installment-financing contract with Wells Fargo Bank to provide funding for the purchase of computers, vehicles and equipment. The $1,810,000 loan is payable over 59 months with semi-annual payments of principal and interest at a fixed interest rate of 1.22 percent. In June 2021, the City paid off the 2016 installment-financing.

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 direct placement installment debt balance of $1,681,265 as of June 30, 2021.

Note 6. Long-Term Obligations (Continued)

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 $22,945,000 as of June 30, 2021.

In November 2017, the City issued direct placement 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 unwritten 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 special obligation bonds balance of $14,560,000 as of June 30, 2021.

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 LOB") 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 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 in the following paragraphs.

In May 2018, the City entered into a direct installment 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 rate of 2.65 percent. The City had direct placement installment debt balance of $2,492,426 as of June 30, 2021.

In May 2019, the city entered into a direct installment 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 direct placement installment debt balance of $2,598,000 as of June 30, 2021.

Note 6. Long-Term Obligations (Continued)

In June 2020, the City entered into a direct installment-financing contract with JPMorgan Chase Bank, N.A. to provide funding for the purchase of computers, vehicles and equipment. The $4,650,075 loan is payable over 59 months with semi-annual payments of interest and annual payments of principal at fixed rates of interest of 1.16%. The City had direct placement installment debt balance of $3,664,021 as of June 30, 2021.

In April 2021, the City entered into a fourth amendment for 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 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.

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 2020, the City issued a direct placement general obligation bond anticipation note ("2018 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, 2021, the City has an outstanding note balance of $8,580,347.

At June 30, 2021, the City had bonds authorized but unissued in the amount of $28 million.

Note 6. Long-Term Obligations (Continued)

Water System Revenue Refunding Bonds, Series 2015: In June 2015, the City issued $50,625,000 of Revenue Refunding Bonds to a) advance refund $53,980,000 of the City's outstanding Water system Revenue Bonds ($25,640,000 of the City's Water System Revenue Refunding Bonds, Series 2005 (the 2005 Bonds) maturing August 1, 2016 through August 1, 2025 and $28,340,000 of the City's Water System Revenue Bonds, Series 2007 (the 2007 Bonds) maturing August 1, 2018 through August 1, 2032 (the 2005 Bonds and 2007 Bonds being so refunded are called the Refunded Bonds) and b) pay the fees and expenses incurred in connection with the sale and issuance of the 2015 Bonds. The refunding was accomplished by placing the proceeds of the refunding bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. Accordingly, neither the trust account assets nor the liabilities for the defeased bonds are included in the City's financial statements. The City had direct placement water revenue anticipation balance of $36,300,000 as of June 30, 2021.

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, 2021, the total principal and interest remaining to be paid directly by the City on the bonds is $43,935,806.

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. Under the terms of the bond, the Bank advances monies to the City from time-to-time and the City pays 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 79% of 30 day LIBOR plus 32 bps. 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 Water BAN once the North Fork Dam project is completed and before its maturity date of October 2021. The City had direct placement water revenue anticipation balance of $40,000,000 as of June 30, 2021.

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, 2021. The City has covenanted that it will establish or maintain various rates and charges sufficient to pay the current expenses and debt service of the water system.

Note 6. Long-Term Obligations (Continued)

The calculation for the rate covenant for the year ended June 30, 2021, is as follows:

Water revenue and expense information		
Revenues	$	33,366,000
Current Expenses		22,686,467
Net Revenue avaialable for Debt Service	$	10,679,533
Senior Debt Coverage:		
Principal & Interest	$	5,332,498
Add 20% of senior debt		1,066,500
Subordinate Debt:		
Principal & Interest		9,910
Total Debt Service + 20%		6,408,908
Rate Coverage Test		1.67

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, 2021, the City has an outstanding balance of $60,680.

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, 2021, the outstanding balance is $99,097.

Note 6. 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	$ 69,685,771	$ 43,181,703	$ 41,596,278	$ 71,271,196	$ 6,474,415
General obligation bonds	25,960,971	3,514,376	1,110,000	28,365,347	1,045,000
Other long-term indebtedness	86,920	-	26,240	60,680	26,240
Unamortized bond premiums	4,929,201	4,644,010	244,620	9,328,591	540,069
Total bonds and loans payable, net	100,662,863	51,340,089	42,977,138	109,025,814	8,085,724
Compensated absences payable	6,958,665	3,392,308	3,959,350	6,391,623	3,071,482
Net pension liability – LGERS	23,379,932	6,225,235	-	29,605,167	-
Total pension laibility – LEOSSA	8,121,167	1,370,444	1,295,617	8,195,994	-
Net OPEB liability	17,762,447	-	1,684,546	16,077,901	-
Total governmental activities	$ 156,885,074	$ 62,328,076	$ 49,916,651	$ 169,296,499	$ 11,157,206
Business-type activities:					
Bonds and notes payable:					
Revenue bonds	$ 69,712,591	$ 10,237,409	$ 3,650,000	$ 76,300,000	$ 43,800,000
Installment financing contracts	10,244,900	1,595,696	2,531,580	9,309,016	1,230,624
Other long-term indebtedness	109,007	-	9,910	99,097	9,910
Unamortized bond premiums	5,642,060	169,237	457,833	5,353,464	442,184
Total bonds and loans payable, net	85,708,558	12,002,342	6,649,323	91,061,577	45,482,718
Compensated absences payable	1,238,891	462,499	400,991	1,300,399	544,353
Net pension liability – LGERS	4,839,776	2,973,115	-	7,812,891	-
Net OPEB liability	4,687,561	-	444,557	4,243,004	-
Total business-type activities	$ 96,474,786	$ 15,437,956	$ 7,494,871	$ 104,417,871	$ 46,027,071

Note 6. Long-Term Obligations (Continued)

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	$ 69,712,591	$ 10,237,409	$ 3,650,000	$ 76,300,000	$ 43,800,000
Other long-term indebtedness	109,007	-	9,910	99,097	9,910
Unamortized bond premiums	4,555,671	-	364,454	4,191,217	364,454
Total bonds and loans payable, net	74,377,269	10,237,409	4,024,364	80,590,314	44,174,364
Compensated absences payable	690,470	319,183	274,230	735,423	298,731
Net pension liability – LGERS	2,914,971	1,818,413	-	4,733,384	-
Net OPEB liability	2,839,926	-	269,331	2,570,595	-
Total water system activities	$ 80,822,636	$ 12,375,005	$ 4,567,925	$ 88,629,716	$ 44,473,095

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Parking system activities:					
Bonds and notes payable:					
Installment financing contracts	$ 5,693,796	$ 51,720	$ 825,023	$ 4,920,493	$ 654,486
Unamortized bond premiums	730,009	11,183	65,324	675,868	54,566
Total bonds and loans payable, net	6,423,805	62,903	890,347	5,596,361	709,052
Compensated absences payable	101,693	40,452	38,013	104,132	42,299
Net pension liability– LGERS	381,464	363,156	-	744,620	-
Net OPEB liability	446,755	-	42,368	404,387	-
Total parking system activities	$ 7,353,717	$ 466,511	$ 970,728	$ 6,849,500	$ 751,351

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, 2021, such statutory limit for the City was approximately $1,367,429,000 providing a legal debt margin of approximately $1,201,485,000. The City does not intend to extend its debt to any amount near the legal debt limit.

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

On October 25, 2017 the Board entered into a financing agreement with a commercial bank providing for the advance of $3,200,000 to finance the acquisition and renovation of facilities for warehousing and administration. This loan requires eighteen monthly payments of interest on the unpaid balance beginning November 25, 2017 using the interest rate of 4.25% and 101 monthly principal and interest payments of $20,946 beginning May 25, 2019, and one principal and interest payment of $2,059,747 on October 25, 2027. The loan was secured by real estate and improvement at 24 Old Brevard Road and 1 Cherry Street. At June 30, 2021, $250,879 of the loan commitment for renovations had not been drawn.

Note 6. Long-Term Obligations (Continued)

Future maturities of the component unit debt are as follows:

Year ending June 30,	Principal	Interest
2022	$ 297,993	$ 153,716
2023	310,413	141,297
2024	323,351	128,359
2025	336,830	114,880
2026	350,871	100,839
Thereafter	2,167,157	125,430
	$ 3,786,615	$ 764,521

Note 7. 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	$ 253,189,764	$ 310,867,132
Less capital asset-related debt	(109,025,814)	(91,061,577)
Other capital asset-related liabilities	(958,286)	(1,184,861)
Add deferred outflows	-	967,991
Net investment in capital assets	$ 143,205,664	$ 219,588,685

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	$ 109,338,067
Less non-spendable items	12,115,795
Less stabilization by state statute	30,552,117
Funds available for appropriation	66,670,155
Less committed	4,403,293
Less assigned	44,134,589
Less fund balance policy	18,132,273
Remaining fund balance	$ -

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 $3,916,088 and $17,146,043 in the General Fund and General Capital Projects Fund, respectively.

Note 8 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 $500,000 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 $355,078,664. Coverage limits include $10 million sub-limits each for flood and earthquake. Additionally, the City purchases dam insurance with limits of $15 million for three structures.

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

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

In accordance with G.S. 159-29, City employees are covered by a crime insurance policy with a $250,000 limit per occurrence. The policy provides $250,000 in coverage for employee dishonesty/forgery as well as computer and electronic funds transfer fraud coverage and $25,000 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 2020, there were nine claimants with $742,553 in claims.
In fiscal year 2021, there were four claimants with $161,009 in claims.

Note 8. Risk Management (Continued)

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

	2021	2020
Beginning balance	$ 4,173,392	$ 4,612,471
Add incurred claims and changes in IBNR	13,803,818	14,611,711
Less claim payments	(14,192,296)	(15,050,790)
Ending balance	$ 3,784,914	$ 4,173,392

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 9. Pension Plan Obligations

North Carolina Local Governmental Employees' Retirement System:

Plan description: The City of Asheville and the Asheville Board of Alcoholic Control are participating employers in the statewide Local Governmental Employees' Retirement System ("LGERS"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers ("LEOs") of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report ("ACFR") for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Note 9. Pension Plan Obligations (Continued)

Benefits provided: LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions: Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City and ABC Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City's and ABC Board's contractually required contribution rates for the year ended June 30, 2021, were both 10.84% of compensation for law enforcement officers and 10.15% 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 $7,013,295 for the year ended June 30, 2021, and the ABC Boards were $254,302.

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

Note 9. Pension Plan Obligations (Continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2021, the City and ABC Board reported a liability of $37,418,058 and $1,006,638, 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, 2019. 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, 2020, the City's proportion was 1.04712%, which was an increase of 0.00868% from its proportion measured as of June 30, 2019. The ABC Board's proportion was .02799%, which was a decrease of .00038 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City and ABC Board recognized pension expense of $12,664,715 and $502,300, respectively. At June 30, 2021, 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	$ 4,725,244	$ -
Changes of assumptions	2,784,638	-
Net difference between project and actual earnings on pension plan investments	5,265,589	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	491,973
City contributions subsequent to the measurement date	7,013,295	-
Total	$ 19,788,766	$ 491,973

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	$ 127,120	$ (4,965)
Changes of assumptions	74,913	-
Net difference between project and actual earnings on pension plan investments	141,656	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	52,813	-
Board contributions subsequent to the measurement date	254,302	-
Total	$ 650,804	$ (4,965)

$7,013,295 and $254,302 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, 2022.

Note 9. 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 ended June 30:		
2022	$ 3,414,756	$ 118,496
2023	4,635,071	148,126
2024	2,675,326	87,960
2025	1,558,345	46,885
Total	$ 12,283,498	$ 401,467

Actuarial assumptions: The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2019, valuation were based on the results of an actuarial experience study prepared as of December 31, 2014.

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, 2021 are summarized in the following table:

Note 9. 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 2018 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 3.00%. All rates of return and inflation are annualized.

Discount rate: The discount rate used to measure the total pension liability was 7.00%. 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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	$ 75,917,163	$ 37,418,058	$ 5,422,595

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:

City of Asheville

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

	2012	2013	2014	2015
Expenses:				
Governmental activities:				
General government	$ 17,924	$ 15,049	$ 17,909	$ 18,461
Public safety	46,574	49,988	45,206	46,311
Environmental services	9,834	9,869	6,083	6,099
Community development	5,193	5,389	8,682	8,054
Transportation	16,154	14,693	17,456	14,654
Culture and recreation	11,708	10,665	9,923	10,423
Interest on long-term debt	975	662	856	757
Total governmental activities expenses	108,362	106,315	106,115	104,759
Business-type activities:				
Water resources	30,810	31,539	28,107	28,733
Parking services	2,177	2,446	3,121	3,288
Street cut utility	1,423	1,337	1,417	1,407
Stormwater	2,618	2,596	3,318	4,069
U.S. cellular center	2,855	3,137	3,636	3,726
Mass transit	6,042	7,654	7,293	7,143
Golf course	925	2,081	-	-
Total business-type activities expenses	46,850	50,790	46,892	48,366
Total primary government expenses	$ 155,212	$ 157,105	$ 153,007	$ 153,125

(Continued)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued the ACFR for the State of North Carolina.

Note 9. 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 $645,218 and $11,275, respectively, as benefits came due for the reporting period.

Note 9. 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) 2.12% 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, 2021, the City reported a total pension liability of $8,195,994 for their proportionate share of the net pension liabilities. The total pension liability was measured as of December 31, 2020 based on a June 30, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the City recognized pension expense of $839,319.

At June 30, 2021, the ABC Board reported a total pension liability of $69,815 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	$ 460,567	$ 358,156
Changes of assumptions and Other Inputs	735,337	167,758
City benefit payments and plan administrative expense made subsequent to the measurement date	324,921	-
Total	$ 1,520,825	$ 525,914

Deferred outflows of resources for the City of $324,921 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:	
2022	$ 225,742
2023	221,675
2024	137,807
2025	67,855
2026	16,911
Total	$ 669,990

Note 9. 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 2.12%, 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 (1.12%) or 1-percentage-point higher (3.12%) than the current rate:

	1% Decrease (1.12%)	Discount Rate (2.12%)	1% Increase (3.12%)
Total pension liability	$ 8,868,303	$ 8,195,994	$ 7,575,524

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

	City	ABC Board
Beginning balance	$ 8,121,167	$ 96,864
Service cost	354,936	(15,774)
Interest on the total pension liability	254,233	-
Differences between expected and actual experience in the measurement of the total pension liability	(431,249)	-
Changes of assumptions or other inputs	542,125	-
Benefit payments	(645,218)	(11,275)
Ending balance	$ 8,195,994	$ 69,815

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 9. 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, 2021 was $581,929 and the officers' voluntary contributions were approximately $636,082. The City's contribution for non-police personnel was $2,723,372 with employee voluntary contributions of approximately $1,902,414. The ABC Board's required contribution for the year ended June 30, 2021 was $9,583.

Note 9. Pension Plan Obligations (Continued)

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, 2021 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 $69,815 and $96,864 for the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, none of this cost was contributed which resulted in an unfunded net OPEB obligation of $69,815 and $96,864, respectively.

Plan membership of the City's HCB Plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

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

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.

Note 9. Pension Plan Obligations (Continued)

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, 2021, the Plan assets totaled $16,791,432 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) 39.9 percent and BlackRock's MSCI ACWI Equity Index Non-Lendable Fund B 60.1 percent. The BlackRock MSCI ACWI Equity Index Non-Lendable Fund B is priced at $32.24591 per share at June 30, 2021.

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, 2021, the annual money weighted rate of return of investments, net of investment expense was 20.29 percent. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 9. Pension Plan Obligations (Continued)

The components of the net OPEB liability of the City as of June 30, 2021 were as follows:

Total OPEB liability	$	37,112,337
Plan fiduciary net position		16,791,432
City's net OPEB liability	$	20,320,905
Plan fiduciary net position as a percentage of the total OPEB liability		45.24%

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 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

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 as of December 31, 2014.

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	$ 23,249,071	$ 20,320,905	$ 17,647,483

Note 9. 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	$ 17,095,065	$ 20,320,905	$ 24,021,081

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2021, the City reported a net OPEB liability of $20,320,905. 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, 2020	$ 36,408,645	$ 13,958,636	$ 22,450,009
Changes for the year:			
Service Cost a tht end of the year	982,590	-	982,590
Interest on TOL and Cash Flows	1,928,067	-	1,928,067
Difference between expected and actual experience	862,157	-	862,157
Changes in assumptions or other inputs	(363,344)	-	(363,344)
Contributions - Employer	-	2,705,778	(2,705,778)
Net investment income	-	2,832,796	(2,832,796)
Benefit payments	(2,705,778)	(2,705,778)	-
Net changes	703,692	2,832,796	(2,129,104)
Balance as of June 30, 2021	$ 37,112,337	$ 16,791,432	$ 20,320,905

Changes in assumptions: Pursuant to GASB 75, the unfunded plans the discount rate should be a yield or index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Bond Buyer 20-Bond GO index is often cited as an appropriate benchmark. That index was 2.16% 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% and the municipal bond rate. 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 the discount rate.

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB: For the year ended June 30, 2021, the City recognized OPEB expenses of $1,244,173. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Note 9. Pension Plan Obligations (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience and actual experience	$ 1,734,254	$ -
Changes in assumption or other inputs	-	2,317,495
Net difference between projected and actual earnings on plan investments	-	1,922,328
Total	$ 1,734,254	$ 4,239,823

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,	
2022	$ (898,760)
2023	(660,675)
2024	(623,057)
2025	(510,190)
2026	171,024
Thereafter	16,089
	$ (2,505,569)

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	$ 1,372,142	$ 138,308	$ 1,510,450
Water resource fund	219,383	-	219,383
Parking services fund	34,512	28,324	62,836
Mass transit fund	6,070	7,286	13,356
Street Cut Utility fund	11,966	4,372	16,338
Stormwater fund	57,057	692	57,749
Harrah's Cherokee Center	33,124	-	33,124
	$ 1,734,254	$ 178,982	$ 1,913,236

Deferred Inflows Reconciliation-OPEB	Per Actuary	Change in Fund Allocation	Total Deferred Inflows
Governmental activities	$ 3,354,548	$ -	$ 3,354,548
Water resource fund	536,338	66,973	603,311
Parking services fund	84,372	43,718	128,090
Mass transit fund	14,839	16,157	30,996
Street Cut Utility fund	29,255	5,037	34,292
Stormwater fund	139,490	-	139,490
Harrah's Cherokee Center	80,981	47,097	128,078
	$ 4,239,823	$ 178,982	$ 4,418,805

Note 9. 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
2022	$ 49,725	$ (22,800)	$ (411)	$ (5,648)	$ (1,061)	$ 346	$ (20,151)	$ -
2023	49,725	(22,800)	(411)	(5,648)	(1,061)	346	(20,151)	-
2024	38,858	(21,373)	(14,572)	2,425	1,457	-	(6,795)	-
Total	$ 138,308	$ (66,973)	$ (15,394)	$ (8,871)	$ (665)	$ 692	$ (47,097)	$ -

Total pension and OPEB-related deferred outflows of resources:

	LGERS	LOESSA	OPEB	Total
Differences between expected and actual experience	$ 4,725,244	$ 460,567	$ 1,734,254	$ 6,920,065
Changes of assumptions	2,784,638	735,337	-	3,519,975
Net difference between project and actual earnings on pension plan investments	5,265,589	-	-	5,265,589
Change in proportionate share between City funds	-	-	178,982	178,982
City contributions subsequent to the measurement date	7,013,295	324,921	-	7,338,216
Total	$ 19,788,766	$ 1,520,825	$ 1,913,236	$ 23,222,827

Total pension and OPEB-related deferred inflows of resources:

	LGERS	LOESSA	OPEB	Total
Differences between expected and actual experience	$ -	$ 358,156	$ -	$ 358,156
Changes of assumptions	-	167,758	2,317,495	2,485,253
Net difference between project and actual earnings on pension plan investments	-	-	1,922,328	1,922,328
Change in proportionate share between City funds	-	-	178,982	178,982
Changes in proportion and differences between City contributions and proportionate share of contributions	491,973	-	-	491,973
Total	$ 491,973	$ 525,914	$ 4,418,805	$ 5,436,692

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 9. 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 10. Deferred Outflows and Inflows of Resources

The City has several deferred outflows and inflows of resources. The City's deferred outflows at June 30, 2021 comprised of the following:

	Governmental Activities	Business-Type Activities
Contributions to the pension plans subsequent the measurement date	$ 5,873,839	$ 1,464,377
Other Pension and OPEB related deferrals	12,814,307	3,070,304
Deferred charge on refunding	641,901	967,991
Total Deferred Outflows	$ 19,330,047	$ 5,502,672

Deferred inflows of resources are comprised of the following:

	Governmental Activities	Business-Type Activities
General fund:		
Prepaid Ad Valorem taxes	$ 117,738	$ -
Taxes receivable, less penalties	326,516	-
General capital projects fund:		
Grant funds receivable	300,383	-
Non-major governmental funds:		
Grant funds receivable	5,816	-
Total governmental funds deferred inflows	750,453	-
Pension deferral	915,162	102,725
OPEB deferrals	3,354,548	1,064,257
Revenue recognized on the governmental activities	(632,715)	-
Total deferred inflows	$ 4,387,448	$ 1,166,982

Note 11. Unearned Revenue

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

General fund:		
General Revenue	$	3,183
Capital Projects Fund:		
Grants		10,000
Grant Programs Fund:		
Grants		12,648,160
Non-major governmental funds:		
Grants		51,088
Total government activities	$	12,712,431
Water resources fund:		
Prepaid water charges	$	368,713
Mass Transit Fund		
Grants		7,945
Total business-type activities	$	376,658

Note 12. 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 13. GASB Pronouncements

Pronouncements Implemented in the Current Year

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities with the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with who a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

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

Note 13. GASB Pronouncements (Cont.)

Pronouncements Issued, Not Yet Effective

The GASB has issued several pronouncements prior to June 30, 2021, 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.

In June 2017, GASB issued Statement No. 87, *Leases.* The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. This Statement is effective for fiscal years that end June 30, 2022.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods starting with the fiscal year that ends December 31, 2022.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement is effective for fiscal years beginning after December 31, 2020.

In May 2019, GASB issued 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 is effective for reporting periods beginning with the fiscal year that ends December 31, 2022.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. This statement is effective for reporting periods beginning after June 15, 2021.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020, and did not have a material impact on the City's financial position, overall cash flow or balances or results of operations. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021.

Note 13. GASB Pronouncements (Cont.)

In March 2020, GASB issued 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.

In May 2020, GASB issued 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.

In June 2020, GASB issued 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 in this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans are effective immediately (June 2020), and did not have a material impact on the City's financial position, overall cash flow or balances or results of operations. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Required Supplementary Financial Data

(unaudited)

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

- Schedule of Changes in Total OPEB Liability
- Schedule of Net OPEB Liability
- OPEB Schedule of Investment Returns
- 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*

	2021	2020	2019	2018	2017
Total OPEB liability:					
Service cost at end of year	**$ 982,590**	$ 931,367	$ 1,329,239	$ 1,387,138	$ 1,484,673
Interest on the total OPEB liability	**1,928,067**	1,887,361	1,477,508	1,357,441	1,193,537
Difference between expected and actual experience	**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*	**(2,705,778)**	(3,003,716)	(2,549,739)	(1,833,676)	(1,796,639)
Net change in total OPEB liability	**703,692**	611,302	(1,678,201)	(120,560)	(953,212)
Total OPEB liability – beginning	**36,408,645**	35,797,343	37,475,544	37,596,104	38,549,316
Total OPEB liability – ending (a)	**37,112,337**	36,408,645	35,797,343	37,475,544	37,596,104
Plan fiduciary net position:					
Contributions – employer***	**2,705,778**	4,603,716	3,949,739	1,833,676	2,796,639
Net investment income	**2,832,796**	617,425	753,413	1,628,683	647,620
Benefit payments**	**(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	**2,832,796**	2,217,425	2,153,412	1,610,461	1,647,620
Plan fiduciary net position – beginning	**13,958,636**	11,741,211	9,587,799	7,977,338	6,329,718
Plan fiduciary net position – ending (b)	**16,791,432**	13,958,636	11,741,211	9,587,799	7,977,338
Net OPEB liability – ending (a) - (b)	**$ 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%

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

** Benefit payments are net of participant contributions. Net benefit payments of $2,705,778 paid directly from the employer are also included.

*** Employer contributions include $2,705,778 paid directly from the employer.

City of Asheville

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

	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	**$ 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	**2,705,778**	4,603,716	3,949,739	1,833,676	2,796,639	2,732,062
Annual contribution deficiency (excess)	**$ (683,409)**	$ (1,789,797)	$ (1,332,559)	$ 1,320,658	$ 159,579	$ 342,148
Covered payroll**	**$ 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	**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*

	2021	2020	2019	2018	2017	2016
Total OPEB liability	**$ 37,112,337**	$ 36,408,645	$ 35,797,346	$ 37,475,544	$ 37,596,104	$ 38,549,316
Plan fidicuary net position	**16,791,432**	13,958,636	11,741,211	9,587,799	7,977,338	6,329,717
Net OPEB liability	**$ 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	**45.24%**	38.34%	32.80%	25.58%	21.22%	16.42%
Covered payroll**	**$ 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	**68.32%**	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 Eight Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset) (%)	**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) ($)	**$ 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	**$ 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	**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**	**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 Eight Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	**$ 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	**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	**$ 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	**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

	2021	2020	2019	2018	2017
Total pension liability:					
Service cost at end of year	**$ 354,936**	$ 342,934	$ 341,057	$ 270,136	$ 293,341
Interest	**254,233**	273,300	225,204	263,231	254,404
Difference between expected and actual experience	**(431,249)**	74,674	805,349	89,765	-
Changes of assumptions or other inputs	**542,125**	246,953	(305,018)	408,573	(158,932)
Benefit payments	**(645,218)**	(649,873)	(720,265)	(728,632)	(662,420)
Net change in total pension liability	**74,827**	287,988	346,327	303,073	(273,607)
Total pension liability – beginning	**8,121,167**	7,833,179	7,486,852	7,183,779	7,457,386
Total pension liability – ending	**$ 8,195,994**	$ 8,121,167	$ 7,833,179	$ 7,486,852	$ 7,183,779
Covered payroll	$ 14,006,091	$ 12,923,253	$ 11,649,921	$ 10,663,986	$ 11,005,974
Total pension liability as a percentage of covered payroll	58.52%	62.84%	67.24%	70.21%	

* 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, 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**.**

Parking Services Fund – This fund accounts for the revenues and expenses related to the City's public parking 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, 2021

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Intergovernmental revenue	$ 60,364,128	$ 35,037,503	$ 6,278,378	$ -	$ 41,315,881	$ (19,048,247)
Licenses and permits	544,668	1,403,956	(231)	-	1,403,725	859,057
Charges for services	2,475,602	2,103,745	324,776	-	2,428,521	(47,081)
Investment earnings	249,952	255,279	-	-	255,279	5,327
Miscellaneous	3,562,595	2,606,369	1,327,033	-	3,933,402	370,807
Total revenues	67,196,945	41,406,852	7,929,956	-	49,336,808	(17,860,137)
Expenditures:						
General Government	47,681,163	21,278,957	7,133,124	-	28,412,081	19,269,082
Public Safety	23,777,846	7,191,719	3,284,893	-	10,476,612	13,301,234
Environmental Services	838,036	87,815	470,691	-	558,506	279,530
Community Development	18,107,034	10,070,193	422,958	-	10,493,151	7,613,883
Transportation	139,964,122	74,716,181	17,992,238	-	92,708,419	47,255,703
Culture and Recreation	38,928,497	19,404,768	2,511,267	-	21,916,035	17,012,462
Total expenditures	269,296,698	132,749,633	31,815,171	-	164,564,804	104,731,894
Revenues under expenditures	(202,099,753)	(91,342,781)	(23,885,215)	-	(115,227,996)	86,871,757
Other financing sources (uses):						
Long-term debt issued	178,963,693	74,256,415	16,797,978	-	91,054,393	(87,909,300)
Premiums on long-term debt issued	696,320	708,342	-	-	708,342	12,022
Proceeds from sale of capital assets	2,575,000	475,000	2,157,988	-	2,632,988	57,988
Transfers from other funds	26,100,480	21,536,182	2,886,190	-	24,422,372	(1,678,108)
Transfers to other funds	(6,235,740)	(2,577,080)	(856,073)	-	(3,433,153)	2,802,587
Total other financing sources, net	202,099,753	94,398,859	20,986,083	-	115,384,942	(86,714,811)
Net change in fund balance	$ -	$ 3,056,078	(2,899,132)	-	$ 156,946	$ 156,946
Fund balance – beginning			(905,901)			
Fund balance – ending			$ (3,805,033)			

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, 2021

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Intergovernmental revenue	$ 15,738,642	$ 5,730,483	$ 3,364,963	$ -	$ 9,095,446	$ (6,643,196)
Charges for services	128,008	128,959	1,716	-	130,675	2,667
Investment earnings	66,161	66,160	-	-	66,160	(1)
Private donations	699,221	589,775	105,414	-	695,189	(4,032)
Total revenues	16,632,032	6,515,377	3,472,093	-	9,987,470	(6,644,562)
Expenditures:						
General Government	1,256,304	391,568	288,110	-	679,678	576,626
Public Safety	6,660,824	2,718,756	2,015,666	-	4,734,422	1,926,402
Environmental Services	59,613	56,525	3,425	-	59,950	(337)
Community Development	7,659,995	2,111,592	3,295,091	-	5,406,683	2,253,312
Transportation	1,706,753	808,001	271,884	-	1,079,885	626,868
Culture and Recreation	869,598	192,009	382,170	-	574,179	295,419
Total expenditures	18,213,087	6,278,451	6,256,346	-	12,534,797	5,678,290
Revenues over (under) expenditures	(1,581,055)	236,926	(2,784,253)	-	(2,547,327)	(966,272)
Other financing sources (uses):						
Transfers from other funds	1,673,951	882,541	318,479	-	1,201,020	(472,931)
Transfers to other funds	(92,896)	(178,331)	-	-	(178,331)	(85,435)
Total other financing sources, net	1,581,055	704,210	318,479	-	1,022,689	(558,366)
Net change in fund balance	$ -	$ 941,136	(2,465,774)	-	$ (1,524,638)	$ (1,524,638)
Fund balance – beginning			941,138			
Fund balance – ending			$ (1,524,636)			

City of Asheville

Water Resources Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 32,785,312	$ 31,644,261	$ (1,141,051)
Other operating revenue	-	35,964	35,964
Interest earned	400,000	57,617	(342,383)
Total revenues	33,185,312	31,737,842	(1,447,470)
Expenditures:			
Administration	1,254,062	1,224,516	29,546
Operations	23,160,086	20,543,530	2,616,556
Capital outlay	629,070	522,467	106,603
Debt service:			
Principal	3,659,911	3,659,910	1
Interest and other charges	1,869,675	1,838,021	31,654
Total expenditures	30,572,804	27,788,444	2,784,360
Revenue under expenditures	2,612,508	3,949,398	1,336,890
Other financing sources (uses):			
Transfers to Water Capital Projects Fund	(4,060,696)	(4,060,696)	-
Proceeds from disposal of capital assets	50,000	14,913	(35,087)
Debt issuance cost	-	(1,250)	(1,250)
Cost of loan servicing	(15,000)	(3,425)	11,575
Appropriated fund balance	1,413,188	-	(1,413,188)
Total other financing sources (uses)	(2,612,508)	(4,050,458)	(1,437,950)
Net change in fund balance	$ -	(101,060)	$ (101,060)

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	1,685,775
Water Capital Projects Fund	3,136,212
Total	4,720,927
Reconciling items:	
Change in allowance for doubtful accounts	208,076
Reduction of long-term debt principal	3,659,910
Amortization of premium on long-term debt issued	364,454
Amortization of refunding loss	(82,420)
Capitalized assets	11,399,096
Writeoff of capital projects	(971,572)
Proceeds from issuance of debt	(10,237,409)
Increase in deferred outflows of resources - OPEB	61,265
Increase in deferred outflows of resources - pensions	829,308
Increase in deferred inflows of resources - OPEB	(122,904)
Decrease in deferred inflows of resources - pensions	(14,868)
Decrease in OPEB liability	269,331
Increase in net pension liability	(1,818,413)
Depreciation	(5,734,422)
Donated assets	5,962,354
Change in interest payable	(89,481)
Change in compensated absences	(44,953)
Change in net position	$ 8,358,279

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, 2021

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Interest earned	$ -	$ 78,724	$ -	$ -	$ 78,724	$ 78,724
Other revenue	-	601,195	-	-	601,195	601,195
Total revenues	-	679,919	-	-	679,919	679,919
Expenditures:						
Distribution System Projects	15,695,661	12,017,112	258,319	-	12,275,431	3,420,230
NC Department of Transportation Projects	4,382,444	551,144	-	-	551,144	3,831,300
Neighborhood Water Line Replacement Projects	38,245,205	18,732,746	3,537,870	-	22,270,616	15,974,589
Water Production Projects	69,415,266	54,694,793	6,924,632	-	61,619,425	7,795,841
Water System Master Plan Project	21,651,681	6,581,691	398,355	-	6,980,046	14,671,635
Azalea Road Improvements	383,245	437,977	-	-	437,977	(54,732)
Haywood Street Improvements	693,506	555,655	42,717		598,372	95,134
RADTIP	93,997	-	-	-	-	93,997
Total expenditures	150,561,005	93,571,118	11,161,893	-	104,733,011	45,827,994
Revenues under expenditures	(150,561,005)	(92,891,199)	(11,161,893)	-	(104,053,092)	46,507,913
Other financing sources (uses):						
Transfer from the Water Fund	111,009,702	95,798,054	4,060,696	-	99,858,750	(11,150,952)
Transfers to other funds	(466,000)	(158,090)	-	-	(158,090)	307,910
Proceeds from issuance of debt	40,017,303	29,640,268	10,237,409	-	39,877,677	(139,626)
Total other financing sources	150,561,005	125,280,232	14,298,105	-	139,578,337	(10,982,668)
Net change in fund balance	$ -	$ 32,389,033	$ 3,136,212	$ -	$ 35,525,245	$ 35,525,245

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, 2021

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Charges for services	$ 100,000	$ 2,562,019	$ 1,685,775	$ -	$ 4,247,794	$ 4,147,794
Total revenues	100,000	2,562,019	1,685,775	-	4,247,794	4,147,794
Expenditures:						
Operations	100,000	-	-	-	-	100,000
Total expenditures	100,000	-	-	-	-	100,000
Revenues over expenditures	-	2,562,019	1,685,775	-	4,247,794	4,247,794
Net change in fund balance	$ -	$ 2,562,019	$ 1,685,775	$ -	$ 4,247,794	$ 4,247,794

City of Asheville

Parking Services Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 5,884,500	$ 3,444,714	$ (2,439,786)
Rents	18,660	18,489	(171)
Other operating revenue	702,100	715,353	13,253
Interest earned	42,420	9,349	(33,071)
Total revenues	6,647,680	4,187,905	(2,459,775)
Expenditures:			
Operations	4,278,305	2,670,927	1,607,378
Capital Outlay	60,000	25,954	34,046
Debt service:			
Principal	762,499	825,023	(62,524)
Interest and other charges	247,896	248,478	(582)
Total expenditures	5,348,700	3,770,382	1,578,318
Revenues over expenditures	1,298,980	417,523	(881,457)
Other financing sources (uses):			
Transfers to other funds	(1,811,784)	(1,576,875)	234,909
Transfers to Parking Capital Project Fund	-	(234,909)	(234,909)
Proceeds from long-term debt	-	62,903	62,903
Proceeds from sale of capital assets	-	785	785
Appropriated fund balance	512,804	-	(512,804)
Total other financing uses	(1,298,980)	(1,748,096)	(449,116)
Net change in fund balance	$ -	(1,330,573)	$ (1,330,573)
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		(83,729)	
Total		(1,414,302)	
Reconciling items:			
Bad debt expense		(521,867)	
Proceeds from long-term debt		(62,903)	
Reduction of principal on long-term debt		825,023	
Amortization of premium on long-term debt		65,324	
Amortization of refunding loss on long term debt		(3,760)	
Change in interest payable		27,498	
Depreciation		(531,499)	
Capitalized assets		344,592	
Decrease in deferred outflows of resources - OPEB		(4,524)	
Decrease in deferred outflows of resources - pensions		166,280	
Increase in deferred inflows of resources - OPEB		(8,346)	
Decrease in deferred inflows of resources - pensions		(3,343)	
Increase in OPEB liability		42,369	
Increase in net pension liability		(363,155)	
Change in compensated absences		(2,439)	
Change in net position		$ (1,445,052)	

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, 2021

	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	-	-	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	571,876	111,436	-	683,312	241,688
Structural Maint Civic Center Parking	1,184,909	319,658	109,870	-	429,528	755,381
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	-	-	-	-	750,000
Debt Service Interest	100,000	-	97,332	-	97,332	2,668
Total expenditures	24,456,103	5,199,833	318,638	-	5,518,471	18,937,632
Revenues under expenditures	(24,456,103)	(5,155,787)	(318,638)	-	(5,474,425)	18,981,678
Other financing sources (uses):						
Proceeds from issuance of debt	21,856,194	197,585	-	-	197,585	(21,658,609)
Transfers from other funds	2,599,909	2,016,904	-	-	2,016,904	(583,005)
Transfers from Parking Services Fund	-	500,000	234,909	-	734,909	734,909
Total other financing sources, net	24,456,103	2,714,489	234,909	-	2,949,398	(21,506,705)
Net change in fund balance	$ -	$ (2,441,298)	$ (83,729)	$ -	$ (2,525,027)	$ (2,525,027)

City of Asheville

Mass Transit Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Charges for services	$ 666,500	$ 34,965	$ (631,535)
Other operating revenue	350,000	370,006	20,006
Interest earned	-	5,383	5,383
Intergovernmental revenue	3,425,233	4,958,847	1,533,614
Total revenues	4,441,733	5,369,201	927,468
Operating expenditures:			
Administration	796,299	599,206	197,093
Operations	12,988,005	12,375,089	612,916
Interest and other charges	-	15,597	(15,597)
Total expenditures	13,784,304	12,989,892	794,412
Revenues under expenditures	(9,342,571)	(7,620,691)	1,721,880
Other financing sources (uses)			
Transfer from other funds	8,381,108	8,381,108	-
Transfer from Mass Transit Capital Fund	-	93,122	(93,122)
Proceeds from the sale of capital assets	-	23,522	(23,522)
Appropriated fund balance	961,463	-	961,463
Total other financing sources	9,342,571	8,497,752	844,819
Net change in fund balance	$ -	877,061	$ 2,566,699
Reconciliation of budgetary basis (Non-GAAP) to full accrual basis:			
Revenues under expenditures and other financing sources:			
Mass Transit Capital Projects Fund		(1,404,661)	
Total		(527,600)	
Reconciling items:			
Depreciation		(1,213,684)	
Capitalized assets		3,910,958	
Decrease in deferred outflows of resources - OPEB		(734)	
Increase in deferred outflows of resources - pensions		32,841	
Decrease in deferred inflows of resources - OPEB		4,047	
Increase in deferred inflows of resources - pensions		(696)	
Decrease in OPEB liability		7,452	
Increase in net pension liability		(59,606)	
Change in compensated absences		(2,595)	
Change in net position		$ 2,150,383	

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, 2021

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Capital grants and contributions	$ 24,558,189	$ 5,445,838	$ 3,873,778	$ -	$ 9,319,616	$ (15,238,573)
Total revenues	24,558,189	5,445,838	3,873,778	-	9,319,616	(15,238,573)
Expenditures:						
Transit AVL System	450,000	433,301	-	-	433,301	16,699
JARC Mountain Mobility	741,315	338,600	189,198	-	527,798	213,517
Henderson County Bus Purchase	148,600	145,862	-	-	145,862	2,738
Transit Bench and Shelters FY 15	53,992	10,965	-	-	10,965	43,027
Transit Buses	15,770,748	4,915,075	3,891,167	-	8,806,242	6,964,506
Transit Bus Batteries and Security Cam	390,910	390,064	-	-	390,064	846
FTA 5339-Hybrid Bus Batteries	267,500	-	-	-	-	267,500
Bus Stop Improvements	1,250,000	-	-	-	-	1,250,000
Transit Pass-Through Grants	2,406,141	926,032	159,563	-	1,085,595	1,320,546
5310 Enhanced Mobility	1,302,833	401,853	217,590	-	619,443	683,390
CARES Sub-Recipients	4,936,900	-	1,134,186	-	1,134,186	3,802,714
Street Furniture 2	60,000	57,294	-	-	57,294	2,706
CARES Transit Protective Barriers	500,000	-	131,223	-	131,223	368,777
Transit Capital Reserve	190,628	-	-	-	-	190,628
Total expenditures	28,469,567	7,619,046	5,722,927	-	13,341,973	15,127,594
Revenues under expenditures	(3,911,378)	(2,173,208)	(1,849,149)	-	(4,022,357)	(110,979)
Other financing sources:						
Long-term debt issued	1,873,000	-	-	-	-	(1,873,000)
Transfers from other funds	2,238,540	1,519,488	537,610	-	2,057,098	(181,442)
Transfers to Mass Transit Fund	(200,162)	(83,510)	(93,122)	-	(176,632)	23,530
Total other financing sources	3,911,378	1,435,978	444,488	-	1,880,466	(2,030,912)
Net change in fund balance	$ -	$ (737,230)	$ (1,404,661)	$ -	$ (2,141,891)	$ (2,141,891)

Non-Major Governmental Funds Combining Statements and Schedules

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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, 2021

	Community Development	Affordable Home Ownership	Section 108 Rehabilitation	Sustainability	Permanent Fund	Total Non-major Governmental Funds
Assets						
Cash and investments	$ -	$ -	$ -	$ 781,677	$ 37,165	$ 818,842
Cash and investments – restricted	-	-	457,522	-	314,308	771,830
Receivables:						
Due from other governments	823,889	1,017,040	-	-	-	1,840,929
Other receivable	38,000	-	-	15,982	1,747	55,729
Notes receivable	1,378,805	887,008	784,676	-	-	3,050,489
Total assets	$ 2,240,694	$ 1,904,048	$ 1,242,198	$ 797,659	$ 353,220	$ 6,537,819
Liabilities						
Accounts payable	$ 65,464	$ 612	$ -	$ 64,811	$ -	$ 130,887
Other accrued liabilities	1,279	492	-	14,098	-	15,869
Due to other funds	1,078,063	848,645	-	-	-	1,926,708
Unearned revenue	-	51,088	-	-	-	51,088
Total liabilities	1,144,806	900,837	-	78,909	-	2,124,552
Fund balances						
Nonspendable:						
Notes receivable	1,378,805	887,008	784,676	-	-	3,050,489
Perpetual maintenance	-	-	-	-	353,220	353,220
Restricted:						
Grant programs	-	-	457,522	-	-	457,522
Committed	-	-	-	718,750	-	718,750
Unassigned	(282,917)	116,203	-	-	-	(166,714)
Total fund balances	1,095,888	1,003,211	1,242,198	718,750	353,220	4,413,267
Total liabilities, deferred inflows of resources and fund balances	$ 2,240,694	$ 1,904,048	$ 1,242,198	$ 797,659	$ 353,220	$ 6,537,819

City of Asheville

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2021

	Community Development	Affordable Home Ownership	Section 108 Rehabilitation	Sustainability	Permanent Fund	Total Non-major Governmental Funds
Revenues:						
Intergovernmental revenue	$ 1,018,834	$ 1,054,540	$ -	$ -	$ -	$ 2,073,374
Charges for services	57,294	-	-	-	-	57,294
Investment earnings	-	-	-	-	(3,687)	(3,687)
Miscellaneous	204,979	107,570	21,167	31,967	-	365,683
Total revenues	1,281,107	1,162,110	21,167	31,967	(3,687)	2,492,664
Expenditures:						
Current:						
General government	-	-	-	542,781	-	542,781
Community development	2,869,997	1,092,746	-	-	-	3,962,743
Culture and recreation	-	-	-	-	825	825
Debt service:						
Principal	158,827	66,563	4,694	-	-	230,084
Total expenditures	3,028,824	1,159,309	4,694	542,781	825	4,736,433
Revenues over (under) expenditures	(1,747,717)	2,801	16,473	(510,814)	(4,512)	(2,243,769)
Other financing sources (uses):						
Transfers from other funds	-	-	-	917,555	-	917,555
Transfers to other funds	-	-	-	(957,981)	-	(957,981)
Proceeds from sale of capital assets	1,600,000	-	-	-	-	1,600,000
Total other financing sources (uses), net	1,600,000	-	-	(40,426)	-	1,559,574
Net change in fund balances	(147,717)	2,801	16,473	(551,240)	(4,512)	(684,195)
Fund balances – beginning	1,243,605	1,000,410	1,225,725	1,269,990	357,732	5,097,462
Fund balances – ending	$ 1,095,888	$ 1,003,211	$ 1,242,198	$ 718,750	$ 353,220	$ 4,413,267

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, 2021

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Intergovernmental revenue	$ 21,026,587	$ 16,600,502	$ 1,018,834	$ -	$ 17,619,336	$ (3,407,251)
Charges for services	376,624	414,601	57,294	-	471,895	95,271
Miscellaneous	3,110,101	2,020,594	204,979	-	2,225,573	(884,528)
Total revenues	24,513,312	19,035,697	1,281,107	-	20,316,804	(4,196,508)
Expenditures:						
Community development	25,267,188	19,044,052	2,869,997	-	21,914,049	3,353,139
Total expenditures	25,267,188	19,044,052	2,869,997	-	21,914,049	3,353,139
Revenues under expenditures	(753,876)	(8,355)	(1,588,890)	-	(1,597,245)	(843,369)
Other financing sources (uses):						
Transfer to other funds	(1,075,289)	(948,274)	-	-	(948,274)	127,015
Proceeds from sale of capital assets	1,829,165	564,289	1,600,000	-	2,164,289	335,124
Total other financing sources (uses), net	753,876	(383,985)	1,600,000	-	1,216,015	462,139
Net change in fund balance	$ -	$ (392,340)	11,110	$ -	$ (381,230)	$ (381,230)
Reconciliation of budgetary basis (Non-GAAP) to modified accrual basis:						
Reconciling items:						
Loan repayments			(158,827)			
Change in fund balance			(147,717)			
Fund balance – beginning			1,243,605			
Fund balance – ending			$ 1,095,888			

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, 2021

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Intergovernmental revenue	$ 21,786,496	$ 18,254,649	$ 1,054,540	$ -	$ 19,309,189	$ (2,477,307)
Miscellaneous	1,409,175	1,000,600	107,570	-	1,108,170	(301,005)
Total revenues	23,195,671	19,255,249	1,162,110	-	20,417,359	(2,778,312)
Expenditures:						
Community development	23,195,671	19,218,147	1,092,746	-	20,310,893	2,884,778
Total expenditures	23,195,671	19,218,147	1,092,746	-	20,310,893	2,884,778
Net change in fund balance	$ -	$ 37,102	69,364	$ -	$ 106,466	$ 106,466
Reconciliation of budgetary basis (Non-GAAP) to modified accrual basis:						
Reconciling items						
Loan repayments			(66,563)			
Change in fund balance			2,801			
Fund balance – beginning			1,000,410			
Fund balance – ending			$ 1,003,211			

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, 2021

	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	1,700,564	21,167	-	1,721,731	351,066
Total revenues	3,670,665	4,000,570	21,167	-	4,021,737	351,072
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)	(620,651)	21,167	-	(599,484)	239,071
Other financing sources:						
Transfers from other funds	1,062,557	1,057,006	-	-	1,057,006	(5,551)
Net change in fund balance	$ -	$ 436,355	21,167	$ -	$ 457,522	$ 457,522
Reconciliation of budgetary basis (Non-GAAP) to modified accrual basis:						
Reconciling items:						
Loan repayments			(4,694)			
Change in fund balance			16,473			
Fund balance – beginning			1,225,725			
Fund balance – ending			$ 1,242,198			

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, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Miscellaneous	$ 31,100	$ 31,967	$ (867)
Total revenues	31,100	31,967	(867)
Expenditures:			
Current:			
Operations	911,317	542,781	368,536
Total expenditures	911,317	542,781	368,536
Revenues over (under) expenditures	(880,217)	(510,814)	(369,403)
Other financing sources (uses):			
Transfers to other funds	(957,981)	(957,981)	-
Transfers from other funds	769,193	917,555	(148,362)
Appropriated fund balance	1,069,005	-	1,069,005
Total other financing sources (uses), net	880,217	(40,426)	920,643
Net change in fund balance	$ -	(551,240)	$ 551,240
Fund balance – beginning		1,269,990	
Fund balance – ending		$ 718,750	

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.

City of Asheville

Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2021

	Street Cut Utility	Stormwater	Harrah's Cherokee Center Asheville	Total Non-major Enterprise Funds
Assets				
Current assets:				
Cash and investments	$ 624,447	$ 5,296,916	$ 2,020,713	$ 7,942,076
Cash and investments - restricted	-	-	4,052,124	4,052,124
Accounts receivable (net of allowance for uncollectibles)	226,869	627,094	295,221	1,149,184
Due from other governments	-	-	273	273
Inventories and prepaids	-	-	134,990	134,990
Total current assets	851,316	5,924,010	6,503,321	13,278,647
Non-current assets:				
Capital assets:				
Assets not being depreciated	-	1,727,955	1,122,814	2,850,769
Assets being depreciated, net	484,428	8,826,747	13,959,175	23,270,350
Total noncurrent assets	484,428	10,554,702	15,081,989	26,121,119
Total assets	1,335,744	16,478,712	21,585,310	39,399,766
Deferred outflows of resources				
Employer contributions subsequent to the measurement date	48,392	230,737	133,954	413,083
Differences between expected and actual experience	44,570	212,516	123,375	380,461
Change in assumptions and other inputs	23,587	92,307	53,187	169,081
Net difference between projected and actual earnings on pension plan investments	36,333	173,238	100,573	310,144
Total deferred outflows of resources	152,882	708,798	411,089	1,272,769
Liabilities				
Current liabilities:				
Accounts payable	89,049	478,332	4,410,921	4,978,302
Interest payable	816	15,842	20,748	37,406
Other accrued liabilities	37,845	167,004	120,194	325,043
Current portion of long-term liabilities	119,750	313,090	362,303	795,143
Total current liabilities	247,460	974,268	4,914,166	6,135,894
Non-current liabilities:				
Long-term liabilities, less current portion	433,118	4,083,377	3,406,559	7,923,054
Total liabilities	680,578	5,057,645	8,320,725	14,058,948
Deferred inflows of resources				
Changes in proportion and differences between employer contributions and proportionate share of contributions	37,687	155,676	137,475	330,838
Total deferred inflows of resources	37,687	155,676	137,475	330,838
Net position				
Net investment in capital assets	388,428	8,282,444	12,562,504	21,233,376
Unrestricted	381,933	3,691,745	975,695	5,049,373
Total net position	$ 770,361	$ 11,974,189	$ 13,538,199	$ 26,282,749

City of Asheville

Combining Statement of Revenues, Expenses and Changes in Net Position
Non-Major Enterprise Funds
Year Ended June 30, 2021

	Street Cut Utility	Stormwater	Harrah's Cherokee Center Asheville	Total Non-major Enterprise Funds
Operating revenues:				
Charges for services	$ 1,669,768	$ 6,494,813	$ 130,491	$ 8,295,072
Rents	-	-	104,088	104,088
Concessions	-	-	59,705	59,705
Other operating revenue	1,358	4,207	8,320	13,885
Total operating revenues	1,671,126	6,499,020	302,604	8,472,750
Operating expenses:				
Administration	1,384,524	1,245,692	1,263,664	3,893,880
Operations	-	3,992,239	1,480,004	5,472,243
Other operating expenses	-	932,256	93,606	1,025,862
Depreciation	116,908	675,859	778,043	1,570,810
Total operating expenses	1,501,432	6,846,046	3,615,317	11,962,795
Operating income (loss)	169,694	(347,026)	(3,312,713)	(3,490,045)
Non-operating revenues (expenses):				
Intergovernmental revenue	-	-	34,240	34,240
Interest earned	-	257	3,686	3,943
Interest and other charges	(1,849)	(100,910)	(39,393)	(142,152)
Total non-operating expenses, net	(1,849)	(100,653)	(1,467)	(103,969)
Income (loss) before transfers, capital grants and contributions	167,845	(447,679)	(3,314,180)	(3,594,014)
Transfers, capital grants and contributions				
Transfers from other funds	-	-	1,203,484	1,203,484
Proceeds from sale of capital assets	-	7,875	1,550	9,425
Capital grants and contributions	-	-	2,000,000	2,000,000
Total transfers, capital grants and contributions	-	7,875	3,205,034	3,212,909
Changes in net position	167,845	(439,804)	(109,146)	(381,105)
Total net position –beginning	602,516	12,413,993	13,647,345	26,663,854
Total net position – ending	$ 770,361	$ 11,974,189	$ 13,538,199	$ 26,282,749

City of Asheville

Combining Statement of Cash Flows
Non-Major Enterprise Funds
Year Ended June 30, 2021

	Street Cut Utility	Stormwater	Harrah's Cherokee Center Asheville	Total Non-major Enterprise Funds
Cash flows from operating activities:				
Cash received from customers, users and others	$ 1,783,082	$ 6,317,441	$ 7,575	$ 8,108,098
Cash paid for goods and services	(350,188)	(2,676,720)	1,238,767	(1,788,141)
Cash paid to employees	(927,770)	(2,998,300)	(1,574,510)	(5,500,580)
Net cash provided by (used for) operating activities	505,124	642,421	(328,168)	819,377
Cash flows from non-capital financing activities:				
Receipts from non-operating grants	-	-	34,240	34,240
Transfers (to)/from other funds	-	-	1,203,484	1,203,484
Net cash provided by non-capital financing activities	-	-	1,237,724	1,237,724
Cash flows from capital and related financing activities:				
Receipts from capital grants or contributions	-	-	2,000,000	2,000,000
Proceeds from disposal of capital assets	-	7,875	1,550	9,425
Acquisition and construction of assets	(94,636)	578,905	(886,240)	(401,971)
Proceeds from long-term debt issued	-	74,103	1,634,933	1,709,036
Amortization Premiums on long-term debt issued	-	(7,006)	-	(7,006)
Principal paid on debt	(96,813)	(551,601)	(1,058,143)	(1,706,557)
Interest and other charges paid on debt	(1,849)	(107,915)	(60,440)	(170,204)
Net cash provided by (used for) capital and related financing activities	(193,298)	(5,639)	1,631,660	1,432,723
Cash flows from investing activities:				
Interest earned	-	257	3,686	3,943
Net increase in cash and cash equivalents	311,826	637,039	2,544,902	3,493,767
Cash and cash equivalents:				
Beginning of year, July 1	312,621	4,659,877	3,527,935	8,500,433
End of year, June 30	$ 624,447	$ 5,296,916	$ 6,072,837	$ 11,994,200

(Continued)

City of Asheville

Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
Year Ended June 30, 2021

	Street Cut Utility	Stormwater	Harrah's Cherokee Center Asheville	Total Non-major Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ 169,694	$ (347,026)	$ (3,312,713)	$ (3,490,045)
Adjustments to reconcile operating Income (loss) to net cash provided by (used for) operating activities:				
Depreciation	116,908	675,859	778,043	1,570,810
Changes in assets, liabilities and deferred outflows and inflows of resources:				
(Increase) decrease in accounts receivable	111,956	(181,579)	(295,029)	(364,652)
(Increase) decrease in prepaids and inventories	-	26	-	26
(Increase) decrease in deferred outflows of resources for pensions	(15,340)	(188,452)	(144,882)	(348,674)
Increase (decrease) in accounts payable	73,804	278,131	2,416,283	2,768,218
Increase (decrease) in accrued expenses	7,952	25,406	(18,005)	15,353
Increase (decrease) in compensated absences	598	3,661	7,263	11,522
Increase (decrease) in pension obligation - LGERS	48,906	405,898	277,139	731,943
Increase (decrease) in OPEB obligation	(14,691)	(70,048)	(40,666)	(125,405)
Increase (decrease) in deferred inflows of resources for pensions	5,337	40,545	4,399	50,281
Net cash provided by (used for) operating activities	$ 505,124	$ 642,421	$ (328,168)	$ 819,377
Reconciliation of cash and cash equivalents:				
Cash and investments:				
Unrestricted	$ 624,447	$ 5,296,916	$ 2,020,713	$ 7,942,076
Restricted	-	-	4,052,124	4,052,124
Total cash and cash equivalents	$ 624,447	$ 5,296,916	$ 6,072,837	$11,994,200

City of Asheville

Street Cut Utility Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 1,777,044	$ 1,669,768	$ (107,276)
Intergovernmental revenue	60	1,358	1,298
Total revenues	1,777,104	1,671,126	(105,978)
Expenditures:			
Operations	1,891,888	1,366,159	525,729
Capital outlay	-	94,636	(94,636)
Debt service:			
Principal	96,814	96,814	-
Interest and other charges	2,297	2,298	(1)
Total expenditures	1,990,999	1,559,907	431,092
Revenues over (under) expenditures	(213,895)	111,219	(537,070)
Other financing sources:			
Proceeds from long-term debt issued	100,000	-	(100,000)
Appropriated fund balance	113,895	-	(113,895)
Total other financing sources	213,895	-	(213,895)
Net change in net position	$ -	111,219	$ 111,219
Reconciliation of budgetary basis (Non-GAAP) to full accrual basis:			
Reconciling items:			
Depreciation		(116,908)	
Capitalized assets		94,636	
Change in compensated absences		7,263	
Reduction of principal on long-term debt		96,814	
Change in interest payable		449	
Increase in deferred outflows of resources - OPEB		1,885	
Increase in deferred outflows of resources - pensions		13,455	
Increase in deferred inflows of resources - OPEB		(5,429)	
Decrease in deferred inflows of resources - pensions		91	
Decrease in OPEB liability		14,691	
Increase in net pension liability		(48,906)	
Pension expense		(1,415)	
Change in net position		$ 167,845	

City of Asheville

Stormwater Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 6,532,069	$ 6,494,813	$ (37,256)
Other operating revenue	1,500	4,207	2,707
Interest earned	8,773	257	(8,516)
Total revenues	6,542,342	6,499,277	(43,065)
Expenditures:			
Administration	1,831,543	1,245,692	585,851
Operations	3,778,519	4,214,224	(435,705)
Capital outlay	650	-	650
Debt service:			
Principal	475,060	551,601	(76,541)
Interest and other charges	116,570	101,513	15,057
Total expenditures	6,202,342	6,113,030	89,312
Revenues over expenditures	340,000	386,247	46,247
Other financing sources (uses):			
Transfer to Stormwater Capital Projects Fund	(350,000)	(350,000)	-
Proceeds from long-term debt	-	74,103	74,103
Proceeds from disposal of capital assets	10,000	7,875	(2,125)
Total other financing uses, net	(340,000)	(268,022)	71,978
Net change in net position	$ -	118,225	$ 118,225
Reconciliation of budgetary basis (Non-GAAP) to full accrual basis:			
Revenues over expenditures and other financing uses:			
Stormwater Capital Projects Fund		(3,351)	
Total		114,874	
Reconciling items:			
Change in allowance for uncollectible accounts		(527,247)	
Proceeds from long term-debt		(74,103)	
Amortization of bond premium/discount		7,006	
Reduction of principal on long-term debt		551,601	
Depreciation		(675,859)	
Increase in deferred outflows of resources - OPEB		15,589	
Increase in deferred outflows of resources - pensions		172,863	
Increase in deferred inflows of resources - OPEB		(37,894)	
Increase in deferred inflows of resources - pensions		(2,651)	
Decrease in OPEB liability		70,047	
Decrease in net pension liability		(405,897)	
Capitalized assets		353,351	
Change in interest payable		603	
Change in compensated absences		3,661	
Pension expense		(5,748)	
Change in net position		$ (439,804)	

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, 2021

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Capital grants and contributions	$ 3,513,013	$ 2,245,209	$ -	$ -	$ 2,245,209	$ (1,267,804)
Total revenues	3,513,013	2,245,209	-	-	2,245,209	(1,267,804)
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	-	-	6,125	-
FEMA Stormwater Repairs	347,684	302,812	-	-	302,812	44,872
FEMA Skyview Place	48,689	48,689	-	-	48,689	-
Parks Stormwater Projects	624,000	-	-	-	-	624,000
RADTIP	635,415	618,456	-	-	618,456	16,959
Shelburne Road Decanting	475,000	-	-	-	-	475,000
French Broad River W. Greenway	48,662	48,662	-	-	48,662	-
Biltmore Avenue Bridge	1,522,000	596,081	(236,867)	-	359,214	1,162,786
Morris Street	958,727	873,179	-	-	873,179	85,548
Edwin/Celia/Canterbury	4,117,300	514,162	76,400	-	590,562	3,526,738
Shiloh Park Culvert Repair	475,000	-	-	-	-	475,000
McCormick Phase 1	952,500	69,990	-	-	69,990	882,510
Dingle Creek	150,000	-	-	-	-	150,000
Stormwater Fleet Replacement - FY21	490,000	-	-	-	-	490,000
Resurfacing/Pipe Replacement - FY18	1,137,834	1,138,572	-	-	1,138,572	(738)
Sulphur Springs	996,000	-	5,919	-	5,919	990,081
Lake Craig Sediment	325,331	293,655	-	-	293,655	31,676
Stormwater Fleet Replacement - FY20	225,000	126,922	80,329	-	207,251	17,749
Carter-Ann SW Improvement	1,090,000	64,590	113,809	-	178,399	911,601
Kenilworth/Forest Hill/Caledonia	287,940	9,564	11,246	-	20,810	267,130
Pebble Creek	725,000	74,838	302,515	-	377,353	347,647
Total expenditures	17,854,339	6,669,381	353,351	-	7,022,732	10,831,607
Revenues under expenditures	(14,341,326)	(4,424,172)	(353,351)	-	(4,777,523)	9,563,803
Other financing sources:						
Proceeds from long-term debt	9,692,346	898,097	-	-	898,097	(8,794,249)
Transfers from Stormwater Fund	4,648,980	4,765,239	350,000	-	5,115,239	466,259
Total other financing sources	14,341,326	5,663,336	350,000	-	6,013,336	(8,327,990)
Net change in net position	$ -	$ 1,239,164	$ (3,351)	$ -	$ 1,235,813	$ 1,235,813

City of Asheville

Harrah's Cherokee Center - Asheville
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 623,650	$ 130,491	$ (493,159)
Rents	559,100	104,088	(455,012)
Concessions	1,065,600	59,705	(1,005,895)
Other operating revenue	220,003	8,320	(211,683)
Intergovernmental revenue	-	34,240	34,240
Interest earned	20,000	3,686	(16,314)
Total revenues	2,488,353	340,530	(2,147,823)
Expenditures:			
Administration	1,559,324	1,263,664	295,660
Operations	1,949,782	1,470,355	479,427
Debt service:			
Principal	245,143	245,143	-
Interest and other charges	76,812	49,908	26,904
Total expenditures	3,831,061	3,029,070	801,991
Revenues under expenditures	(1,342,708)	(2,688,540)	(1,345,832)
Other financing sources (uses):			
Transfers from other funds	1,125,437	1,203,484	78,047
Transfers to Harrah's Cherokee Center Capital Projects	-	(78,047)	(78,047)
Proceeds from long-term debt	-	1,634,933	1,634,933
Principal payment on refunding	-	(813,000)	(813,000)
Debt issuance cost	-	(15,080)	(15,080)
Proceeds from disposal of capital assets	-	1,550	1,550
Appropriated fund balance	217,271	-	(217,271)
Total other financing sources	1,342,708	1,933,840	591,132
Net change in net position	$ -	(754,700)	$ (754,700)
Reconciliation of budgetary basis (Non-GAAP) to full accrual basis:			
Revenues under expenditures and other financing sources:			
Harrah's Cherokee Center Capital Projects Fund		1,911,201	
Total		1,156,501	
Reconciling items:			
Proceeds from long-term debt		(1,634,933)	
Depreciation		(778,043)	
Reduction of principal on long-term debt		245,143	
Payment on defeased debt			
Amortization of premium on long-term debt		21,049	
Capitalized assets		979,846	
Change in interest payable		4,546	
Increase in deferred outflows of resources - OPEB		9,250	
Increase in deferred outflows of resources - pensions		135,631	
Increase in deferred inflows of resources - OPEB		(1,851)	
Increase in deferred inflows of resources - pensions		(2,549)	
Decrease in OPEB liability		40,666	
Increase in net pension liability		(181,150)	
Change in compensated absences		(3,072)	
Pension expense		(100,180)	
Change in net position		$ (109,146)	

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, 2021

	Project Authorization	Prior Years	Current Year	Project Closure	Total To Date	Variance Positive (Negative)
Revenues:						
Capital grants and contributions	$ 5,850,000	$ 3,401,783	$ 2,000,000	$ -	$ 5,401,783	$ (448,217)
Other revenue	160,000	154,705	-	-	154,705	(5,295)
Total revenues	6,010,000	3,556,488	2,000,000	-	5,556,488	(453,512)
Expenditures:						
Thomas Wolfe Fire Exits	54,715	53,596	-	-	53,596	1,119
USCC Maintenance	1,698,053	514,329	56,691	-	571,020	1,127,033
TPDF Theater Project	5,293,653	5,126,507	31,011	-	5,157,518	136,135
Thomas Wolfe Renovations	660,000	405,646	-	-	405,646	254,354
USCC Fan Experience	1,448,000	738,601	598,536	-	1,337,137	110,863
USCC Brand Change	255,765	255,765	-	-	255,765	-
USCC Water Mitigation	1,275,924	23,726	293,608	-	317,334	958,590
Total expenditures	10,686,110	7,118,170	979,846	-	8,098,016	2,588,094
Revenues over (under) expenditures	(4,676,110)	(3,561,682)	1,020,154	-	(2,541,528)	2,134,582
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	1,962,337	78,047	-	2,040,384	6,624
Total other financing sources,net	4,676,110	3,224,375	891,047	-	4,115,422	(560,688)
Net change in net position	$ -	$ (337,307)	$ 1,911,201	$ -	$ 1,573,894	$ 1,573,894

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, 2021

	General Insurance	Health	Workers' Compensation	Property and Casualty	Total Internal Service Funds
Assets					
Current assets:					
Cash and investments	$ 1,193,802	$ 6,395,509	$ 4,172,415	$ 4,097,713	$ 15,859,439
Accounts receivable (net of allowance for uncollectibles)	-	1,013,001	-	462,624	1,475,625
Total current assets	1,193,802	7,408,510	4,172,415	4,560,337	17,335,064
Total assets	1,193,802	7,408,510	4,172,415	4,560,337	17,335,064
Deferred outflows of resources					
Pension deferrals	-	67,281	-	17,809	85,090
Total deferred outflows of resources	-	67,281	-	17,809	85,090
Liabilities					
Current liabilities:					
Accounts payable	-	279,760	248,749	78,736	607,245
Other accrued liabilities	-	23,069	-	4,544	27,613
Estimated claims payable, current	-	1,331,947	-	-	1,331,947
Total current liabilities	-	1,634,776	248,749	83,280	1,966,805
Non-current liabilities:					
Net pension liability	-	127,221	-	33,676	160,897
Estimated claims payable, long-term	-	-	1,284,190	2,500,724	3,784,914
Total liabilities	-	1,761,997	1,532,939	2,617,680	5,912,616
Deferred inflows of resources					
Pension deferrals	-	1,673	-	442	2,115
Total deferred inflows of resources	-	1,673	-	442	2,115
Net position					
Unrestricted	$ 1,193,802	$ 5,712,121	$ 2,639,476	$ 1,960,024	$ 11,505,423

City of Asheville

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2021

	General Insurance	Health	Workers' Compensation	Property and Casualty	Total Internal Service Funds
Operating revenues:					
Charges for services	$ -	$ 15,762,760	$ 1,473,974	$ 2,238,403	$ 19,475,137
Other operating revenue	-	1,167,312	94,766	556,774	1,818,852
Total operating revenues	-	16,930,072	1,568,740	2,795,177	21,293,989
Operating expenses:					
Administration	-	802,188	42,427	123,116	967,731
Benefits	-	15,495,721	1,172,852	1,514,214	18,182,787
Total operating expenses	-	16,297,909	1,215,279	1,637,330	19,150,518
Operating income	-	632,163	353,461	1,157,847	2,143,471
Non-operating revenues:					
Interest earned	-	1,373	2,490	2,323	6,186
Total non-operating revenues	-	1,373	2,490	2,323	6,186
Income before transfers and capital grants and contributions	-	633,536	355,951	1,160,170	2,149,657
Transfers to other funds	-	-	-	(550,000)	(550,000)
Change in net position	-	633,536	355,951	610,170	1,599,657
Total net position – beginning	1,193,802	5,078,585	2,283,525	1,349,854	9,905,766
Total net position – ending	$ 1,193,802	$ 5,712,121	$ 2,639,476	$ 1,960,024	$ 11,505,423

City of Asheville

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2021

	General Insurance	Health	Workers' Compensation	Property and Casualty	Total Internal Service Funds
Cash flows from operating activities:					
Cash received from customers, users and others	$ -	$ 16,894,016	$ 1,641,041	$ 2,332,753	$ 20,867,810
Cash paid for goods and services	-	(15,776,834)	(1,521,276)	(1,700,660)	(18,998,770)
Cash paid to employees	-	(119,653)	-	(87,449)	(207,102)
Net cash provided by operating activities	-	997,529	119,765	544,644	1,661,938
Cash flows from non-capital financing activities:					
Transfers to other funds	-	-	-	(550,000)	(550,000)
Net cash used for non-capital financing activities	-	-	-	(550,000)	(550,000)
Cash flows from investing activities:					
Interest earned	-	1,373	2,490	2,323	6,186
Net change in cash and cash equivalents	-	998,902	122,255	(3,033)	1,118,124
Cash and cash equivalents:					
Beginning of year, July 1	1,193,802	5,396,607	4,050,160	4,100,746	14,741,315
End of year, June 30	$ 1,193,802	$ 6,395,509	$ 4,172,415	$ 4,097,713	$ 15,859,439
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	$ -	$ 632,163	$ 353,461	$ 1,157,847	$ 2,143,471
Adjustments to reconcile operating income to net cash provided by operating activities:					
Changes in assets, liabilities and deferred outflows and inflows of resources:					
(Increase) decrease in accounts receivable	-	(36,056)	72,301	(462,424)	(426,179)
(Increase) decrease in deferred outflows of resources for pensions	-	(1,771)	-	(2,396)	(4,167)
Increase (decrease) in accounts payable	-	219,909	(84,393)	11,145	146,661
Increase (decrease) in other accrued liabilities	-	168,640	-	549	169,189
Increase (decrease) in estimated claims payable	-	-	(221,604)	(166,874)	(388,478)
Increase (decrease) in pension obligation - LGERS	-	14,826	-	6,791	21,617
Increase (decrease) in deferred inflows of resources for pensions	-	(182)	-	6	(176)
Net cash provided by operating activities	$ -	$ 997,529	$ 119,765	$ 544,644	$ 1,661,938

City of Asheville

Health Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 16,110,024	$ 15,762,760	$ (347,264)
Other operating revenue	1,000,000	1,167,312	167,312
Interest earned	40,000	1,373	(38,627)
Total revenues	17,150,024	16,931,445	(218,579)
Expenditures:			
Administration	1,206,462	802,188	404,274
Benefits	16,762,000	15,482,848	1,279,152
Total expenditures	17,968,462	16,285,036	1,683,426
Revenues over (under) expenditures	(818,438)	646,409	(1,902,005)
Other financing sources:			
Appropriated fund balance	818,438	-	(818,438)
Net change in net position	$ -	646,409	$ (646,409)
Reconciliation of budgetary basis (Non-GAAP) to full accrual basis:			
Reconciling items:			
Pension expense		(12,873)	
Change in net position		$ 633,536	

City of Asheville

Workers' Compensation Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 1,501,092	$ 1,473,974	$ (27,118)
Other operating revenue	139,908	94,766	(45,142)
Interest earned	15,000	2,490	(12,510)
Total revenues	1,656,000	1,571,230	(84,770)
Expenditures:			
Administration	126,500	42,427	84,073
Benefits	1,530,000	1,394,456	135,544
Total expenditures	1,656,500	1,436,883	219,617
Revenues over (under) expenditures	(500)	134,347	(304,387)
Other financing sources:			
Appropriated fund balance	500	-	(500)
Net change in net position	$ -	134,347	$ (304,887)
Reconciliation of budgetary basis (Non-GAAP) to full accrual basis:			
Reconciling items:			
Change in estimate for claims incurred but not reported		221,604	
Change in net position		$ 355,951	

City of Asheville

Property and Casualty Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 2,286,238	$ 2,238,403	$ (47,835)
Other operating revenue	655,646	556,774	(98,872)
Interest earned	4,000	2,323	(1,677)
Total revenues	2,945,884	2,797,500	(148,384)
Expenditures:			
Administration	358,686	118,715	239,971
Benefits	2,296,144	1,681,088	615,056
Total expenditures	2,654,830	1,799,803	855,027
Revenues over expenditures	291,054	997,697	706,643
Other financing sources (uses):			
Appropriated fund balance	258,946	-	(258,946)
Transfers out	(550,000)	(550,000)	-
Total other financing uses	(291,054)	(550,000)	-
Net change in net position	$ -	447,697	$ 706,643
Reconciliation of budgetary basis (Non-GAAP) to full accrual basis:			
Reconciling items:			
Pension expense		(4,401)	
Change in estimate for claims incurred but not reported		166,874	
Change in net position		$ 610,170	

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, 2021

	Taxes Receivable July 1, 2020	Additions	Collections and Other Reductions	Taxes Receivable June 30, 2021
Fiscal years ended June 30:				
2011 and prior	$ 64,902	$ -	$ 33,073	$ 31,829
2012	34,523	-	5	34,518
2013	38,118	-	75	38,043
2014	33,669	-	259	33,410
2015	8,137	-	6,114	2,023
2016	4,245	-	42	4,203
2017	3,860	-	147	3,713
2018	6,534	-	575	5,959
2019	13,475	-	2,373	11,102
2020	229,950	-	173,854	56,096
2021	-	73,315,466	73,047,339	268,127
	$ 437,413	$ 73,315,466	$ 73,263,856	489,023
Less allowance for uncollectable ad valorem tax receivable				(162,507)
Ad valorem taxes receivable, net				$ 326,516
Ad valorem taxes receivable, net				$ 326,516
Motor vehicle licenses and taxes collected, but due from the State				559,983
General Fund Property taxes receivable per the fund financial statement (Exhibit C)				$ 886,499
Reconcilement to revenues collected:				
Revenue, general fund				$ 73,567,305
Motor vehicle licenses and taxes receivable from the State				(559,983)
Increase in allowance for uncollectible taxes				23,107
Other adjustments				233,427
Collections and other reductions				$ 73,263,856

City of Asheville

Analysis of Current Tax Levy and Secondary Market Disclosures
City-Wide Levy
Year Ended June 30, 2021

	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	$ 17,003,749,238	$ 0.4289	$ 72,929,080	$ 69,340,955	$ 3,588,125
Discoveries	654,475,342	Various	2,811,241	2,811,241	-
Releases	(565,366,074)	0.4289	(2,424,855)	(2,424,855)	-
Total property valuation	$ 17,092,858,506				
Net levy			73,315,466	69,727,341	3,588,125
Uncollected taxes at June 30, 2021			(268,127)	(268,127)	-
Current year's taxes collected			$ 73,047,339	$ 69,459,214	$ 3,588,125
Current levy collection percentage			99.63%	99.62%	100.00%
Secondary market disclosures:					
Assessed valuation:					
Assessment ratio				100%	
Real property				$ 14,506,335,693	
Personal property				1,549,336,948	
Public service companies				200,597,998	
Motor vehicles				836,587,867	
Total assessed valuation				$ 17,092,858,506	
Tax rate per $100				$ 0.4289	
Total tax levy (excluding penalties)				$ 73,315,466	

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

Statistical Section

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)

	2012	2013	2014	2015
Governmental activities:				
Net investment in capital assets	$ 145,401	$ 139,093	$ 134,534	$ 141,191
Restricted	16,287	13,044	15,967	13,577
Unrestricted	19,810	24,067	25,131	28,112
Total governmental activities net position	$ 181,498	$ 176,204	$ 175,632	$ 182,880
Business-type activities:				
Net investment in capital assets	$ 126,834	$ 130,733	$ 138,358	$ 135,964
Unrestricted	50,947	52,999	55,313	68,114
Total business-type activities net position	$ 177,781	$ 183,732	$ 193,671	$ 204,078
Primary government:				
Net investment in capital assets	$ 272,235	$ 269,826	$ 272,892	$ 277,155
Restricted	16,287	13,044	15,967	13,577
Unrestricted	70,757	77,066	80,444	96,226
Total primary government net position	$ 359,279	$ 359,936	$ 369,303	$ 386,958

(Continued)

2016	2017	2018	2019	2020	**2021**
$ 131,310	$ 106,280	$ 92,930	$ 113,451	$ 130,826	**$ 143,206**
26,269	59,437	61,829	62,152	56,744	**31,363**
38,261	4,275	13,188	12,240	9,778	**44,483**
$ 195,840	$ 169,992	$ 167,947	$ 187,843	$ 197,348	**$ 219,052**
$ 146,854	$ 153,910	$ 175,742	$ 193,433	$ 213,000	**$ 219,588**
73,315	82,152	73,246	73,581	69,448	**71,542**
$ 220,169	$ 236,062	$ 248,988	$ 267,014	$ 282,448	**$ 291,130**
$ 278,164	$ 260,190	$ 268,672	$ 306,884	$ 343,826	**$ 362,794**
26,269	59,437	61,829	62,152	56,744	**31,363**
111,576	86,427	86,434	85,821	79,226	**116,025**
$ 416,009	$ 406,054	$ 416,935	$ 454,857	$ 479,796	**$ 510,182**

(Continued)

City of Asheville

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

	2012	2013	2014	2015
Expenses:				
Governmental activities:				
General government	$ 17,924	$ 15,049	$ 17,909	$ 18,461
Public safety	46,574	49,988	45,206	46,311
Environmental services	9,834	9,869	6,083	6,099
Community development	5,193	5,389	8,682	8,054
Transportation	16,154	14,693	17,456	14,654
Culture and recreation	11,708	10,665	9,923	10,423
Interest on long-term debt	975	662	856	757
Total governmental activities expenses	108,362	106,315	106,115	104,759
Business-type activities:				
Water resources	30,810	31,539	28,107	28,733
Parking services	2,177	2,446	3,121	3,288
Street cut utility	1,423	1,337	1,417	1,407
Stormwater	2,618	2,596	3,318	4,069
U.S. cellular center	2,855	3,137	3,636	3,726
Mass transit	6,042	7,654	7,293	7,143
Golf course	925	2,081	-	-
Total business-type activities expenses	46,850	50,790	46,892	48,366
Total primary government expenses	$ 155,212	$ 157,105	$ 153,007	$ 153,125

(Continued)

2016	2017	2018	2019	2020	**2021**
$ 19,710	$ 32,078	$ 15,618	$ 14,402	$ 14,352	**$ 17,940**
46,350	52,690	61,135	53,705	56,601	**54,444**
5,848	5,676	6,928	6,043	5,645	**6,624**
8,065	9,337	11,486	11,036	21,244	**16,399**
6,533	7,996	6,503	20,342	22,714	**19,030**
11,765	11,156	14,752	10,507	7,820	**7,345**
791	724	1,431	2,225	2,551	**2,912**
99,062	119,657	117,853	118,260	130,927	**124,694**
27,536	27,470	27,903	30,262	33,101	**31,325**
3,550	3,870	4,692	4,678	3,919	**4,118**
1,464	1,477	1,625	1,719	1,708	**1,503**
4,614	5,240	5,131	5,724	5,157	**6,947**
3,598	3,977	4,839	4,672	4,871	**3,655**
6,993	7,552	9,515	11,248	12,237	**16,035**
-	-	-	-	-	**-**
47,755	49,586	53,705	58,303	60,993	**63,583**
$ 146,817	$ 169,243	$ 171,558	$ 176,563	$ 191,920	**$ 188,277**

(Continued)

City of Asheville

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

	2012	2013	2014	2015
Program revenues:				
Governmental activities:				
Charges for services:				
General government	$ 9,849	$ 7,682	$ 8,262	$ 9,414
Public safety	4,385	4,572	1,622	1,348
Other activities	3,874	4,116	8,402	8,452
Operating grants and contributions	6,762	7,275	6,092	7,325
Capital grants and contributions	6,159	4,474	3,240	7,887
Total governmental activities program revenues	31,029	28,119	27,618	34,426
Business-type activities:				
Charges for services:				
Water resources	34,354	33,634	34,186	35,564
Parking services	3,253	3,876	4,385	5,221
Street cut utility	1,388	1,446	1,350	1,461
Stormwater	3,036	3,172	3,149	5,036
U.S. cellular center	1,696	2,320	2,418	1,622
Mass transit	1,152	1,121	1,281	1,215
Golf course	794	255	-	-
Operating grants and contributions	3,541	2,840	2,504	2,818
Capital grants and contributions	2,991	6,198	4,973	3,760
Total business-type activities program revenues	52,205	54,862	54,246	56,697
Total primary government program revenues	$ 83,234	$ 82,981	$ 81,864	$ 91,123
Net expense (revenue):				
Governmental activities	$ (77,333)	$ (78,196)	$ (78,497)	$ (70,333)
Business-type activities	5,355	4,072	7,355	8,331
Total primary government net expense (revenue)	$ (71,978)	$ (74,124)	$ (71,142)	$ (62,002)

(Continued)

2016	2017	2018	2019	2020	**2021**
$ 8,595	$ 22,300	$ 9,552	$ 10,514	$ 10,501	**$ 9,783**
1,468	1,472	3,306	738	723	**1,719**
9,650	11,626	11,140	12,527	11,201	**12,053**
5,184	5,600	3,245	4,217	2,442	**2,309**
4,209	3,526	7,443	5,902	4,682	**2,574**
29,106	44,524	34,686	33,898	29,549	**28,438**
37,765	38,659	39,204	39,517	40,167	**33,366**
5,311	5,251	6,030	6,712	5,191	**4,179**
1,625	1,722	1,733	1,679	1,867	**1,671**
5,329	5,614	5,852	6,298	6,482	**6,499**
2,236	2,997	4,104	3,420	3,431	**303**
1,139	997	1,051	1,026	850	**405**
-	-	-	-	-	**-**
2,789	2,828	836	6,408	2,415	**8,867**
4,166	3,760	7,570	4,029	6,985	**7,962**
60,360	61,828	66,380	69,089	67,388	**63,252**
$ 89,466	$ 106,352	$ 101,066	$ 102,987	$ 96,937	**$ 91,690**
$ (69,956)	$ (75,133)	$ (83,167)	$ (84,362)	$ (101,378)	**$ (96,256)**
12,605	12,242	11,841	10,786	6,395	**(331)**
$ (57,351)	$ (62,891)	$ (71,326)	$ (73,576)	$ (94,983)	**$ (96,587)**

(Continued)

City of Asheville

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

	2012	2013	2014	2015
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	$ 46,521	$ 46,836	$ 52,052	$ 51,783
Sales taxes	15,752	16,569	17,250	21,372
Other taxes	735	741	890	540
Unrestricted grants and contributions	8,661	10,415	8,682	13,058
Investment earnings and miscellaneous	784	775	1,337	1,199
Transfers out	(1,179)	(2,434)	(2,286)	(3,133)
Total general revenues, transfers and special item	71,274	72,902	77,925	84,819
Business-type activities:				
Miscellaneous	305	254	298	450
Transfers in	1,179	2,434	2,286	3,133
Total business-type activities change in net position	1,484	2,688	2,584	3,583
Total primary government	$ 72,758	$ 75,590	$ 80,509	$ 88,402
Changes in net position:				
Governmental activities	$ (6,059)	$ (5,294)	$ (572)	$ 14,486
Business-type activities	6,839	6,760	9,939	11,914
Total primary government	$ 780	$ 1,466	$ 9,367	$ 26,400

2016	2017	2018	2019	2020	**2021**
$ 52,407	$ 55,473	$ 62,957	$ 65,094	$ 69,096	**$ 73,567**
20,941	22,455	24,876	26,123	26,922	**31,293**
669	684	688	927	1,042	**1,006**
11,200	11,408	8,980	14,637	17,860	**18,207**
782	(284)	8,166	2,206	-	**2,430**
(3,083)	(5,125)	(5,153)	(4,728)	(6,772)	**(8,545)**
82,916	84,611	100,514	104,259	110,882	**117,958**
404	361	745	2,510	2,265	**469**
3,082	5,125	5,153	4,728	6,772	**8,545**
3,486	5,486	5,898	7,238	9,037	**9,014**
$ 86,402	$ 90,097	$ 106,412	$ 111,497	$ 119,919	**$ 126,972**
$ 12,960	$ 9,478	$ 17,347	$ 19,897	$ 9,504	**$ 21,702**
16,091	17,728	17,739	18,024	15,432	**8,683**
$ 29,051	$ 27,206	$ 35,086	$ 37,921	$ 24,936	**$ 30,385**

City of Asheville

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

	2012	2013	2014	2015 (a)
General fund:				
Non-spendable	$ 448	$ 471	$ 469	$ 7,407
Restricted	6,663	7,196	9,426	12,394
Committed	-	893	623	842
Assigned	1,052	-	6,545	8,683
Unassigned	13,626	15,485	15,040	16,647
Total general fund	$ 21,789	$ 24,045	$ 32,103	$ 45,973
All other governmental funds:				
Non-spendable	$ 324	$ 317	$ 317	$ 4,613
Restricted	5,489	5,530	6,224	866
Committed	14,920	8,921	915	-
Unassigned	-	-	-	(3,535)
Total all other government funds	$ 20,733	$ 14,768	$ 7,456	$ 1,944

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

2016	2017	2018	2019	2020	**2021**
$ 7,558	$ 8,660	$ 8,081	$ 7,046	$ 10,747	**$ 12,117**
15,039	13,659	16,238	15,692	23,104	**30,552**
1,134	1,541	1,632	2,167	3,201	**4,403**
16,605	20,493	33,484	34,294	38,845	**44,135**
18,010	20,091	18,289	23,808	18,066	**18,132**
$ 58,346	$ 64,444	$ 77,724	$ 83,007	$ 93,963	**$ 109,339**
$ 4,585	$ 317	$ 314	$ 6,272	$ 5,577	**$ 4,990**
1,185	45,460	45,999	46,126	1,378	**458**
-	-	-	818	1,270	**719**
(61)	(30,099)	(14,894)	(31,047)	(3,092)	**(7,083)**
$ 5,709	$ 15,678	$ 31,419	$ 22,169	$ 5,133	**$ (916)**

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)

	2012	2013	2014	2015
Revenues:				
Taxes	$ 63,024	$ 64,202	$ 70,192	$ 71,901
Intergovernmental	16,938	15,064	14,697	20,519
Licenses and permits	4,542	5,213	5,585	5,974
Charges for services	7,491	7,182	9,055	9,459
Investment earnings	151	85	173	142
Miscellaneous	2,222	1,947	2,017	2,457
Total revenues	94,368	93,693	101,719	110,452
Expenditures:				
Current:				
General government	13,459	10,502	13,177	18,427
Public safety	42,038	47,174	45,721	44,840
Environmental services	13,286	9,504	5,609	5,669
Community development	5,127	5,349	6,081	8,524
Transportation	2,241	4,542	7,267	6,826
Culture and recreation	9,973	9,048	8,314	9,072
Capital outlay	6,892	6,288	9,837	15,458
Debt service:				
Principal	3,168	4,093	3,516	3,906
Interest	1,010	723	1,201	1,105
Total expenditures	97,194	97,223	100,723	113,827
Revenues over/under expenditures	(2,826)	(3,530)	996	(3,375)
Other financing sources (uses):				
Transfer from other funds	3,570	1,936	1,152	1,107
Transfer to other funds	(4,749)	(4,369)	(3,343)	(3,788)
Long-term debt issued	28,758	2,143	1,591	2,815
Payment to defease long-term debt	(10,506)	-	-	-
Sale of capital assets	332	111	351	347
Total other financing sources (uses)	17,405	(179)	(249)	481
Net change in fund balance	$ 14,579	$ (3,709)	$ 747	$ (2,894)
Debt service as a percentage of non-capital expenditures	4.63%	5.30%	5.19%	5.09%

2016	2017	2018	2019	2020	**2021**
$ 77,901	$ 56,196	$ 87,836	$ 92,346	$ 97,060	**$ 105,866**
19,626	23,138	20,824	21,974	24,984	**23,090**
4,526	21,518	5,078	5,739	5,528	**5,473**
10,405	5,957	12,485	13,065	12,430	**11,813**
331	221	517	2,179	1,870	**36**
2,178	2,925	3,179	4,976	4,579	**6,271**
114,967	122,488	129,919	140,279	146,451	**152,549**
16,266	15,551	9,875	7,428	12,284	**18,508**
44,233	49,224	52,502	55,667	58,150	**56,925**
5,422	5,668	5,845	6,399	6,313	**6,700**
8,132	9,565	13,697	10,096	23,196	**14,496**
4,867	5,287	16,473	17,256	6,502	**6,239**
10,297	9,718	9,782	9,554	8,826	**10,323**
16,809	19,292	26,043	33,521	42,104	**33,113**
4,150	5,712	5,058	6,817	6,440	**7,257**
1,133	1,063	1,371	2,225	2,495	**2,841**
111,309	121,080	140,646	148,963	166,310	**156,402**
3,658	1,408	(10,727)	(8,684)	(19,859)	**(3,853)**
913	2,719	4,040	9,413	7,421	**4,450**
(3,932)	(7,727)	(9,038)	(14,182)	(13,834)	**(12,445)**
27,525	7,288	7,250	9,255	41,713	**51,249**
-	-	-		(22,176)	**(33,969)**
38	315	37,497	232	582	**3,894**
24,544	2,595	39,749	4,718	13,706	**13,179**
$ 28,202	$ 4,003	$ 29,022	$ (3,966)	$ (6,153)	**$ 9,326**
5.59%	6.66%	5.61%	7.83%	7.19%	**8.19%**

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:				
2012	$ 46,537	$ 15,752	$ 735	$ 63,024
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**

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)
2012	$ 5,647,459	$ 4,085,999	$ (98,739)	$ 9,634,719	$ 513,711	$ 673,731
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
2020	**8,366,418**	**9,314,520**	**(3,174,602)**	**14,506,336**	**836,588**	**1,549,337**

(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)
$ 191,230	$ 11,013,391	$ 0.420	99.00%
190,235	11,126,841	0.420	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%**

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
2012	$ 0.402	$ 0.018	$ 0.420	$ 0.525	$ 0.150	$ 1.095
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	**0.401**	**0.028**	**0.429**	**0.529**	**0.120**	**1.078**

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, 2021			June 30, 2012		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
MH Mission Hospital LLLP	$ 995,722	1	5.27%	$ -	-	-
GPI Resort Holdings LLC	146,281	2	0.77%	-	-	-
Linamar North Carolina Inc.	110,532	3	0.59%	-	-	-
Ingles Markets	106,700	4	0.56%	71,246	-	0.65%
New Belgium Brewing Company Inc	103,450	5	0.55%	-	5	-
Town Square West LLC	93,293	6	0.49%	118,975	-	1.08%
Duke Energy Progress Inc.	92,908	7	0.49%	94,565	1	0.86%
MHG Asheville	80,202	8	0.42%	-	-	-
Unison Engine Components	69,920	9	0.37%	27,450	3	0.25%
Asheville Retail Associates LLC	55,192	10	0.29%	-	-	-
Jack Tar Hotels	-	-	-	132,883	7	1.21%
Asheville LLC	-	-	-	78,903	8	0.72%
Bellsouth Telephone Co. (dba AT&T NC)	-	-	-	34,559	2	0.31%
Day International, Inc.	-	-	-	30,850	-	0.28%
Target Corporation	-	-	-	32,519	6	0.30%
Lowes Home Center Inc.	-	-	-	30,375	4	0.28%
	$ 1,854,200		9.80%	$ 652,325		5.94%

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
2012	$ 46,175	$ 46,166	100.00%	$ 9	$ -	$ 46,166	100.00%
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%**

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
2012	$ 960,000	$ 29,671,000	$ 30,631,000	28.00%	$ 355
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**

(a) Information not available.

Business-Type Activities					
Revenue Bonds	Installment Financing Contracts and Other Long-Term Debt	Total Primary Government	Percentage of Personal Income	Debt per Capita	
$ 68,340,000	$ 14,228,000	$ 113,199,000	3.63%	$ 1,313	
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**	

City of Asheville

Direct and Overlapping Governmental Activities Debt
June 30, 2021
(Amounts in Thousands)

	Outstanding Debt		Percentage Applicable to City (b)	Amount Applicable to City
Direct debt:				
City of Asheville	$ 109,026	(a)	100.00%	$ 109,026
Overlapping debt (b):				
Buncombe County	540,225		41.36%	223,444
Total direct and overlapping debt	$ 649,251			$ 332,470

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
2011	$ 10,880,727	$ 870,458	$ 24,576	$ 845,882	2.82%
2012	11,013,390	881,071	43,922	837,149	4.99%
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%**

(a) Excludes debt not applicable to the limit.

Notes:	2020	**2021**
(1) Calculation for net debt apllicable to debt limit:		
Governmental general obligation bonds (includes related premium & discount)	$ 25,961	**$ 29,986**
General obligation bonds authorized, not issued (2)	49,075	**44,595**
Installment financing contracts	84,325	**89,450**
Other debt agreements	196	**160**
Gross outstanding debt	159,557	**164,191**
Statutory deductions:		
Incurred for Water Enterprise System	(109)	**(99)**
Net debt applicable to debt limit	$ 159,448	**$ 164,092**

City of Asheville

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

Fiscal Year	Revenues	Current Expenses	Net Revenues Available for Debt Service	Revenue Bond Debt Service	
				Principal	Interest
2012	$ 34,638	$ 20,022	$ 14,616	$ 2,665	$ 3,274
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**	**1,682**

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
$ 5,939	2.46	$ 254	$ 6,193	2.36
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
5,332	**2.00**	**10**	**5,342**	**2.00**

City of Asheville

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

	Pledged Funds
Utility Taxes	$ 8,473
Article 39	13,297
Article 40	4,871
Article 42	6,438
Article 44	3,610
FY21 Total Pledged Funds	**36,689**

		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**	**-**	**-**

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

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**

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)
2012	84,455	$ 36,125	$ 3,114,228	4,048	7.70%
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%

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

		2021			2012		
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 +	0.79%	1	3,000 +	2.70%
Buncombe County Board of Education	Educational Services	2	1,000 +	0.79%	2	3,000 +	2.70%
Ingles Markets, Inc	Retail Trade	3	1,000 +	0.79%	7	1,000-2,999	0.90%
Veterans Administration	Health Care and Social Assistance	4	1,000 +	0.79%	8	1,000-2,999	0.90%
County of Buncombe	Public Administration	5	1,000 +	0.79%	5	1,000-2,999	0.90%
City of Asheville	Public Administration	6	1,000 +	0.79%	3	1,000-2,999	0.90%
Biltmore Workforce Management, Inc	Arts, Entertainment, and Recreation	7	1,000 +	0.79%	4	1,000-2,999	0.90%
Wal-Mart Associates Inc.	Retail Trade	8	1,000 +	0.79%	20	400-499	0.40%
Eaton Corporation	Manufacturing	9	500-999	0.60%	11	750-999	0.70%
Kendro Laboratory Products LP	Manufacturing	10	500-999	0.60%			
Mission Health Community Multispeci	Health Care and Social Assistance	11	500-999	0.60%			
A-B Technical Community College	Educational Services	12	500-999	0.60%	17	400-499	0.40%
Parallon Enterprises Llc	Health Care and Social Assistance	13	500-999	0.60%			
UNC Asheville	Educational Services	14	500-999	0.60%	16	500-749	0.50%
Asheville City Schools	Educational Services	15	500-999	0.60%	12	500-749	0.50%
Mountain Area Health Education Center	Health Care and Social Assistance	16	500-999	0.60%			
NC Dept Of Health & Human Services	Public Administration	17	500-999	0.60%			
Lowes Home Centers, Inc.	Retail Trade	18	500-999	0.60%			
Teletech Services Corporation	Other Services (except Public Administra	19	500-999	0.60%			
Fastmed Urgent Care Pc	Health Care and Social Assistance	20	500-999	0.60%			

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	2012(a)	2013	2014	2015(c)	2016(d)	2017	2018	2019	2020	**2021**
Primary government:										
General government	103	110	122	134	149	158	170	168	151	**154**
Public safety:										
Fire department	258	244	259	257	261	261	261	271	277	**277**
Police department	251	242	241	279	283	284	300	301	301	**288**
Building safety	42	40	41	-	-	-				**-**
Environmental services	58	47	38	37	38	44	45	46	59	**59**
Community and economic development	28	24	21	64	75	78	71	78	81	**85**
Transportation	42	47	54	65	52	54	54	52	59	**59**
Culture and recreation	96	83	100	94	91	93	95	95	96	**105**
Business type:										
Water resources	139	139	143	148	149	155	155	155	162	**162**
Parking services	15	17	20	22	22	23	26	27	29	**29**
Street cut utility	12	9	9	10	11	11	11	11	11	**11**
Stormwater	27	22	27	30	39	39	46	47	52	**52**
U.S. Cellular Center	16	14	15	16	17	23	23	22	26	**26**
Mass transit	3	3	3	3	3	4	4	4	4	**4**
Golf course (b)	10	-	-	-	-	-	-	-	-	**-**
Total city government employees	1,100	1,041	1,093	1,159	1,190	1,227	1,259	1,277	1,308	**1,311**

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

(a) Function classification was modified to correspond with financial statements in fiscal year 2012. Data is not comparable to prior years by function.

(b) The City turned over operations of the golf course to an external management company on October 1, 2012.

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

(d) 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	2012	2013	2014	2015
Police:				
Number of police personnel and officers	251	242	241	283
Number of calls for service	111,230	115,348	113,448	113,702
Number of law violations:				
Uniform crime report part I crimes reported	5,194	5,304	5,597	4,701
Uniform crime report part II crimes reported	5,076	5,172	4,756	5,019
Accidents investigated	6,565	6,771	5,025	6,859
Number of physical arrests	6,352	628	5,453	5,622
Number of traffic violations	7,278	5,056	3,693	10,005
Number of incident reports	10,280	10,476	10,353	9,720
Fire:				
Number of fire personnel and officers	258	244	259	261
Number of calls answered	14,216	15,012	15,012	16,897
Inspections	11,215	8,077	3,397	9,112
Water:				
Number of service connections	56,419	56,900	57,516	58,289
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	21,050,000	20,130,000	19,700,000	20,400,000
Education:				
Number of preschool instructors	12	11	11	10
Number of elementary school instructors	176	158	186	190
Number of middle school instructors	71	65	75	74
Number of secondary school instructors	112	97	118	128
Miscellaneous:				
Number of full-time equivalent employees	1,100	1,041	1,093	1,155
Area in square miles	45.79	45.73	45.73	45.25

Sources: Various City departments and Asheville City Schools.

2016	2017	2018	2019	2020	**2021**
283	293	205	301	301	**248**
116,977	118,773	123,108	136,904	177,656	**175,716**
4,859	4,677	5,042	5,879	6,291	**10,253**
5,716	5,928	6,708	6,067	6,580	**1,371**
6,294	6,586	6,586	7,002	7,135	**6,588**
4,911	4,728	4,479	4,527	4,260	**2,706**
9,869	7,651	4,672	6,078	6,314	**2,300**
10,575	10,717	11,665	11,946	15,296	**14,484**
261	261	261	270	277	**277**
17,979	18,793	20,019	20,290	18,915	**19,214**
10,137	8,022	8,094	7,643	7,227	**6,928**
58,570	60,916	63,252	63,980	58,209	**59,018**
43,500,000	43,500,000	43,500,000	43,500,000	43,500,000	**43,500,000**
19,900,000	20,160,000	20,080,000	20,300,000	20,330,000	**21,630,000**
24	9	16	12	12	**12**
157	180	195	191	200	**169**
68	72	90	86	88	**83**
118	113	121	91	105	**105**
1,188	1,227	1,261	1,276	1,308	**1,311**
45.25	45.25	45.25	45.53	45.60	**45.60**

City of Asheville

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015
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)	403	404	404	404
Street lights	9,872	9,810	9,804	10,189
Traffic lights	295	295	295	295
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)	1,666	1,673	1,674	1,681
Fire hydrants	6,736	6,780	6,846	6,916
Number of treatment plans	3	3	3	3
City schools (a):				
Number of preschools	1	1	1	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)	1,054	1,057	1,052	1,039

Sources: Various City departments and Asheville City Schools.

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

2016	2017	2018	2019	2020	**2021**
1/6	1/6	1/6	1/6	1/6	**1/5**
3	3	3	3	4	**3**
13	13	13	13	16	**16**
12	12	12	12	12	**12**
405	405	405	405	406	**409**
10,200	10,250	10,250	10,251	10,500	**10,500**
300	300	300	316	316	**316**
874	874	874	874	874	**884**
59	59	59	59	59	**59**
3	3	3	3	3	**3**
26	26	26	26	26	**26**
11	11	11	11	11	**11**
1,691	1,695	1,699	1,702	1,703	**1,702**
6,977	7,070	7,230	7,400	7,597	**7,815**
3	3	3	3	3	**3**
2	1	1	1	1	**1**
5	5	6	6	6	**5**
1	1	2	2	2	**2**
1	2	2	2	2	**2**
1	1	1	1	1	**1**
2	2	2	2	2	**2**
2	2	2	3	3	**4**
1,002	1,039	1,039	1,088	1,009	**1,229**

City of Asheville

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

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

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
2012	$ 960	$ 11,013,390	0.0090%	86,207	$ 11	$ 127,755
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**

(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, 2021

	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	-	-	-	-	-	54,056
2022-23	-	-	-	-	8,580,347	8,634,403
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	$ 30,755,897	$ 31,245,842

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	1,576,522
1,045,000	1,508,985	9,625,347	10,143,388
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	$ 53,550,897	$ 60,568,775

City of Asheville

Schedule of Payments for Outstanding Financings
As of June 30, 2021

Fiscal Year	Principal	Total Principal and Interest Payments
2021-22	$ 7,545,655	$ 10,523,282
2022-23	16,222,346	19,070,311
2023-24	7,220,470	9,735,268
2024-25	6,215,333	8,498,051
2025-26	4,595,898	6,669,341
2026-27	4,564,335	6,447,479
2027-28	4,567,621	6,257,098
2028-29	4,569,859	6,068,020
2029-30	4,567,097	5,860,517
2030-31	4,551,048	5,648,910
2031-32	4,545,523	5,453,039
2032-33	3,978,291	4,748,281
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	$ 99,756,351	$ 124,109,534

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, 2022

	General Fund	Enterprise Funds
Estimated revenues:		
Ad valorem taxes	$ 78,512,370	$ -
Other taxes	32,548,276	-
Intergovernmental revenues	12,634,744	3,811,302
Licenses and permits	5,385,295	748,000
Sales and services	12,100,170	47,804,793
Investment earning	623,000	501,193
Miscellaneous revenues	2,908,641	7,275,700
Total estimated revenues	144,712,496	60,140,988
Appropriations:		
Current:		
General government	23,222,393	-
Public safety	60,484,803	-
Transportation	7,226,823	5,931,730
Environmental services	7,277,788	6,216,585
Economic and physical development	11,656,469	-
Culture and recreation	13,366,265	-
Civic Center	-	4,165,965
Water	-	24,447,822
Mass transit	-	13,167,309
Debt service	11,768,187	7,144,160
Total appropriations	135,002,728	61,073,571
Estimated revenues over (under) appropriations	9,709,768	(932,583)
Other financing sources (uses):		
Operating transfers from other funds:		
General fund	-	8,121,352
Enterprise funds	-	1,576,875
Capital project fund	23,457	-
Operating transfers to other funds:		
Enterprise funds	(8,121,352)	(1,576,875)
Capital project fund	(1,144,692)	(7,488,769)
Other funds	(1,117,181)	-
Debt Proceeds	-	100,000
Appropriated fund balances	650,000	200,000
Total other financing sources (uses)	(9,709,768)	932,583
Estimated revenues and other sources over appropriations and other uses	$ -	$ -

City of Asheville

Current Water Rate Information
Effective July 1, 2021

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		5.53
Multi-family		3.93
Commercial (</=1,000 CCF monthly)		3.78
Commercial (>1,000 CCF monthly)		2.35
Commercial (</=2,000 CCF bi-monthly)		3.78
Commercial (>2,000 CCF bi-monthly)		2.35
Manufacturer (</=1,000 CCF monthly)		3.78
Manufacturer (>1,000 CCF monthly)		2.15
Manufacturer (</=2,000 CCF bi-monthly)		3.78
Manufacturer (>2,000 CCF bi-monthly)		2.15
Wholesale	Consumption	1.23
	Capacity	$184.00 per 10,000 gallons/day

All water accounts are charged a $6.34 base fee per bill.

Capital Improvement (CIP) Charge (Monthly Charge)

Meter Size	Fee	Meter Size	Fee
5/8 inch	$ 5.51	3 inch	$ 69.41
3/4 inch	7.64	4 inch	107.75
1 inch	11.90	6 inch	214.25
1 1/2 inch	22.55	8 inch	342.05
2 inch	35.33	10 inch	895.85

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

	2012	2013	2014	2015
Total number of accounts:				
Residential single family	47,149	47,589	47,810	48,498
Residental multi-family	1,537	1,487	1,451	1,467
Non-residential	4,712	4,763	4,860	4,961
Total number of accounts	53,398	53,839	54,121	54,926
Total number of bills:				
Residential single family	282,330	290,669	288,535	293,579
Residental multi-family	9,562	9,474	8,692	8,956
Non-residential	28,104	28,757	29,907	30,442
Total number of bills	319,996	328,900	327,134	332,977
Annual usage volume (in thousands of gallons):				
Residential single family	2,757,400	2,774,177	2,746,714	2,776,912
Residental multi-family	936,952	946,852	958,903	996,330
Non-residential	2,669,541	2,691,711	2,722,144	2,875,165
Total annual usage volume	6,363,893	6,412,740	6,427,761	6,648,407

(a) City of Asheville Water Resources Department

2016	2017	2018	2019	2020	**2021**
49,057	49,858	50,393	50,583	50,895	**51,680**
1,473	1,503	1,681	1,722	1,694	**1,710**
5,220	5,212	5,315	5,685	5,620	**5,628**
55,750	56,573	57,389	57,990	58,209	**59,018**
297,389	301,459	304,791	314,001	312,988	**310,080**
9,038	9,136	10,049	10,538	10,451	**10,260**
31,522	31,803	32,852	33,678	34,779	**33,768**
337,949	342,398	347,692	358,217	358,218	**354,108**
2,854,189	2,933,571	2,823,451	2,030,142	2,097,256	**2,155,595**
1,038,574	1,044,508	1,112,452	846,855	897,179	**923,755**
3,083,139	3,380,859	3,238,271	2,446,214	2,327,092	**2,272,950**
6,975,902	7,358,938	7,174,174	5,323,211	5,321,527	**5,352,300**

City of Asheville

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

	2014	2015	2016	2017	2018	2019	2020	**2021**
Operating revenues	$ 34,186	$ 35,564	$ 37,764	$ 38,659	$ 39,204	$ 39,517	$ 40,167	**$ 33,366**
Operation and maintenance expense	(17,795)	(18,135)	(18,649)	(19,209)	(19,907)	(21,378)	(22,634)	**(22,687)**
Operating income before depreciation	16,391	17,429	19,115	19,450	19,297	18,139	17,533	**10,679**
Depreciation	(7,386)	(7,376)	(7,292)	(6,932)	(7,164)	(6,675)	(6,009)	**(5,734)**
Operating income	9,005	10,053	11,823	12,518	12,133	11,464	11,524	**4,945**
Non-operating revenues (expenses):								
Investment income	177	175	349	206	552	1,661	1,511	**58**
Non-operating income (expenses)	31	256	11	104	(48)	(16)	(1,943)	**(2,904)**
Bond interest expense	(2,926)	(3,222)	(1,595)	(1,330)	(832)	(1,889)	(2,487)	**282**
Net income	6,287	7,262	10,588	11,498	11,805	11,220	8,605	**2,381**
Adjustments to net income:								
Depreciation	7,386	7,376	7,292	6,932	7,164	6,675	6,009	**5,734**
Non-operating expenses	2,926	3,222	1,595	1,330	832	1,889	2,487	**(282)**
Net revenues (revenue available for debt service)	$ 16,599	$ 17,860	$ 19,475	$ 19,760	$ 19,801	$ 19,784	$ 17,101	**$ 7,833**
Debt service coverage:								
Total senior lien obligations debt service	$ 5,933	$ 5,925	$ 5,611	$ 5,358	$ 5,359	$ 5,513	$ 5,691	**$ 5,488**
Senior debt service coverage	2.80	3.01	3.47	3.69	3.69	3.59	3.04	**1.43**
Subordinated debt service	$ 487	$ 175	$ 170	$ 165	$ 10	$ 10	$ 10	**$ 10**
Subordinated debt service coverage	19.47	61.43	74.95	80.79	1,337.02	1,316.84	1,049.98	**124.74**
Total system debt service	$ 6,420	$ 6,100	$ 5,781	$ 5,523	$ 5,369	$ 5,523	$ 5,701	**$ 5,498**
Total system debt service coverage	2.59	2.93	3.37	3.58	3.69	3.58	3.04	**1.42**

(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, 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 1, 2021. Our report includes a reference to another auditor who audited the financial statements of the Asheville ABC Board, the City's discretely 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*.

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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Response as item 2021-001 that we consider to be a material weakness.

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 Findings

The City's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Response. 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 it.

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
December 1, 2021

City of Asheville

Schedule of Findings and Response
Fiscal Year Ended June 30, 2021

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		No
Significant deficiency identified?		Yes	✔	None Reported
Noncompliance material to financial statements noted?		Yes	✔	No

Section II. Financial Statement Findings

Material Weakness in Internal Control – Year-End Closeout

Finding 2021-001 (repeat of 2020-001)

Criteria: Year-end closeout procedures should be performed timely and accurately to facilitate the timely preparation of the financial statements to meet established North Carolina Local Government Commission requirements.

Condition: In performing our audit, while significant improvements have been made from the prior year, it was noted that certain accrual schedules and reconciliations initially provided by the City contained inaccurate information and calculations.

Effect: Except as noted below, individual audit adjustments were not considered significant to the financial statements: The aggregate effect of these adjustments was deemed to have a material effect.

Audit adjustments were required for financial statement accounts related to:

- Timing of recording Shuttered Venue Operators Grant (SVOG) revenue in the Harrah's Cherokee Civic Center Fund (individually material).

Other year-end adjustments considered individually insignificant included adjustments to:

- CDBG and Section 108 Loans;
- LGERS Liability, others Deferral, and expense allocations;
- E-911 unearned revenue; and
- Long-term liabilities, including debt and compensated absences.

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

Recommendation: We recommend the City implement a review of year-end working papers by an additional person with the skills, knowledge and experience of financial reporting to ensure accuracy.

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

THE CITY OF ASHEVILLE

Corrective Action Plan

Finding 2021-01

The city agrees with the recommendation and the following corrective actions have been taken: In August 2021, the City created and hired a new position Assistant Finance Director – Accounting. This position oversees the financial operations and reporting divisions within the Finance Department. With the creation of this new role, the Finance department will have better review of policies and procedures related to year-end close out. Additional training, check-lists and guidelines have already been implemented for year-end close out and will continue to be fine-tuned in the next few months in the preparation of the close of FY22.

Estimated Completion Date: February 28, 2022

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

Debra D. Campbell
City Manager

Tony McDowell
Chief Financial Officer

City of Asheville, North Carolina

Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2021

Material Weakness in Internal Control – Year-End Closeout

Finding 2020-001

Status: Repeat finding for the year-ended June 30, 2021 as finding 2021-001