ASHEVILLE CITY BOARD OF EDUCATION

REGULAR BOARD MEETING

Administrative Offices - Board Room

85 Mountain Street, Asheville, North Carolina

Monday, December 9, 2024, 9:00 AM

Board of Education Members:
George Sieburg, Board Chair
Amy Ray, Vice-Chair
James C. Carter, Member
Liza Kelly, Member
Rebecca Strimer, Member
Sarah Thornburg, Member
Jesse Warren, Member

Superintendent: Dr. Maggie Fehrman

The Vision of Asheville City Schools is to Empower and Engage every child to Learn, Discover, Thrive.

This meeting shall be called to order at 9:00 a.m. for the sole purpose of swearing in new Board Members so they may review documentation relevant to the meeting prior to it occurring. Following the swearing-in of the new members, the Board shall recess the meeting until 5:00 p.m. when the formal swearing-in ceremony will occur.

Page

1. SWEARING-IN CEREMONY

The Asheville City Board of Education ("Board") will have a Swearing-In Ceremony for the newly elected Board Members George Sieburg, Jesse Warren, and Pepi Acebo. The Ceremony will be held in the Board Room at 5:00 p.m. at the Asheville City Schools Administrative Offices.

The ceremony will be available for viewing via the

Asheville City Schools YouTube page.

1.1 Oath of Office New Members with Judge Thornburg

1.2 Election of Officers - Dr. Maggie Fehrman, Superintendent
The regular meeting will be called to order after the Oath of Office for New Members and the Election of Officers.

2. REGULAR MEETING

ASHEVILLE CITY BOARD OF EDUCATION REGULAR MEETING AGENDA

Information about Public Comments can be found below

The meeting will be available for viewing via the

Asheville City Schools YouTube page.

Work, Regular, and Open Session Board Meetings will have a Spanish Speaking Interpreter

2.1 CALL TO ORDER - Board Chair

Equity Statement:*In Asheville City Schools we are committed to equity and anti-racist policies for all students and staff to learn and thrive. We recognize that our positions come with power, responsibility, and public service for the entire ACS community. We will model our commitment to equity through our practices and decisions. During this meeting, we invite a pause if harm has taken place, a moment to name the harm, and space to practice repair.*

2.2 QUORUM DETERMINATION - Board Chair

2.3 PLEDGE OF ALLEGIANCE - Board Chair

2.4 APPROVAL OF AGENDA - Board Chair

Motion to approve the agenda as presented.

3. GOOD NEWS - Dr. Kim Dechant, Chief of Staff

Lucy S. Herring School Spotlight - Sonna Jamerson, Principal

4. PUBLIC COMMENTS - Board Chair

Public Comment Guidelines

In-Person and Virtual Public Comment Guidelines can be found by clicking the link above.

The Board of Education greatly appreciates your interest in the Asheville City Schools (ACS) and we welcome your comments to the Board. Please be mindful of the following guidelines (per policy 2310):

Personnel and student matters are confidential and are therefore not appropriate for public comment. If you have a concern about an employee or a student matter, please contact or see the superintendent after the meeting.

4.1 In Person Public Comment

4.2 Virtual Public Comments

5. CONSENT ITEMS - Board Chair

5.1 Draft Minutes

WORK SESSION - Nov 04 2024 - Minutes

Closed Session Minutes Nov 04, 2024

REGULAR MEETING - Nov 12 2024 - Minutes

Closed Session Minutes November 15 2024

5.2 Student Releases to Buncombe County - Tanya Presha, Director of Enrollment, Student Records, and Alumni Relations

Consent

5.3 Contracts /MOUs - Dr. Kim Dechant, Chief of Staff

Consent

Parking Lot Change Order

Ever Driven

5.4 Policies Second Read

Consent

Policy Code: 1025 District Organizational Plan

Policy Code: 1760 Prohibition Against Retaliation

Policy Code: 2110 Board Member Elections

Policy Code: 2115 Unexpired Term Fulfillment

Policy Code: 2200 Election of Officers/Organization of the Board

Policy Code: 3620 Extracurricular Activities and Student Organizations

Policy Code: 5030 Community Use of Facilities

Policy Code: 6140 Student Wellness

5.5 FY 25 Budget - Heidi Kerns, Chief Financial Officer 6 - 13

FY 2025 Budget Resolution.pdf

2023-2024 ACS Expenditure Report 12-2-24.pdf

6. DISCUSSION ITEMS

6.1 FY 24 Audit - Tyler Barwise, Auditor Associate Anderson, Smith & Wike Pllc 14 - 115

Asheville City Schools 2024 Audit (1).pdf

Asheville City Schools - 2024 Presentation.pptx

6.2 The School Consolidation Study Feasibility Study - Rachael Sawyer, Buncombe County Strategic Partnership Director

6.3 FY 26 District Budget Calendar - Heidi Kerns, Chief Financial Officer

7. ACTION ITEMS - Board Chair

7.1 Helene Bonus Pay - Heidi Kerns, Chief Financial Officer & Dr. Maggie Fehrman, Superintendent 116

12-24 Bonus Recommendation Revised.docx

Motion for Action Item

7.2 FY 24 Audit - Tyler Barwise, Auditor Associate Anderson, Smith & Wike Pllc

Motion for Action Item

8. SUPERINTENDENT'S REPORT- Dr. Fehrman

9. ANNOUNCEMENTS/FUTURE MEETINGS - Board Chair

Regular Meeting

Monday, December 9, 2024

Administrative Offices - Board Room

Holiday Break

Monday, December 23-27 - No school for students

Monday, December 23rd - Annual leave day for staff

Tuesday - Friday, December 24-27 - Holidays for staff

Monday, December 30-January 3, 2025 - No school for students

Monday, December 30th and 31st, - Annual leave days for staff

Wednesday, January 1, 2025 - Holiday for staff

Thursday, January 2, 2025 - Annual leave days for staff

Friday, January 3, 2025 - Optional workday for staff

Education and Budget Retreat - School Consolidation Feasibility Study Joint Meeting with Buncombe County Schools and Buncombe County Government

Thursday, January 16th from 9:00 a.m. - 2:00 p.m.

A-B Tech 340 Victoria Road

MLK Holiday

Monday, January 20, 2025 - Holiday for staff and no school for students

Required Teacher Workday

Tuesday, January 21, 2025 - No school for students

Board Retreat

Thursday, January 23, 2025

Administrative Offices - Board Room

Work Session Meeting

Monday, February 3, 2024

Administrative Offices - Board Room

Regular Meeting

Monday, February 10, 2024

Administrative Offices - Board Room

2024-2025 ACS Board of Education Meeting Schedule

10. ADJOURNMENT - Board Chair

Motion to adjourn the meeting.

Subscribe to receive notifications about upcoming meetings

ASHEVILLE CITY SCHOOLS
BUDGET RESOLUTION & AMENDMENTS
FOR THE FISCAL YEAR BEGINNING JULY 1, 2024 AND ENDING JUNE 30, 2025

BE IT RESOLVED BY THE ASHEVILLE CITY BOARD OF EDUCATION:

Section 1 - The following revenues are estimated to be available to the State Public School Fund – Fund 1. The following expenditure amounts are hereby appropriated at the purpose level for the operation of the school administrative unit in the State Public School Fund for the fiscal year beginning July 1, 2024 and ending June 30, 2025.

	Budget Resolution	Amendment #1	Amendment #2	Amendment #3	Amendment #4	Amended Budget
Revenue						
3000 - State & Federal	31,066,072	-	-	-	-	31,066,072
4000 - Local & Other	-	-	-	-	-	-
4910 - Fund Balance Appropriated	-	-	-	-	-	-
Total State Public School Fund Revenues	**$ 31,066,072**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 31,066,072**
Expenditures						
5000 - Instructional Services	27,609,623	-	-	-	-	27,609,623
6000 - System-Wide Support	3,331,449	-	-	-	-	3,331,449
7000 - Ancillary Services	125,000	-	-	-	-	125,000
8000 - Non-Programmed Charges	-	-	-	-	-	-
9000 - Capital	-	-	-	-	-	-
Total State Public School Fund Appropriation	**$ 31,066,072**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 31,066,072**

Section 2 - The following revenues are estimated to be available to the Local Current Expense Fund – Fund 2. The following expenditure amounts are hereby appropriated at the purpose level for the operation of the school administrative unit in the Local Current Expense Fund for the fiscal year beginning July 1, 2024 and ending June 30, 2025.

	Budget Resolution	Amendment #1	Amendment #2	Amendment #3	Amendment #4	Amended Budget
Revenue						
3000 - State & Federal	-	-	-	-	-	-
4000 - Local & Other	30,192,331	-	-	-	-	30,192,331
4910 - Fund Balance Appropriated	3,500,000	-	-	-	-	3,500,000
Total Local Current Expense Fund Revenues	**$ 33,692,331**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 33,692,331**
Expenditures						
5000 - Instructional Services	14,310,000	-	-	-	-	14,310,000
6000 - System-Wide Support	15,962,331	-	-	-	-	15,962,331
7000 - Ancillary Services	420,000	-	-	-	-	420,000
8000 - Non-Programmed Charges	3,000,000	-	-	-	-	3,000,000
9000 - Capital	-	-	-	-	-	-
Total Local Current Expense Fund Appropriation	**$ 33,692,331**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 33,692,331**

Section 3 - The following revenues are estimated to be available to the Federal Grants Fund – Fund 3. The following expenditure amounts are hereby appropriated at the purpose level for the operation of the school administrative unit in the Federal Grants Fund for the fiscal year beginning July 1, 2024 and ending June 30, 2025.

	Budget Resolution	Amendment #1	Amendment #2	Amendment #3	Amendment #4	Amended Budget
Revenue						
3000 - State & Federal	5,002,925	-	-	-	-	5,002,925
4000 - Local & Other	-	-	-	-	-	-
4910 - Fund Balance Appropriated	-	-	-	-	-	-
Total Federal Grants Fund Revenues	**$ 5,002,925**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 5,002,925**
Expenditures						
5000 - Instructional Services	4,237,939	-	-	-	-	4,237,939
6000 - System-Wide Support	453,837	-	-	-	-	453,837
7000 - Ancillary Services	-	-	-	-	-	-
8000 - Non-Programmed Charges	311,149	-	-	-	-	311,149
9000 - Capital	-	-	-	-	-	-
Total Federal Grants Fund Appropriation	**$ 5,002,925**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 5,002,925**

Section 4 - The following revenues are estimated to be available to the Capital Outlay Fund – Fund 4. The following expenditure amounts are hereby appropriated at the purpose level for the operation of the school administrative unit in the Capital Outlay Fund for the fiscal year beginning July 1, 2024 and ending June 30, 2025.

	Budget Resolution	Amendment #1	Amendment #2	Amendment #3	Amendment #4	Amended Budget
Revenue						
3000 - State & Federal	50,000	-	-	-	-	50,000
4000 - Local & Other	2,972,360	-	-	-	-	2,972,360
4910 - Fund Balance Appropriated	1,566,000	-	-	-	-	1,566,000
Total Capital Outlay Fund Revenues	**$ 4,588,360**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4,588,360**
Expenditures						
5000 - Instructional Services	1,095,000	-	-	-	-	1,095,000
6000 - System-Wide Support	305,000	-	-	-	-	305,000
7000 - Ancillary Services	-	-	-	-	-	-
8000 - Non-Programmed Charges	-	-	-	-	-	-
9000 - Capital	3,188,360	-	-	-	-	3,188,360
Total Capital Outlay Fund Appropriation	**$ 4,588,360**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4,588,360**

Section 5 - The following revenues are estimated to be available to the School Nutrition Fund – Fund 5. The following expenditure amounts are hereby appropriated at the purpose level for the operation of the school administrative unit in the School Nutrition Fund for the fiscal year beginning July 1, 2024 and ending June 30, 2025.

	Budget Resolution	Amendment #1	Amendment #2	Amendment #3	Amendment #4	Amended Budget
Revenue						
3000 - State & Federal	1,670,000	-	-	-	-	1,670,000
4000 - Local & Other	830,000	-	-	-	-	830,000
4910 - Fund Balance Appropriated	-	-	-	-	-	-
Total School Nutrition Fund Revenues	**$ 2,500,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,500,000**
Expenditures						
5000 - Instructional Services	-	-	-	-	-	-
6000 - System-Wide Support	-	-	-	-	-	-
7000 - Ancillary Services	2,500,000	-	-	-	-	2,500,000
8000 - Non-Programmed Charges	-	-	-	-	-	-
9000 - Capital	-	-	-	-	-	-
Total School Nutrition Fund Appropriation	**$ 2,500,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,500,000**

Section 6 - The following revenues are estimated to be available to the Other Special Revenue Fund – Fund 8. The following expenditure amounts are hereby appropriated at the purpose level for the operation of the school administrative unit in the Other Special Revenue Fund for the fiscal year beginning July 1, 2024 and ending June 30, 2025.

	Budget Resolution	Amendment #1	Amendment #2	Amendment #3	Amendment #4	Amended Budget
Revenue						
3000 - State & Federal	1,199,762	-	-	-	-	1,199,762
4000 - Local & Other	5,864,394	-	-	-	-	5,864,394
4910 - Fund Balance Appropriated	2,071,188	-	-	-	-	2,071,188
Total Other Special Revenue Fund Revenues	**$ 9,135,344**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 9,135,344**
Expenditures						
5000 - Instructional Services	7,250,122	-	-	-	-	7,250,122
6000 - System-Wide Support	1,595,004	-	-	-	-	1,595,004
7000 - Ancillary Services	284,407	-	-	-	-	284,407
8000 - Non-Programmed Charges	5,811	-	-	-	-	5,811
9000 - Capital	-	-	-	-	-	-
Total Other Special Revenue Fund Appropriation	**$ 9,135,344**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 9,135,344**
Grand Total - All Funds	**$ 85,985,032**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 85,985,032**

Section 7 - The Superintendent and Finance Officer are hereby authorized to transfer appropriations as contained herein under the following conditions:

A. All appropriations shall be paid first from revenue restricted as to use, and second from general unrestricted revenues.
B. The Superintendent may transfer monies from one appropriation to another within the same fund with proper justification.

C. The Board of Education may amend the budget to transfer money to or from the capital outlay fund to or from any other fund, with the approval of the Board of County Commissioners, to meet emergencies unforeseen and unforeseeable at the time the budget resolution was adopted.

D. Each local school administrative unit shall operate under an annual balanced budget resolution. A budget resolution is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations.
E. Fund Balance may be needed to satisfy actual expenditures during the fiscal year. The allocation of fund balance appropriated in the Budget Resolution is anticipatory only. Fund Balance is accounted for on the district's balance sheet and is adjusted at the end of the fiscal year. The actual amount of Fund Balance allocated for each fund, if any, will be reflected in the annual audit report.

Section 8 - Copies of the Budget Resolution shall be furnished immediately to the Superintendent and Finance Officer for direction in carrying out their duties.

Section 9 - The Interim Budget adopted on June 27, 2024 is hereby rescinded.

_____ _____
George Sieburg, Chairman Date

_____ _____
Dr. Margaret Fehrman, Acting Secretary Date

Budget Summary & Board Report

Date Range 07/01/2024 - 06/31/2025

Purpose Descr	(All)
Purpose	(All)
2 Digit Obj Des	(All)
2 Digit Obj	(All)
1 digit Obj Des	(All)
1 digit Obj	(All)
Fund Descripti	(All)
Obj Desc	(All)
PRC Desc	(All)
Program	(All)
Object	(All)
Location	(All)
User 1	(All)
User 2	(All)
Full Acct Code	(All)
Postable?	(All)
Type of Accou	(All)
Full Acct Code	(All)
Short Acct Cod	(All)

Fund	1 digit Purp	1 digit Purp Desc	Beginning Budget/Beg Balance	Budget Adjustments	Current Budget/Balance	Year-to-Date Exp/Rev	PO's & Encumbrances Outstanding	Remaining Balance	Escrow	Balance Including Escrow	Percent Spent
1	5XXX	Instructional Services	$27,609,623.00	$0.00	$27,609,623.00	$10,274,586.62	$235,371.97	$17,099,664.41	$0.00	$17,099,664.41	38.07%
	6XXX	System-Wide Support Services	$3,331,449.00	$0.00	$3,331,449.00	$1,388,736.28	$99,857.77	$1,842,854.95	$0.00	$1,842,854.95	44.68%
	7XXX	Ancillary Services	$125,000.00	$0.00	$125,000.00	$73,652.21	$0.00	$51,347.79	$0.00	$51,347.79	58.92%
1 Total			**$31,066,072.00**	**$0.00**	**$31,066,072.00**	**$11,736,975.11**	**$335,229.74**	**$18,993,867.15**	**$0.00**	**$18,993,867.15**	**38.86%**
2	5XXX	Instructional Services	$14,310,000.00	$0.00	$14,310,000.00	$5,038,099.96	$1,424,674.04	$7,847,226.00	$0.00	$7,847,226.00	45.16%
	6XXX	System-Wide Support Services	$15,962,331.00	$0.00	$15,962,331.00	$4,741,958.79	$3,709,733.34	$7,510,638.87	$0.00	$7,510,638.87	52.95%
	7XXX	Ancillary Services	$420,000.00	$0.00	$420,000.00	$81,050.05	$23,019.00	$315,930.95	$0.00	$315,930.95	24.78%
	8XXX	Non-Programmed Charges	$3,000,000.00	$0.00	$3,000,000.00	$831,780.22	$0.00	$2,168,219.78	$0.00	$2,168,219.78	27.73%
2 Total			**$33,692,331.00**	**$0.00**	**$33,692,331.00**	**$10,692,889.02**	**$5,157,426.38**	**$17,842,015.60**	**$0.00**	**$17,842,015.60**	**47.04%**
3	5XXX	Instructional Services	$4,237,939.56	$0.00	$4,237,939.56	$1,281,212.38	$146,028.70	$2,810,698.48	$0.00	$2,810,698.48	33.68%
	6XXX	System-Wide Support Services	$453,836.73	$0.00	$453,836.73	$107,835.01	$4,000.00	$342,001.72	$0.00	$342,001.72	24.64%
	7XXX	Ancillary Services	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	#VALUE!
	8XXX	Non-Programmed Charges	$311,148.83	$0.00	$311,148.83	$106,661.33	$2,225.29	$202,262.21	$0.00	$202,262.21	35.00%
3 Total			**$5,002,925.12**	**$0.00**	**$5,002,925.12**	**$1,495,708.72**	**$152,253.99**	**$3,354,962.41**	**$0.00**	**$3,354,962.41**	**32.94%**
4	5XXX	Instructional Services	$1,095,000.00	$0.00	$1,095,000.00	$630,515.84	$39,143.81	$425,340.35	$0.00	$425,340.35	61.16%
	6XXX	System-Wide Support Services	$305,000.00	$0.00	$305,000.00	$116,149.87	$113,464.84	$75,385.29	$0.00	$75,385.29	75.28%
	9XXX	Capital Outlay	$3,188,360.00	$0.00	$3,188,360.00	$72,010.80	$817,989.20	$2,298,360.00	$0.00	$2,298,360.00	27.91%
4 Total			**$4,588,360.00**	**$0.00**	**$4,588,360.00**	**$818,676.51**	**$970,597.85**	**$2,799,085.64**	**$0.00**	**$2,799,085.64**	**39.00%**
5	7XXX	Ancillary Services	$2,500,000.00	$0.00	$2,500,000.00	$505,777.61	$1,013,431.59	$980,790.80	$0.00	$980,790.80	60.77%
5 Total			**$2,500,000.00**	**$0.00**	**$2,500,000.00**	**$505,777.61**	**$1,013,431.59**	**$980,790.80**	**$0.00**	**$980,790.80**	**60.77%**
8	5XXX	Instructional Services	$7,250,121.66	$0.00	$7,250,121.66	$2,469,802.07	$148,231.77	$4,632,087.82	$0.00	$4,632,087.82	36.11%
	6XXX	System-Wide Support Services	$1,595,003.91	$0.00	$1,595,003.91	$538,109.17	$1,786.61	$1,055,108.13	$0.00	$1,055,108.13	33.85%
	7XXX	Ancillary Services	$284,407.29	$0.00	$284,407.29	$61,638.55	$21,510.16	$201,258.58	$0.00	$201,258.58	29.24%
	8XXX	Non-Programmed Charges	$5,811.57	$0.00	$5,811.57	$0.00	$0.00	$5,811.57	$0.00	$5,811.57	0.00%
8 Total			**$9,135,344.43**	**$0.00**	**$9,135,344.43**	**$3,069,549.79**	**$171,528.54**	**$5,894,266.10**	**$0.00**	**$5,894,266.10**	**35.48%**
Grand Total			**$85,985,032.55**	**$0.00**	**$85,985,032.55**	**$28,319,576.76**	**$7,800,468.09**	**$49,864,987.70**	**$0.00**	**$49,864,987.70**	**42.01%**

ASHEVILLE CITY SCHOOLS
Asheville, North Carolina

Financial Statements
For the Fiscal Year Ended
June 30, 2024

ASHEVILLE CITY SCHOOLS
TABLE OF CONTENTS

Exhibit		Page No.
	Independent Auditors' Report	1
	Management's Discussion and Analysis	4
	Basic Financial Statements:	
	Government-wide Financial Statements:	
1	Statement of Net Position	12
2	Statement of Activities	13
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	14
4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund and Annually Budgeted Major Special Revenue Funds	17
6	Statement of Net Position - Proprietary Fund Types	21
7	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund Types	22
8	Statement of Cash Flows - Proprietary Fund Types	23
9	Statement of Fiduciary Net Position – Custodial Funds	25
10	Statement of Changes in Fiduciary Net Position – Custodial Funds	26
	Notes to the Financial Statements	27
	Required Supplementary Information:	
	Schedule of the Board's Proportionate Share of the Net Pension Liability – Teachers' and State Employees' Retirement System	53
	Schedule of Board Contributions – Teachers' and State Employees' Retirement System	54
	Schedule of the Board's Proportionate Share of the Net OPEB Liability – Retiree Health Benefit Fund	55
	Schedule of Board Contributions – Retiree Health Benefit Fund	56
	Schedule of the Board's Proportionate Share of the Net OPEB Liability – Disability Income Plan of North Carolina	57
	Schedule of Board Contributions – Disability Income Plan of North Carolina	58
	Combining Fund Financial Statements and Individual Fund Schedules:	
	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	59
	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Capital Outlay Fund	60
	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) School Food Service Fund	61

Combining Statement of Fiduciary Net Position – Custodial Funds 63
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds 64
Schedule of Revenues and Expenditures - Individual Schools Fund 65

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* 66

Report on compliance for each major federal program and report on internal control over compliance required by the Uniform Guidance and the State Single Audit Implementation Act 68

Report on compliance for each major State program and report on internal control over compliance required by the Uniform Guidance and the State Single Audit Implementation Act 71

Schedule of findings and questioned costs 74
Corrective action plan 77
Summary schedule of prior audit findings 78
Schedule of expenditures of federal and State awards 79

INDEPENDENT AUDITORS' REPORT

To the Asheville City Board of Education
Asheville, North Carolina

Opinions

We have audited accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Asheville City Board of Education, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise of the Asheville City Board of Education's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Asheville City Board of Education as of June 30, 2024, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the State Public School Fund, the Federal Grants Fund, and the Other Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Asheville City Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Audit of the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Governmental Auditing Standards* we

- Exercised professional judgement and maintained professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Asheville City Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Asheville City Board of Education's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11 and the Schedule of the Proportionate Share of the Net Pension Liability, OPEB Liability and the Schedule of Board Contributions on pages 53 through 58, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Asheville City Board of Education's basic financial statements. The combining fund financial statements, budgetary schedules, and other schedule, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, individual fund budgetary schedules, other schedule, and the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024 on our consideration of Asheville City Board of Education'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 the effectiveness of Asheville City Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Asheville City Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

October 30, 2024
Elon, North Carolina
(336) 380-4123

This section of the Asheville City Schools' (the "Board"*)* financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2024. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The assets and deferred outflows of resources of the Board exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $21,591,204.
- The Board's total net position increased by $3,230,289.
- As of the close of the current fiscal year, the Board's governmental funds reported combined ending fund balances of $21,711,943, an increase of $2,259,915.

Overview of the Financial Statements

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

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents budgetary schedules and other schedules for governmental, enterprise funds, and fiduciary fund*

The *Basic Financial Statements* include two types of statements that present different views of the Board's finances. The first is the *Government-wide Statements*. The government-wide statements are presented on the full accrual basis of accounting and include the statement of net position and the statement of activities. The statement of net position includes all of the Board's assets and liabilities. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The statement of activities summarizes the Board's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second type of statements included in the basic financial statements is th*e Fund Financial Statements,* which are presented for the Board's governmental funds, proprietary fund, and fiduciary fund. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary fund and fiduciary fund are presented on the full accrual basis of accounting.

The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on the financial resources of each of the Board's major funds.

Government-wide Statements

The government-wide statements report information about the Board as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Board's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Board's net position and how it has changed. Net position is the difference between the Board's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. This is one way to measure the unit's financial health or position.

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

The unit's activities are divided into two categories in the government-wide statements:

- *Governmental activities*: Most of the Board's basic services are included here, such as regular and special education, transportation, and administration. County funding, the Asheville City Schools supplemental city school tax, and State and federal aid finance most of these activities.
- *Business-type activities*: The Board charges fees to help it cover the costs of certain services it provides. School Food Service is included here.

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

Fund Financial Statements

The fund financial statements provide more detailed information about the Board's funds, focusing on its most significant or "major" funds - not the unit as a whole. Funds are accounting devices the Board uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law, such as the State Public School Fund.
- The Board has established other funds to control and manage money for a particular purpose or to show that it is properly using certain revenues, such as in the Federal Grants Fund.

Asheville City Schools has three types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things – 1) how cash and other assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources

that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental fund statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Federal Grants Fund, the Other Special Revenue Fund, the Individual Schools Fund and the Capital Outlay Fund.

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

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

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

Fiduciary fund: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Asheville City Schools has two fiduciary funds – the Asheville High Awards Fund and Isaac Dickson Elementary Fund. Since the resources of the Custodial Funds are not available to support government programs, they are excluded from the government-wide statements.

The fiduciary fund statements are shown as Exhibits 9 and 10 of this report.

Financial Analysis of the Board as a Whole

Net position may serve over time as one useful indicator of the fiscal health of the Board. The Board's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $21,591,204 as of June 30, 2024, an increase of $3,230,289 as compared to the prior fiscal year. The largest component of net position is the net investment in capital assets (e.g. land, buildings, machinery and equipment). The net investment in capital assets totaled $80,625,341 at June 30, 2024.

Following is a summary of the statement of Net Position:

Table 1
Condensed Statement of Net Position
As of June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/24	6/30/23	6/30/24	6/30/23	6/30/24	6/30/23
Current assets	$22,983,822	$20,100,773	$ 309,421	$ 597,594	$23,293,243	$ 20,698,367
Capital assets	80,265,526	81,459,906	359,815	432,054	80,625,341	81,891,960
Total assets	103,249,348	101,560,679	669,236	1,029,648	103,918,584	102,590,327
Deferred outflows of resources	31,315,088	27,944,074	478,687	390,506	31,793,775	28,334,580
Current liabilities	1,271,879	648,745	81,595	77,433	1,353,474	726,178
Long-term liabilities	92,437,695	83,417,226	1,383,352	1,144,715	93,821,047	84,561,941
Total liabilities	93,709,574	84,065,971	1,464,947	1,222,148	95,174,521	85,288,119
Deferred inflows of resources	18,661,375	26,899,958	285,259	375,915	18,946,634	27,275,873
Net investment in capital assets	80,265,526	81,459,906	359,815	432,054	80,625,341	81,891,960
Restricted net position	5,961,715	5,592,795	-	-	5,961,715	5,592,795
Unrestricted net position	(64,033,754)	(68,513,877)	(962,098)	(609,963)	(64,995,852)	(69,123,840)
Total net position	$22,193,487	$18,538,824	$ (602,283)	$ (177,909)	$21,591,204	$ 18,360,915

Note that net position of governmental activities increased by approximately $3.7 million during the year, indicating an improvement in the financial condition of the Board. Also note that the Board carries capital assets for which Buncombe County carries the offsetting debt.

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

Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/24	6/30/23	6/30/24	6/30/23	6/30/24	6/30/23
Revenues:						
Program revenues:						
Charges for services	$ 1,613,821	$ 1,177,370	$ 486,597	$ 549,940	$ 2,100,418	$ 1,727,310
Operating grants and contributions	36,626,582	35,169,957	1,486,590	1,522,443	38,113,172	36,692,400
Capital grants and contributions	406,172	-	-	-	406,172	-
General revenues:						
Buncombe County	21,146,283	18,695,516	-	-	21,146,283	18,695,516
Supplemental school tax	11,775,432	11,407,104	-	-	11,775,432	11,407,104
Local option sales tax	4,540,113	4,479,364	-	-	4,540,113	4,479,364
Other revenues	2,418,480	3,935,098	4,747	568	2,423,227	3,935,666
Total revenues	78,526,883	74,864,409	1,977,934	2,072,951	80,504,817	76,937,360
Expenses:						
Governmental activities:						
Instructional services	55,748,300	45,770,180	-	-	55,748,300	45,770,180
System-wide support services	15,810,130	14,307,653	-	-	15,810,130	14,307,653
Ancillary services	438,741	426,770	-	-	438,741	426,770
Non-programmed charges	2,630,728	1,833,618	-	-	2,630,728	1,833,618
Unallocated depreciation	199,321	194,570	-	-	199,321	194,570
Business-type activities:						
Child Nutrition	-	-	2,447,308	2,272,479	2,447,308	2,272,479
Total expenses	74,827,220	62,532,791	2,447,308	2,272,479	77,274,528	64,805,270
Excess (deficiency) before transfers	3,699,663	12,331,618	(469,374)	(199,528)	3,230,289	12,132,090
Transfers in (out)	(45,000)	(70,584)	45,000	70,584	-	-
Change in net position	3,654,663	12,261,034	(424,374)	(128,944)	3,230,289	12,132,090
Beginning net position	18,538,824	6,277,790	(177,909)	(48,965)	18,360,915	6,228,825
Ending net position	$ 22,193,487	$ 18,538,824	$ (602,283)	$ (177,909)	$ 21,591,204	$ 18,360,915

Governmental activities generated revenues of $78.5 million for fiscal year 2024 compared to $74.9 million for the previous year. Governmental activities expenses totaled $74.8 million for fiscal year 2024 compared to $62.5 million for the previous year. After transfers to the business-type activities, the increase in net position stands at approximately $3.7 million at June 30, 2024 compared to an increase of $12.3 million in 2023.

County funding comprised 26.9% of total governmental revenues in fiscal year 2024 and 25.0% in fiscal year 2023, increasing slightly from the previous year. The amount of the Asheville City Schools supplemental city school tax received was 15.0% of total governmental revenues for

the year. Much of the remaining governmental revenues consist of restricted state and federal money. Instructional expenses comprised 74.5% of total governmental expenses for fiscal year 2024 compared to 73.2% for fiscal year 2023. Support services accounted for 21.1% and 22.9% of expenses in fiscal years 2024 and 2023, respectively.

Business-type activities generated revenues of approximately $2.0 million for fiscal year 2024 and $2.1 million for fiscal year 2023. At the same time, expenses for the business-type activities were approximately $2.4 million for fiscal year 2024 and $2.3 million for fiscal year 2023. Thus, net position decreased in the business-type activities by $424,374, after transfers in from the governmental activities of $45,000.

Financial Analysis of the Board's Funds

Governmental Funds: The focus of Asheville City Schools' governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Board's financing requirements. Table 3 below compares fund balance at June 30, 2024 and 2023 for the General Fund, the Other Special Revenue Fund, the Capital Outlay Fund and the Individual Schools Fund. Both the State Public School Fund and the Federal Grants Fund do not maintain a fund balance since revenues must equal expenditures. Thus, these funds have been excluded from Table 3.

Table 3
Summary of Fund Balances - Governmental Funds
As of June 30, 2024 and 2023

	2024				
	General Fund	Individual Schools Fund	Capital Outlay Fund	Other Special Revenue Fund	Total
Fund balances:					
Restricted	$ 81,634	$ 864,414	$ 3,691,861	$ 1,323,806	$ 5,961,715
Assigned	3,500,000	-	-	3,137,657	6,637,657
Unassigned	9,112,571	-	-	-	9,112,571
Total	$ 12,694,205	$ 864,414	$ 3,691,861	$ 4,461,463	$ 21,711,943

	2023				
	General Fund	Individual Schools Fund	Capital Outlay Fund	Other Special Revenue Fund	Total
Fund balances:					
Restricted	$ 94,698	$ 961,523	$ 3,281,590	$ 1,254,984	$ 5,592,795
Assigned	3,000,000	-	-	3,398,275	6,398,275
Unassigned	7,460,958	-	-	-	7,460,958
Total	$ 10,555,656	$ 961,523	$ 3,281,590	$ 4,653,259	$ 19,452,028

The General Fund, and Capital Outlay Fund ended the year with a surplus of revenues and other financing sources over expenditures and other financing uses. This resulted in a combined increase of $2.5 million in the aforementioned funds. This was primarily due to additional grants received, and ongoing construction projects funded primarily by the County. The Individual Schools Fund and Other Special Revenue Fund experienced a decrease in combined fund balance of approximately $289,000 due to increased costs.

Proprietary Fund: The Board's proprietary fund reflected a decrease in net position of $424,374 after transfers for 2024 compared to a decrease of $128,944 after transfers for fiscal year 2023.

General Fund Budgetary Highlights

The Board approved several budget amendments to account for changes in revenue and expenditure projections. Budget amendments are submitted to the Board on a monthly basis to reflect new revenues not measurable or known at the time of the original budget resolution. State and federal budgets are not approved at the State level until after the fiscal year begins and amendments are needed to reconcile the initial budget to final approved State and federal budgets. The State may send new allotments throughout the year and require additional budget amendments. There were no significant State or Federal budget amendments during the year and there were no significant expenditures in excess of the budgeted expenditures. The Other Special Revenue Fund increased the budget by approximately $2.4 million to account for grants and programs that had not been budgeted at the beginning of the year. Actual expenditures were less than budgeted expenditures mainly due increases in State and federal funding.

Capital Assets

Following is a summary of capital assets, net of accumulated depreciation at year-end.

Table 4
Summary of Capital Assets
As of June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/24	6/30/23	6/30/24	6/30/23	6/30/24	6/30/23
Land	$ 1,307,576	$ 1,307,576	$ -	$ -	$ 1,307,576	$ 1,307,576
Construction in progress	538,600	1,068,531	-	-	538,600	1,068,531
Land improvements	3,539,259	2,515,549	-	-	3,539,259	2,515,549
Buildings	72,513,767	74,061,880	-	-	72,513,767	74,061,880
Equipment and furniture	1,309,443	1,398,725	359,815	432,054	1,669,258	1,830,779
Vehicles	1,056,881	1,107,645	-	-	1,056,881	1,107,645
Total	$80,265,526	$81,459,906	$ 359,815	$ 432,054	$80,625,341	$81,891,960

Capital assets decreased $1,226,619 or (1.5%) over the previous year. Additional information regarding the Board's capital assets can be found in Note 2 to the financial statements.

Debt Outstanding

Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. At the end of fiscal year 2024, the Board's outstanding debt was composed of the liability for compensated absences to be paid from governmental and proprietary funds and pension plan obligations. The County holds all debt issued for school capital construction. Additional information regarding the Board's debt can be found in Note 2 to the financial statements.

Economic Factors Affecting Next Year's Budget

The following factors have been considered when developing the Asheville City Schools' 2025 budget:

- The North Carolina General Assembly failed to pass the budget before the end of the fiscal year for the fifth time out of the last six years. A mini bill was passed to allow for pay and benefit changes and a limited number of other initiatives.
- The North Carolina General Assembly once again enacted larger than average raises for all staff as well as step increases for teachers who earned a year of experience.
- The raises also significantly increase the cost of the ACS local supplement, which the Asheville City Schools Board of Education increased by 2% effective 7/1/23.
- The retirement matching rate as set by the North Carolina General Assembly decreased slightly from 25.02% to 24.04%.
- The annual cost of employer provided hospitalization insurance increased 7.12% from $7,557 to $8,095, per employee.
- The county appropriation and most state and federal allotments fell short of fully funding these significant increases requiring additional use of fund balance.
- The Asheville City Schools supplemental tax rate for 2024 is still set at 10.62 cents per $100 of assessed taxable valuation. An increase in this revenue source was projected during the budget process, but due to the impact of Hurricane Helene, it is likely that all sales tax revenue will suffer a sharp decline for the rest of this year and possibly next year as well.

Requests for Information

This report is intended to provide a summary of the financial condition of Asheville City Schools. Questions or requests for additional information should be addressed to:

Heidi Kerns, CMA
Chief Financial Officer
Asheville City Schools
P. O. Box 7347
Asheville, NC 28802

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ASHEVILLE CITY SCHOOLS
STATEMENT OF NET POSITION
June 30, 2024

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 20,731,741	$ 273,795	$ 21,005,536
Due from other governments	1,922,807	35,133	1,957,940
Receivables	329,274	493	329,767
Capital assets:			
Land and construction in progress	1,846,176	-	1,846,176
Other capital assets, net of depreciation	78,419,350	359,815	78,779,165
Total capital assets	80,265,526	359,815	80,625,341
Total assets	103,249,348	669,236	103,918,584
DEFERRED OUTFLOWS OF RESOURCES	31,315,088	478,687	31,793,775
LIABILITIES			
Accounts payable and accrued expenses	656,869	4,627	661,496
Unearned revenues	615,010	47,642	662,652
Long-term liabilities:			
Due within one year:			
Liability for compensated absences	1,616,307	29,326	1,645,633
Due in more than one year:			
Net pension liability	36,825,666	562,923	37,388,589
Net OPEB liability	52,302,098	799,497	53,101,595
Liability for compensated absences	1,693,624	20,932	1,714,556
Total liabilities	93,709,574	1,464,947	95,174,521
DEFERRED INFLOWS OF RESOURCES	18,661,375	285,259	18,946,634
NET POSITION			
Net investment in capital assets	80,265,526	359,815	80,625,341
Restricted for:			
Individual school activities	864,414	-	864,414
Stabilization by State statute	1,405,440	-	1,405,440
School Capital Outlay	3,691,861	-	3,691,861
Unrestricted	(64,033,754)	(962,098)	(64,995,852)
Total net position	$ 22,193,487	$ (602,283)	$ 21,591,204

The accompanying notes are an integral part of the basic financial statements.

ASHEVILLE CITY SCHOOLS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Exhibit 2

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	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government:							
Governmental Activities:							
Instructional services:							
Regular instructional	$ 31,178,955	$ 131,073	$ 18,835,775	$ 406,172	$ (11,805,935)	$ -	$ (11,805,935)
Special populations	7,616,587	-	5,844,911	-	(1,771,676)	-	(1,771,676)
Alternative programs	5,522,889	413,428	3,761,183	-	(1,348,278)	-	(1,348,278)
School leadership	4,063,161	-	1,529,575	-	(2,533,586)	-	(2,533,586)
Co-curricular services	1,614,022	1,060,589	-	-	(553,433)	-	(553,433)
School-based support	5,752,686	-	2,502,499	-	(3,250,187)	-	(3,250,187)
System-wide support services							
Support and development	532,037	-	207,564	-	(324,473)	-	(324,473)
Special population support and development	469,716	-	438,176	-	(31,540)	-	(31,540)
Alternative programs	664,306	-	55,894	-	(608,412)	-	(608,412)
Technology support	30,216	-	88,656	-	58,440	-	58,440
Operational support	9,458,793	-	2,610,663	-	(6,848,130)	-	(6,848,130)
Financial and human resource services	1,746,670	-	156,452	-	(1,590,218)	-	(1,590,218)
Accountability	131,432	-	-	-	(131,432)	-	(131,432)
System-wide pupil support	889,029	-	106,843	-	(782,186)	-	(782,186)
Policy, leadership and public relations	1,887,931	-	418,397	-	(1,469,534)	-	(1,469,534)
Ancillary services	438,741	8,731	69,994	-	(360,016)	-	(360,016)
Non-programmed charges	2,630,728	-	-	-	(2,630,728)	-	(2,630,728)
Unallocated depreciation expense**	199,321	-	-	-	(199,321)	-	(199,321)
Total governmental activities	74,827,220	1,613,821	36,626,582	406,172	(36,180,645)	-	(36,180,645)
Business-type activities:							
School food service	2,447,308	486,597	1,486,590	-	-	(474,121)	(474,121)
Total primary government	$ 77,274,528	$ 2,100,418	$ 38,113,172	$ 406,172	(36,180,645)	(474,121)	(36,654,766)
	General revenues:						
	Unrestricted county appropriations - operating				17,704,730	-	17,704,730
	Unrestricted county appropriations - capital				3,441,553	-	3,441,553
	Supplemental city school tax				11,775,432	-	11,775,432
	Local option sales tax				4,540,113	-	4,540,113
	Investment earnings, unrestricted				565,448	-	565,448
	Miscellaneous, unrestricted				1,853,032	4,747	1,857,779
	Transfers				(45,000)	45,000	-
	Total general revenues and transfers				39,835,308	49,747	39,885,055
	Change in net position				3,654,663	(424,374)	3,230,289
	Net position-beginning				18,538,824	(177,909)	18,360,915
	Net position-ending				$ 22,193,487	$ (602,283)	$ 21,591,204

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

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS

ASHEVILLE CITY SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2024

Exhibit 3

	Major Funds						Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Other Special Revenue	Federal Grants	
ASSETS							
Cash and cash equivalents	$ 13,243,315	$ -	$ 898,249	$ 2,811,385	$ 3,778,792	$ -	$ 20,731,741
Receivables	15,185	-	2,203	310,844	1,042	-	329,274
Due from other fund	-	-	-	-	36,038	-	36,038
Due from other governments	66,449	-	-	569,632	1,286,726	-	1,922,807
Total assets	$ 13,324,949	$ -	$ 900,452	$ 3,691,861	$ 5,102,598	$ -	$ 23,019,860
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	$ 630,744	$ -	$ -	$ -	$ 26,125	$ -	$ 656,869
Due to other fund	-	-	36,038	-	-	-	36,038
Unearned revenues	-	-	-	-	615,010	-	615,010
Total liabilities	630,744	-	36,038	-	641,135	-	1,307,917
Fund balances:							
Restricted:							
Stabilization by State statute	81,634	-	-	-	1,323,806	-	1,405,440
School capital outlay	-	-	-	3,691,861	-	-	3,691,861
Individual schools	-	-	864,414	-	-	-	864,414
Assigned:							
Special revenues	-	-	-	-	3,137,657	-	3,137,657
Subsequent year's expenditures	3,500,000	-	-	-	-	-	3,500,000
Unassigned	9,112,571	-	-	-	-	-	9,112,571
Total fund balances	12,694,205	-	864,414	3,691,861	4,461,463	-	21,711,943
Total liabilities, deferred inflows of resources and fund balances	$ 13,324,949	$ -	$ 900,452	$ 3,691,861	$ 5,102,598	$ -	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:							
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.							$ 80,265,526
Deferred outflows of resources related to pensions.							21,441,241
Deferred outflows of resources related to OPEB							9,873,847
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.							(3,309,931)
Net pension liability							(36,825,666)
Net OPEB liability							(52,302,098)
Deferred inflows of resources related to OPEB							(17,393,294)
Deferred inflows of resources related to pensions							(1,268,081)
Net position of governmental activities							$ 22,193,487

The accompanying notes are an integral part of the basic financial statements.

ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit 4

	Major Funds						
	General	State Public School	Individual Schools	Capital Outlay	Other Special Revenue	Federal Grants	Total Governmental Funds
REVENUES							
State of North Carolina	$ -	$ 31,031,096	$ -	$ -	$ 212,845	$ -	$ 31,243,941
Buncombe County	17,704,730	-	-	3,441,553	-	-	21,146,283
U.S. Government	-	131,558	-	406,172	103,466	4,626,956	5,268,152
Supplemental city school tax	11,775,432	-	-	-	-	-	11,775,432
Local option sales tax	-	-	-	-	4,540,113	-	4,540,113
Other	205,764	-	1,060,589	188,714	3,136,923	-	4,591,990
Total revenues	29,685,926	31,162,654	1,060,589	4,036,439	7,993,347	4,626,956	78,565,911
EXPENDITURES							
Current:							
Instructional services:							
Regular instructional	6,963,195	18,031,042	405,400	85,495	2,660,510	771,776	28,917,418
Special populations	1,004,147	5,041,031	-	-	921,229	730,128	7,696,535
Alternative programs	605,988	629,516	-	-	2,188,561	2,002,426	5,426,491
School leadership	2,184,131	1,527,098	-	-	440,388	2,250	4,153,867
Co-curricular services	340,902	-	1,267,048	12,031	-	-	1,619,981
School-based support	2,009,618	2,355,966	-	930,723	398,644	133,089	5,828,040
System-wide support services:							
Support and development	279,534	207,564	-	-	57,353	-	544,451
Special population support and development	15,974	128,729	-	-	25,791	281,057	451,551
Alternative programs and services	564,697	-	-	-	59,288	50,766	674,751
Technology support	1,153,491	88,656	-	-	92,745	-	1,334,892
Operational support	5,397,846	2,526,122	-	531,601	788,636	76,785	9,320,990
Financial and human resource services	1,471,674	56,690	-	-	148,837	90,609	1,767,810
Accountability	121,268	-	-	-	13,370	-	134,638
System-wide pupil support	690,192	106,843	-	-	113,203	-	910,238
Policy, leadership and public relations	1,375,969	418,397	-	-	122,455	-	1,916,821
Ancillary services	223,273	-	-	-	154,133	63,572	440,978
Non-programmed charges:							
Payments to charter schools	2,630,728	-	-	-	-	-	2,630,728
Other	-	-	-	-	-	424,498	424,498
Capital outlay	-	-	-	2,066,318	-	-	2,066,318
Total expenditures	27,032,627	31,117,654	1,672,448	3,626,168	8,185,143	4,626,956	76,260,996
Revenues over (under) expenditures	2,653,299	45,000	(611,859)	410,271	(191,796)	-	2,304,915
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	-	-	514,750	-	-	-	514,750
Transfers to other funds	(514,750)	(45,000)	-	-	-	-	(559,750)
Total other financing sources (uses)	(514,750)	(45,000)	514,750	-	-	-	(45,000)
Net change in fund balance	2,138,549	-	(97,109)	410,271	(191,796)	-	2,259,915
Fund balances-beginning	10,555,656	-	961,523	3,281,590	4,653,259	-	19,452,028
Fund balances-ending	$ 12,694,205	$ -	$ 864,414	$ 3,691,861	$ 4,461,463	$ -	$ 21,711,943

The accompanying notes are an integral part of the basic financial statements.

Exhibit 4
(Continued)

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

Net changes in fund balances - total governmental funds	$ 2,259,915
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay expenditures in the current period.	(1,155,352)
Contributions to the OPEB plan in the current fiscal year are not included in the Statement of Activities.	2,833,326
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities.	6,889,867
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	68,642
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	(8,682,162)
Net OPEB expense	1,700,634
Compensated absences	(221,179)
Loss on disposal of assets	(39,028)
Total changes in net position of governmental activities	$ 3,654,663

ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2024

Exhibit 5

	General Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
State of North Carolina	$ -	$ -	$ -	$ -
Buncombe County	17,704,730	17,704,730	17,704,730	-
U.S. Government	-	-	-	-
Supplemental city school tax	11,640,014	11,640,014	11,775,432	135,418
Local option sales tax	-	-	-	-
Other	200,000	200,000	205,764	5,764
Total revenues	29,544,744	29,544,744	29,685,926	141,182
Expenditures:				
Current:				
Instructional services	15,703,193	15,703,193	13,107,981	2,595,212
System-wide support services	13,273,444	13,353,444	11,070,645	2,282,799
Ancillary services	273,357	273,357	223,273	50,084
Non-programmed charges:				
Payments to charter schools	2,780,000	2,700,000	2,630,728	69,272
Capital Outlay	-	-	-	-
Total expenditures	32,029,994	32,029,994	27,032,627	4,997,367
Revenues over (under) expenditures	(2,485,250)	(2,485,250)	2,653,299	5,138,549
Other financing sources uses:				
Transfers to other funds	(514,750)	(514,750)	(514,750)	-
Revenues over (under) expenditures and other uses	(3,000,000)	(3,000,000)	2,138,549	5,138,549
Appropriated fund balance	3,000,000	3,000,000	-	3,000,000
Revenue and appropriated fund balance over (under) expenditures and other uses	$ -	$ -	2,138,549	$ 2,138,549
Fund balances, beginning of year			10,555,656	
Fund balances, end of year			$ 12,694,205	

The accompanying notes are an integral part of the basic financial statements.

ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2024

Exhibit 5 (Continued)

	State Public School Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
State of North Carolina	$ 30,373,449	$ 31,642,672	$ 31,031,096	$ (611,576)
Buncombe County	-	-	-	-
U.S. Government	-	-	131,558	131,558
Supplemental city school tax	-	-	-	-
Local option sales tax	-	-	-	-
Other	-	-	-	-
Total revenues	30,373,449	31,642,672	31,162,654	(480,018)
Expenditures:				
Current:				
Instructional services	27,180,198	27,764,574	27,584,653	179,921
System-wide support services	3,118,251	3,803,098	3,533,001	270,097
Ancillary services	-	-	-	-
Non-programmed charges	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	30,298,449	31,567,672	31,117,654	450,018
Revenues over (under) expenditures	75,000	75,000	45,000	(30,000)
Other financing sources uses:				
Transfers to other funds	(75,000)	(75,000)	(45,000)	30,000
Revenues over (under) expenditures and other uses	-	-	-	-
Appropriated fund balance	-	-	-	-
Revenue and appropriated fund balance over (under) expenditures and other uses	$ -	$ -	-	$ -
Fund balances, beginning of year			-	
Fund balances, end of year			$ -	

The accompanying notes are an integral part of the basic financial statements.

ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2024

Exhibit 5 (Continued)

	Other Special Revenue Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
State of North Carolina	$ -	$ 218,464	$ 212,845	$ (5,619)
Buncombe County	-	-	-	-
U.S. Government	-	65,000	103,466	38,466
Supplemental city school tax	-	-	-	-
Local option sales tax	4,893,870	4,300,000	4,540,113	240,113
Other	928,250	3,681,138	3,136,923	(544,215)
Total revenues	5,822,120	8,264,602	7,993,347	(271,255)
Expenditures:				
Current:				
Instructional services	4,516,334	7,597,901	6,609,332	988,569
System-wide support services	1,566,719	1,666,908	1,421,678	245,230
Ancillary services	160,812	196,042	154,133	41,909
Non-programmed charges	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	6,243,865	9,460,851	8,185,143	1,275,708
Revenues over (under) expenditures	(421,745)	(1,196,249)	(191,796)	1,004,453
Other financing sources uses:				
Transfers to other funds	-	-	-	-
Revenues over (under) expenditures and other uses	(421,745)	(1,196,249)	(191,796)	1,004,453
Appropriated fund balance	421,745	1,196,249	-	1,196,249
Revenue and appropriated fund balance over (under) expenditures	$ -	$ -	(191,796)	$ (191,796)
Fund balances, beginning of year			4,653,259	
Fund balances, end of year			$ 4,461,463	

The accompanying notes are an integral part of the basic financial statements.

ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2024

Exhibit 5 (Continued)

	Federal Grants Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
State of North Carolina	$ -	$ -	$ -	$ -
Buncombe County	-	-	-	-
U.S. Government	6,612,495	6,858,047	4,626,956	(2,231,091)
Supplemental city school tax	-	-	-	-
Local option sales tax	-	-	-	-
Other	-	-	-	-
Total revenues	6,612,495	6,858,047	4,626,956	(2,231,091)
Expenditures:				
Current:				
Instructional services	5,028,940	5,607,325	3,639,669	1,967,656
System-wide support services	476,494	561,245	499,217	62,028
Ancillary services	75,000	81,555	63,572	17,983
Non-programmed charges	1,032,061	607,922	424,498	183,424
Capital Outlay	-	-	-	-
Total expenditures	6,612,495	6,858,047	4,626,956	2,231,091
Revenues over (under) expenditures	-	-	-	-
Other financing sources uses:				
Transfers to other funds	-	-	-	-
Revenues over (under) expenditures and other uses	-	-	-	-
Appropriated fund balance	-	-	-	-
Revenue and appropriated fund balance over (under) expenditures and other uses	$ -	$ -	-	$ -
Fund balances, beginning of year			-	
Fund balances, end of year			$ -	

The accompanying notes are an integral part of the basic financial statements.

ASHEVILLE CITY SCHOOLS
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2024

Exhibit 6

	Enterprise Funds Major Fund School Food Service
ASSETS	
Current assets:	
Cash and cash equivalents	$ 273,795
Due from other governments	35,133
Receivables (net)	493
Total current assets	309,421
Noncurrent assets:	
Capital assets, net	359,815
Total assets	669,236
DEFERRED OUTFLOWS OF RESOURCES	478,687
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	4,627
Compensated absences	29,326
Unearned revenues	47,642
Total current liabilities	81,595
Noncurrent liabilities:	
Net pension liability	562,923
Net OPEB liability	799,497
Compensated absences	20,932
Total liabilities	1,464,947
DEFERRED INFLOWS OF RESOURCES	285,259
NET POSITION	
Net investment in capital assets	359,815
Unrestricted	(962,098)
Total net position	$ (602,283)

The accompanying notes are an integral part of the basic financial statements.

ASHEVILLE CITY SCHOOLS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND
For the Year Ended June 30, 2024

Exhibit 7

	Enterprise Fund Major Fund School Food Service
OPERATING REVENUES	
Food sales	$ 486,597
OPERATING EXPENSES	
Purchase of food	179,861
Salaries and benefits	1,213,620
Indirect costs	91,442
Materials and supplies	8,486
Contracted services	877,077
Depreciation	72,239
Other	4,583
Total operating expenses	2,447,308
Operating income (loss)	(1,960,711)
NONOPERATING REVENUES	
Federal reimbursements	1,272,599
Federal commodities	120,294
State reimbursements	2,255
Indirect costs not paid	91,442
Other	4,747
Total nonoperating revenues	1,491,337
Income (loss) before transfers	(469,374)
Transfer from other funds	45,000
Change in net position	(424,374)
Total net position - beginning	(177,909)
Total net position - ending	$ (602,283)

The accompanying notes are an integral part of the basic financial statements.

ASHEVILLE CITY SCHOOLS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2024

Exhibit 8

	Enterprise Fund Major Fund School Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 490,692
Cash paid for goods and services	(821,859)
Cash paid to employees for services	(1,153,485)
Net cash provided (used) by operating activities	(1,484,652)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal reimbursements	1,294,497
State reimbursements	2,255
Net cash provided by noncapital financing activities	1,296,752
Net increase (decrease) in cash and cash equivalents	(183,153)
Balances-beginning of the year	456,948
Balances-end of the year	$ 273,795

The accompanying notes are an integral part of the basic financial statements.

Reconciliation of operating loss to net cash used by operating activities	
Operating income (loss)	$ (1,960,711)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Depreciation	72,239
Donated commodities consumed	120,294
Transfers from other funds	45,000
Indirect costs not paid	91,442
Changes in assets deferred outflows of resources, and liabilities:	
(Increase) decrease in accounts receivable	268
(Increase) decrease in inventory	82,854
Increase (decrease) in accounts payable and accrued liabilities	(545)
(Increase) decrease in deferred outflows	(88,181)
Increase (decrease) in net pension liability	101,118
Increase (decrease) in net OPEB liability	138,745
Increase (decrease) in deferred inflows	(90,656)
Increase (decrease) in unearned revenues	3,827
Increase (decrease) in compensated absences	(346)
Total adjustments	476,059
Net cash proivided (used) by operating activities	$ (1,484,652)

Noncash investing, capital, and financing activities:

The State Public School Fund paid operating expenses of $45,000 of the School Food Service Fund during the fiscal year. The payment is reflected as an operating transfer in and an operating expense on Exhibit 7.

Indirect costs of $91,442 that would be due to the Other Special Revenue Fund were not paid. These unpaid costs are reflected as a nonoperating revenue and an operating expense on Exhibits 7 and C-1.

The School Food Service Fund received donated commodities with a value of $120,294 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue.

ASHEVILLE CITY SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS
June 30, 2024

Exhibit 9

	Custodial Funds
ASSETS	
Cash and cash equivalents	$ 22,394
NET POSITION	
Unrestricted	$ 22,394

The accompanying notes are an integral part of the basic financial statements.

ASHEVILLE CITY SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS
June 30, 2024

Exhibit 10

	Custodial Funds
ADDITIONS	
Interest earned	$ 997
DEDUCTIONS	
Supplies	808
Change in net position	189
Total net position - beginning	22,205
Total net position - ending	$ 22,394

The accompanying notes are an integral part of the basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Asheville City Schools (Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Asheville City, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity. The Board has no component units.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the Board. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Board and for each function of the Board's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. All expenses are considered to be operating expenses.

The Board reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are accounted for in another fund. This fund is the "Local Current Expense Fund", which is mandated by state law (G.S. 115C-426).

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

Individual Schools Fund. The Individual Schools Fund includes revenues and expenditures of the activity funds of the individual schools. The primary revenue sources include funds held on the behalf of various clubs and organizations, receipts from athletic events, and proceeds from various fund-raising activities. The primary expenditures are for athletic teams, club programs, activity buses and instructional needs.

Other Special Revenue Fund. The Other Special Revenue Fund is used to account for revenues from reimbursements, including indirect costs, fees for actual costs, tuition, sales tax refunds, gifts and grants restricted as to use, federal and State grants restricted as to use, federal and State appropriations made directly to local school administrative units, funds received for prekindergarten programs and special programs.

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

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

The Board reports the following major enterprise fund:

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

The Board reports the following fiduciary fund:

Custodial Fund. The Custodial Fund is used to account for assets held by the Board as an agent for other organizations. The Custodial Fund is used to account for funds deposited with the Board as an agent for the benefit of various scholarship and awards funds and the Educational Access Channel Consortium.

Measurement Focus and Basis of Accounting

Government-wide, 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and

donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Board's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue fund, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The Board has authorized the Superintendent to move monies from one function to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by a cumulative total of plus or minus ten percent. All such amendments must be approved by the governing board. During the year, several amendments to the original budget ordinance were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Assets, Liabilities, and Fund Equity

Deposits and Investments

All deposits of the Board are made in board-designated official depositories and are secured as required by State law [G.S. 115C-444]. The Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market

accounts, and certificates of deposit. The Board also has money credited in its name with the State Treasurer and may issue State warrants against these funds.

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF). The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. It consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board's investments are reported at amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits and the NCCMT are measured at amortized cost, which is the NCCMT's share price. Ownership interest in the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. All investments are measured using the market approach. The STIF is classified as Level 2 in the fair value hierarchy and is valued using prices that are either directly or indirectly observable for an asset or liability. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

Cash and Cash Equivalents

The Board pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Inventories

The inventories of the Board are valued at cost and the Board uses the first-in, first-out (FIFO) flow assumption in determining cost. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

Capital Assets

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

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

Buncombe County holds title to certain properties, which are reflected as capital assets in the financial statements of the Board. The properties have been deeded to the County to permit financing agreements for construction costs. Agreements between the County and the Board gives the schools full use of the facilities, full responsibility for maintenance of the facilities, and provides that the County will convey title of the property back to the Board once all restrictions of the financing agreements have been met.

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

	Years
Buildings	50
Improvements	20
Equipment and furniture	5 - 20
Vehicles	8

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred 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 will not be recognized as an expense or expenditure until then. The Board has several items that meet this criterion - pension and OPEB related deferrals and contributions made to the plans subsequent to the measurement date. The statement of financial position also reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as revenue until then. The Board has several items that meet this criterion - pension and OPEB related deferrals.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Unearned Revenue

Unearned revenue in the Governmental Funds is for programs for which funds have been received but not earned. Unearned revenue in the Enterprise Funds represents prepaid lunches for the School Nutrition Program.

Compensated Absences

The Board follows the State’s policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board’s liability for accumulated earned vacation and the salary-related payments as of June 30, 2024 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years’ records of the current portion of compensated absences.

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

Net Position/Fund Balances

Net Position

Net position in the government-wide and proprietary fund financial statements is classified as net investment in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, or imposed by law through State statute.

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

Restricted for school capital outlay - portion of fund balance that can only be used for school capital outlay. [G.S. 159-18 through 22]

Restricted for Individual Schools – revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fund raising activities for which they were collected.

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

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

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

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. A negative unassigned fund balance may be

reported in other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes.

The Board of Education has a management policy for revenue spending that provides guidance for programs with multiple revenue sources. The Executive Director of Finance will use resources in the following hierarchy: state funds, federal funds, local non-board of education funds, and board of education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Executive Director of Finance has the authority to deviate from this policy if it is in the best interest of the Board.

Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of $481,544 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	$ 156,343,318
Less Accumulated Depreciation	76,077,792
Net capital assets	80,265,526
Pension related deferred outflows of resources	21,441,241
OPEB related deferred outflows of resources	9,873,847
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Compensated absences	(3,309,931)
Net pension liability	(36,825,666)
Net OPEB liability	(52,302,098)
Deferred inflows of resources related to pensions	(1,268,081)
Deferred inflows of resources related to OPEB	(17,393,294)
Total adjustment	$ 481,544

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of $1,394,748 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	$ 2,780,130
Depreciation expenses, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(3,935,482)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	6,889,867
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	2,833,326
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
OPEB nonemployer contributions	68,642
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Pension expense	(8,682,162)
Net OPEB expense	1,700,634
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(221,179)
Loss on disposal of fixed assets	(39,028)
Total adjustment	$ 1,394,748

Defined Benefit Pension Plan and OPEB Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' and State Employees' Retirement System (TSERS), the Retiree Health Benefit Fund (RHBF), and the Disability Income Plan of NC (DIPNC) and additions to/deductions from TSERS, RHBF, and DIPNC's fiduciary net position have been determined on the same basis as they are reported by TSERS, RHBF, and DIPNC. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Board's employer contributions are recognized when due and the Board has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of TSERS, RHBF, and DIPNC. Investments are reported at fair value.

NOTE 2 - DETAIL NOTES ON ALL FUNDS

Assets

Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Board has no policy regarding custodial credit risk for deposits.

At June 30, 2024, the Board had deposits with banks and savings and loans with a carrying amount of $11,609,770 and with the State Treasurer of $1,500,000. The bank balances with the financial institutions and the State Treasurer were $12,472,933 and $2,425,456, respectively. Of these balances, $920,216 was covered by federal depository insurance and $13,978,173 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

Investments

At June 30, 2024, the Board of Education had $410,823 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. There was $7,507,337 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2024. The Board has no policy for managing interest rate risk or credit risk.

Accounts Receivable

Receivables at the government-wide level at June 30, 2024 are as follows:

	Due from other governments	Other	Total
Governmental activities:			
General Fund	$ 66,449	$ 15,185	$ 81,634
Other governmental activities	1,856,358	314,089	2,170,447
Total governmental activities	$ 1,922,807	$ 329,274	$ 2,252,081
Business-type activities:			
School Food Service Fund	$ 35,133	$ 493	$ 35,626

Due from other governments consists of the following:

Governmental activities:		
General Fund	$ 66,449	Due from Buncombe County
Other Special Revenue Fund	1,138,965	Due from Buncombe County
Other Special Revenue Fund	145,012	Due from DHHS
Other Special Revenue Fund	2,749	Due from USDA
Capital Outlay Fund	569,632	Due from Buncombe County
Total	$ 1,922,807	
Business-type activities:		
School Food Service Fund	$ 35,133	Federal grant funds

Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balances	Increases	Decreases and Transfers	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,307,576	$ -	$ -	$ 1,307,576
Construction in progress	1,068,531	1,267,000	1,796,931	538,600
Total capital assets not being depreciated	2,376,107	1,267,000	1,796,931	1,846,176
Capital assets being depreciated:				
Buildings	136,323,637	1,744,517	-	138,068,154
Equipment and furniture	6,499,644	149,067	1,810,515	4,838,196
Vehicles	4,575,860	184,988	71,104	4,689,744
Land improvements	5,669,559	1,231,489	-	6,901,048
Total capital assets being depreciated	153,068,700	3,310,061	1,881,619	154,497,142
Less accumulated depreciation for:				
Buildings	62,261,757	3,292,630	-	65,554,387
Equipment and furniture	5,100,919	199,321	1,771,487	3,528,753
Vehicles	3,468,215	235,752	71,104	3,632,863
Land improvements	3,154,010	207,779	-	3,361,789
Total accumulated depreciation	73,984,901	3,935,482	1,842,591	76,077,792
Total capital assets being depreciated, net	79,083,799			78,419,350
Governmental activity capital assets, net	$ 81,459,906			$ 80,265,526

	Beginning Balances	Increases	Decreases and Transfers	Ending Balances
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment	$ 1,387,170	$ -	$ 116,633	$ 1,270,537
Less accumulated depreciation for:				
Equipment	955,116	72,239	116,633	910,722
School Food Service capital assets, net	$ 432,054			$ 359,815

Depreciation was charged to governmental functions as follows:

Regular Instruction services	$ 3,500,409
System-wide support services	235,752
Unallocated depreciation	199,321
Total	$ 3,935,482

Construction Commitments

Asheville City Board of Education has active construction projects as of June 30, 2024 for the benefit of Asheville City Board of Education. At year end, commitments with contractors for school construction and renovations are as follows:

	Spent to date	Remaining Commitment
AHS baseball field lighting	$ 242,200	$ 211,545
Districtwide intercom system	296,400	27,550
	$ 538,600	$ 239,095

Liabilities

Pension Plan and Other Postemployment Obligations

Teachers' and State Employees' Retirement System

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

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or

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

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2024, was 17.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were $6,995,184 for the year ended June 30, 2024.

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

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

At June 30, 2024, the Board reported a liability of $37,388,589 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2024 and at June 30, 2023, the Board's proportion was .22%, and .23%, respectively.

For the year ended June 30, 2024, the Board recognized pension expense of $8,834,367. At June 30, 2024, the Board 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	$ 3,048,054	$ 275,954
Changes of assumptions	1,313,038	-
Net difference between projected and actual earnings on pension plan investments	10,412,719	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	1,011,511
Board contributions subsequent to the measurement date	6,995,184	-
Total	$ 21,768,995	$ 1,287,465

$6,995,184 reported as deferred outflows of resources related to pensions resulting from the Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2024.

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

Year ended June 30:	
2025	$ 4,148,730
2026	2,306,051
2027	6,586,765
2028	444,800
2029	-
Thereafter	-
Total	$ 13,486,346

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

Inflation	2.50%
Salary increases	3.25% to 8.05%, including a 2.5% inflation and productivity factor
Investment rate of return	6.50%, 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, 2022 actuarial valuation were based on the actuarial experience study for the prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2022. 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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2022 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability reported at June 30, 2024 and 2023 was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's proportionate share of the net pension asset to changes in the discount rate. The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Board's proportionate share of the net pension liability (asset)	$ 64,187,446	$ 37,388,589	$ 15,280,401

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

Other Postemployment Benefits

Healthcare Benefits

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

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

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

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

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

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

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 7.14% of covered payroll which amounted to $2,832,990. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling $187.0 million, which was isolated from the OPEB expense and allocated to participating employers as a separate revenue item. The Board's proportionate share of this allocation totaled $69,691.

At June 30, 2024, Board reported a liability of $53,049,376 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. The total OPEB liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present

value of future salary, actuarially determined. At June 30, 2024 and at June 30, 2023, the Boards proportion was 0.20%.

$2,832,990 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2025	$ (3,855,464)
2026	(4,697,837)
2027	(2,731,935)
2028	696,741
2029	-
Thereafter	-
Total	$ (10,588,495)

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

Inflation	2.50%
Salary increases	3.25 - 8.05% including a 3.25% inflation and productivity factor
Investment rate of return	6.50%
Healthcare cost trend rates:	
Medical	5.00 - 6.50%
Prescription drug	5.00 - 10.00%
Administrative costs	3.00%
Post-retirement mortality rates	Pub-2010 Healthy Annuitant Mortality Table for males and females, adjusted for Collar for some Participants, further adjusted with scaling factors varying by participant group, and projected for mortality improvement using Scale MP-2019

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF at June 30, 2024 and 2023 were 3.65% and 3.54%, respectively. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.65% was used as the discount rate used to measure the total OPEB liability. The 3.65% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2024.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage point higher (4.65 percent) than the current discount rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Net OPEB liability	$ 62,582,211	$ 53,049,376	$ 45,286,095

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

	1% Decrease in Trend Rates	Current Trend Rates (5.00-6.50% Medical, 5.00-10.00% Rx, 5.00% Medicare, 3.00% Administrative Expenses)	1% Increase in Trend Rates
Net OPEB liability	$ 43,797,280	$ 53,049,376	$ 64,980,492

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

Disability Benefits

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

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

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

Benefits Provided. Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provide the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or ORP, earned within 96

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

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2024, employers made a statutory contribution of 0.11% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were $43,646 for the year ended June 30, 2024.

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

At June 30, 2024, Board reported an OPEB liability of $52,219 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. The total OPEB liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2024 and at June 30, 2023, the Boards proportion was .20%.

$43,646 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2025	$	22,969
2026		15,274
2027		23,384
2028		8,170
2029		4,557
Thereafter		3,115
Total	$	77,469

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

Inflation	2.50%
Salary increases	3.25% to 8.05%, including a 3.25% inflation and productivity factor
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage point higher (4.00 percent) than the current discount rate:

	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
Net OPEB liability	$ 62,774	$ 52,219	$ 41,471

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2022 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019.

DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2024. The long-term expected rate of return was determined based on the combination of expected future real rates of return and expected inflation. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2024 is 1.3%.

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

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

	RHBF	DIPNC	Total
OPEB expense (revenue)	$ 1,712,303	$ (70,166)	$ 1,642,137
OPEB liability	53,049,376	52,219	53,101,595
Proportionate share of the net OPEB liability	0.199%	0.196%	
Deferred of Outflows of Resources			
Differences between expected and actual experience	$ 584,177	$ 45,763	$ 629,940
Changes of assumptions	5,746,862	3,805	5,750,667
Net difference between projected and actual earnings on plan investments	423,786	68,205	491,991
Changes in proportion and defferences between Board contributions and proportionate share of contributions	268,014	7,532	275,546
Board contributions subsequent to the measurement date	2,832,990	43,646	2,876,636
Total Deferred Outflows of Resources	$ 9,855,829	$ 168,951	$ 10,024,780
Deferred of Inflows of Resources			
Differences between expected and actual experience	$ 51,978	$ 28,923	$ 80,901
Changes of assumptions	14,153,146	8,914	14,162,060
Changes in proportion and differences between Board contributions and proportionate share of contributions	3,406,210	9,999	3,416,209
Total Deferred Inflows of Resources	$ 17,611,334	$ 47,836	$ 17,659,170

Accounts Payable

Accounts payable as of June 30, 2024 are as follows:

	Vendors	Charter Schools	Total
Governmental Activities:			
General	$ 386,513	$ 244,231	$ 630,744
Other Govermental	26,125	-	26,125
Total Governmental Activities	$ 412,638	$ 244,231	$ 656,869
Business-types Activities			
School Food Service	$ 4,627	$ -	$ 4,627

Deferred Inflows of resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between Board contributions and proportionate share of contributions	$ 275,546	$ 4,427,720
Changes in assumptions	7,063,705	14,162,059
Difference between projected and actual earnings on plan investments	10,904,710	-
Board contributions subsequent to the measurement date	9,871,820	-
Difference between expected and actual experience	3,677,994	356,855
Total	$ 31,793,775	$ 18,946,634

Unearned Revenues

The balance in unearned revenues at June 30, 2024 is composed of the following:

Prepaid lunch sales (School Food Service Fund)	$ 47,642
Various grants (Other Special Revenue Fund)	$ 615,010

Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Through the private insurance industry, the Board maintains general liability and errors and omissions coverage of $1 million per claim. The Board has an annual aggregate limit for general liability of $3,000,000 and $1,000,000 each loss and $1,000,000 aggregate for errors and omissions. In addition, the Board carries commercial umbrella for another $1,000,000 of liability coverage. The State of North Carolina provides workers' compensation for employees to the extent they are paid from State funds. For employees not paid from State funds, the Board also carries workers' compensation and employers liability through private insurance of $1,000,000 each accident and $1,000,000 each employee, with a policy limit of $1 million. Directed by the North Carolina General Assembly, the North Carolina Department of Public Instruction implemented, in 2011, an Excess Educator's Legal Liability policy. This policy is in excess of the Board's insurance policies, covers all employees of the school system, and there is no requirement that employees join any association to receive coverage of $1,000,000 per insured per occurrence with a $1,000,000 aggregate per insured.

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. The Board pays the majority of the cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time of the Board's funds are performance bonded through a commercial surety bond. The finance officer is bonded for $200,000. The remaining employees that have access to funds are covered under a crime policy with a $50,000 limit for Employee Theft. A limit of $50,000 for Theft of Money and Securities (inside and outside premises). A limit of $50,000 for Computer and Funds Transfer Fraud. A limit of $50,000 for Social Engineering.

The Board carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past three fiscal years.

Long-Term Obligations

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2024:

	July 1, 2023	Increases	Decreases	June 30, 2024	Current Portion
Governmental activities:					
Net pension liability	$ 33,046,032	$ 3,779,634	$ -	$ 36,825,666	$ -
Net OPEB liability	47,282,442	5,019,656	-	52,302,098	-
Compensated absences	3,088,752	3,380,005	3,158,826	3,309,931	1,616,307
Total governmental activities	$ 83,417,226	$ 12,179,295	$ 3,158,826	$ 92,437,695	$ 1,616,307
Business-type activities:					
Net pension liability	$ 461,805	$ 101,118	$ -	$ 562,923	$ -
Net OPEB liability	600,752	198,745	-	799,497	-
Compensated absences	50,604	70,064	70,410	50,258	29,326
Total business activities:	$ 1,113,161	$ 369,927	$ 70,410	$ 1,412,678	$ 29,326

Compensated absences, net pension and net OPEB liabilities related to governmental activities are typically liquidated by the General and other governmental funds.

Transfers to/from other Funds

Transfers to/from other funds at June 30, 2024 consist of the following:

From the State Public School Fund to the School Food Service Fund for administrative costs	$ 45,000
From the General Fund to the Individual Schools Fund for operating expenditures	$ 514,750

Due to/from other Funds

The Individual Schools Fund owes the Other Special Revenue Fund $36,038 for operating expenditures.

Fund Balance

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

Total fund balance - General Fund	$ 12,694,205
Less:	
Stabilization by State statute	81,634
Appropriated Fund Balance in 2025 budget	3,500,000
Remaining fund balance	$ 9,112,571

Supplemental City School Tax

The supplemental city school tax, approved in 1935 by the citizens of Asheville, is currently 10.62¢ per $100 of assessed valuation of taxable property located in the Asheville City School District. The Asheville City School District's boundaries do not coincide with the City of Asheville corporate limits. In compliance with North Carolina state law, the supplemental city school tax is levied, billed and collected by Buncombe County. All property taxes, including the supplemental city school tax, are assessed as of July 1, the beginning of the County's fiscal year, and are based upon 100 percent of the assessed value as of January 1 the same year.

NOTE 3 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Board has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant

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

NOTE 4 – SUBSEQUENT EVENT

In September 2024, the Board suffered significant property damage throughout the district due to Hurricane Helene. The Board is currently in the process of assessing the extent of damage, following which the Board will file a claim for reimbursement with its insurance company. The Board also intends to apply for funding from any available federal, State or local disaster relief programs. The Board's management has been unable to determine the amount of loss, if any, the Board will incur as a result of the hurricane damage.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Board's Proportionate Share of the Net Pension Liability
Teachers' and State Employees' Retirement System

Schedule of Board Contributions
Teachers' and State Employees' Retirement System

Schedule of the Board's Proportionate Share of the Net OPEB Liability
Retiree Health Benefit Fund

Schedule of Board Contributions
Retiree Health Benefit Fund

Schedule of the Board's Proportionate Share of the Net OPEB Liability
Disability Income Plan of North Carolina

Schedule of Board Contributions
Disability Income Plan of North Carolina

ASHEVILLE CITY SCHOOLS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
*Last Ten Fiscal Years**

	2024	2023	2022	2021	2020
Board's proportion of the net pension liability (asset)	0.224%	0.226%	0.235%	0.244%	0.250%
Board's proportionate share of the net pension liability (asset)	$ 37,388,589	$ 33,507,837	$ 11,000,835	$ 29,459,533	$ 25,831,347
Board's covered-employee payroll	$ 37,082,714	$ 37,655,724	$ 35,633,575	$ 35,511,680	$ 35,656,444
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	100.82%	88.98%	30.87%	82.96%	72.45%
Plan fiduciary net position as a percentage of the total pension liability	82.97%	84.14%	94.86%	85.98%	87.56%

	2019	2018	2017	2016	2015
Board's proportion of the net pension liability (asset)	0.236%	0.225%	0.230%	0.235%	0.225%
Board's proportionate share of the net pension liability (asset)	$ 23,464,511	$ 17,821,548	$ 21,155,920	$ 8,646,212	$ 2,632,789
Board's covered-employee payroll	$ 32,666,048	$ 30,183,001	$ 29,076,240	$ 29,795,108	$ 28,048,113
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	71.83%	59.04%	72.76%	29.02%	9.39%
Plan fiduciary net position as a percentage of the total pension liability	87.61%	89.51%	87.32%	94.64%	98.24%

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

This schedule is required supplementary information.

ASHEVILLE CITY SCHOOLS
SCHEDULE OF BOARD CONTRIBUTIONS
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
Last Ten Fiscal Years

	2024	2023	2022	2021	2020
Contractually required contribution	$ 6,995,184	$ 6,444,976	$ 6,168,008	$ 5,266,642	$ 4,605,865
Contributions in relation to the contractually required contribution	6,995,184	6,444,976	6,168,008	5,266,642	4,605,865
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered-employee payroll	$ 39,677,730	$ 37,082,714	$ 37,655,724	$ 35,633,575	$ 35,511,680
Contributions as a percentage of covered-employee payroll	17.63%	17.38%	16.38%	14.78%	12.97%

	2019	2018	2017	2016	2015
Contractually required contribution	$ 4,382,177	$ 3,521,400	$ 3,012,263	$ 2,660,476	$ 2,726,252
Contributions in relation to the contractually required contribution	4,382,177	3,521,400	3,012,263	2,660,476	2,726,252
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered-employee payroll	$ 35,656,444	$ 32,666,048	$ 30,183,001	$ 29,076,240	$ 29,795,108
Contributions as a percentage of covered-employee payroll	12.29%	10.78%	9.98%	9.15%	9.15%

This schedule is required supplementary information.

ASHEVILLE CITY SCHOOLS
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH BENEFIT FUND
*Last Eight Fiscal Years**

	2024	2023	2022	2021	2020
Board's proportion of the net OPEB liability (asset)	0.199%	0.202%	0.208%	0.212%	0.214%
Board's proportionate share of the net OPEB liability (asset)	$ 53,049,376	$ 47,884,123	$ 64,451,920	$ 58,902,685	$ 67,627,045
Board's covered-employee payroll	$ 37,082,714	$ 37,655,724	$ 35,633,575	$ 35,511,680	$ 35,656,444
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	143.06%	127.16%	180.87%	165.87%	189.66%
Plan fiduciary net position as a percentage of the total OPEB liability	10.73%	10.58%	7.72%	6.92%	4.40%

	2019	2018	2017
Board's proportion of the net OPEB liability (asset)	0.210%	0.208%	0.202%
Board's proportionate share of the net OPEB liability (asset)	$ 59,740,339	$ 68,139,813	$ 87,886,274
Board's covered-employee payroll	$ 32,666,048	$ 30,183,001	$ 29,076,240
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	182.88%	225.76%	302.26%
Plan fiduciary net position as a percentage of the total OPEB liability	4.40%	3.52%	0.24%

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

Note: This schedule is intended to show information for ten years, however such information for ten years is not available. As information comes available it will be displayed will be displayed in this schedule.

This schedule is required supplementary information.

ASHEVILLE CITY SCHOOLS
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
Last Ten Fiscal Years

	2024	2023	2022	2021	2020
Contractually required contribution	$ 2,832,990	$ 2,554,999	$ 2,368,545	$ 2,380,323	$ 2,297,606
Contributions in relation to the contractually required contribution	2,832,990	2,554,999	2,368,545	2,380,323	2,297,606
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered-employee payroll	$ 39,677,730	$ 37,082,714	$ 37,655,724	$ 35,633,575	$ 35,511,680
Contributions as a percentage of covered-employee payroll	7.14%	6.89%	6.29%	6.68%	6.47%

	2019	2018	2017	2016	2015
Contractually required contribution	$ 2,235,659	$ 1,976,296	$ 1,753,632	$ 1,690,248	$ 1,635,751
Contributions in relation to the contractually required contribution	2,235,659	1,976,296	1,753,632	1,690,248	1,635,751
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered-employee payroll	$ 35,656,444	$ 32,666,048	$ 30,183,001	$ 29,076,240	$ 29,795,108
Contributions as a percentage of covered-employee payroll	6.27%	6.05%	5.81%	5.60%	5.49%

This schedule is required supplementary information.

ASHEVILLE CITY SCHOOLS
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
DISABILITY INCOME PLAN OF NORTH CAROLINA
*Last Eight Fiscal Years**

	2024	2023	2022	2021	2020
Board's proportion of the net OPEB liability/asset	0.196%	0.199%	0.209%	0.216%	0.222%
Board's proportionate share of the net OPEB liability (asset)	$ 52,219	$ 59,071	$ (34,208)	$ (106,136)	$ (95,694)
Board's covered payroll	$ 37,082,714	$ 37,655,724	$ 35,633,575	$ 35,511,680	$ 35,656,444
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered-employee payroll	0.14%	0.16%	0.10%	0.30%	0.27%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	90.61%	90.34%	105.18%	115.57%	113.00%

	2019	2018	2017
Board's proportion of the net OPEB liability/asset	0.211%	0.199%	0.207%
Board's proportionate share of the net OPEB liability (asset)	$ (63,990)	$ (120,830)	$ (128,354)
Board's covered payroll	$ 32,666,048	$ 30,183,001	$ 29,076,240
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered-employee payroll	0.20%	0.40%	0.44%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	108.47%	116.23%	116.06%

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

Note: This schedule is intended to show information for ten years, however such information for ten years is not available. As information comes available it will be displayed will be displayed in this schedule.

This schedule is required supplementary information.

ASHEVILLE CITY SCHOOLS
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
Last Ten Fiscal Years

	2024	2023	2022	2021	2020
Contractually required contribution	$ 43,646	$ 37,083	$ 33,890	$ 32,070	$ 35,512
Contributions in relation to the contractually required contribution	43,646	37,083	33,890	32,070	35,512
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered-employee payroll	$ 39,677,730	$ 37,082,714	$ 37,655,724	$ 35,633,575	$ 35,511,680
Contributions as a percentage of covered-employee payroll	0.11%	0.10%	0.09%	0.09%	0.10%

	2019	2018	2017	2016	2015
Contractually required contribution	$ 49,959	$ 45,732	$ 114,695	$ 119,213	$ 122,160
Contributions in relation to the contractually required contribution	49,959	45,732	114,695	119,213	122,160
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered-employee payroll	$ 35,656,444	$ 32,666,048	$ 30,183,001	$ 29,076,240	$ 29,795,108
Contributions as a percentage of covered-employee payroll	0.14%	0.13%	0.35%	0.39%	0.42%

This schedule is required supplementary information.

INDIVIDUAL FUND SCHEDULES

ASHEVILLE CITY SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2024

Exhibit A-1

	Budget	Actual	Positive (Negative) Variance
Revenues:			
Buncombe County:			
County appropriations	$ 17,704,730	$ 17,704,730	$ -
Other:			
Supplemental school taxes	11,640,014	11,775,432	135,418
Miscellaneous	200,000	205,764	5,764
Total	11,840,014	11,981,196	141,182
Total revenues	29,544,744	29,685,926	141,182
Expenditures:			
Instructional services	15,703,193	13,107,981	2,595,212
System-wide support services	13,353,444	11,070,645	2,282,799
Ancillary services	273,357	223,273	50,084
Non-programmed charges			
Payments to charter schools	2,700,000	2,630,728	69,272
Total expenditures	32,029,994	27,032,627	4,997,367
Revenues over (under) expenditures	(2,485,250)	2,653,299	5,138,549
Other financing uses:			
Operating transfers out	(514,750)	(514,750)	-
Revenues over (under) expenditures and other uses	(3,000,000)	2,138,549	5,138,549
Appropriated fund balance	3,000,000	-	(3,000,000)
Revenues and appropriated fund balance over (under) expenditures and other uses	$ -	2,138,549	$ 2,138,549
Fund balances:			
Beginning of year, July 1		10,555,656	
End of year, June 30		$ 12,694,205	

ASHEVILLE CITY SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL OUTLAY FUND
For the Year Ended June 30, 2024

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Buncombe County:			
General county appropriations	$ 3,724,553	$ 3,441,553	$ (283,000)
US Government:			
Emergency connectivity grant	406,172	406,172	-
Other:			
Interest	10,000	85,919	75,919
Miscellaneous	42,640	102,795	60,155
	52,640	188,714	136,074
Total revenues	4,183,365	4,036,439	(146,926)
Expenditures:			
Instructional services	1,581,172	1,028,249	552,923
System-wide support services	620,000	531,601	88,399
Capital outlay	2,609,635	2,066,318	543,317
Total expenditures	4,810,807	3,626,168	1,184,639
Revenues over (under) expenditures	(627,442)	410,271	1,037,713
Appropriated fund balance	627,442	-	(627,442)
Revenues and appropriated fund balance over (under) expenditures	$ -	410,271	$ 410,271
Fund balances:			
Beginning of year, July 1		3,281,590	
End of year, June 30		$ 3,691,861	

ASHEVILLE CITY SCHOOLS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) - SCHOOL FOOD SERVICE FUND
For the Year Ended June 30, 2024

Exhibit C-1

	Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Food sales	$ 622,000	$ 486,597	$ (135,403)
Operating expenditures:			
Purchase of food		97,007	
Salaries and benefits		1,152,940	
Materials and supplies		8,486	
Contracted services		877,077	
Other		4,583	
Total operating expenditures	2,403,000	2,140,093	262,907
Operating loss	(1,781,000)	(1,653,496)	127,504
Nonoperating revenues:			
Federal reimbursements	1,304,000	1,272,599	(31,401)
Federal commodities	200,000	120,294	(79,706)
State reimbursements	2,000	2,255	255
Other	-	4,747	4,747
Total nonoperating revenues	1,506,000	1,399,895	(106,105)
Revenues over (under) expenditures before other financing sources	(275,000)	(253,601)	21,399
Other financing sources:			
Transfers from other funds	275,000	45,000	(230,000)
Revenues and other sources over (under) expenditures	$ -	$ (208,601)	$ (208,601)

ASHEVILLE CITY SCHOOLS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) - SCHOOL FOOD SERVICE FUND
For the Year Ended June 30, 2024

Exhibit C-1
(Continued)

	Actual
Reconciliation of modified accrual to full accrual basis:	
Revenues, other sources, and appropriated fund balance over (under) expenditures	$ (208,601)
Reconciling items:	
Depreciation	(72,239)
Increase (decrease) in inventory	(82,854)
(Increase) decrease in compensated absences	346
Deferred outflows	88,181
Net pension liability	(101,118)
Net OPEB liability	(138,745)
Deferred inflows	90,656
Change in net position	$ (424,374)

ASHEVILLE CITY SCHOOLS
COMBINING STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS
June 30, 2024

Exhibit D-1

	Custodial Funds		
	Asheville High Awards	**Isaac Dickson Elementary**	**Total Custodial Funds**
ASSETS			
Cash and cash equivalents	$ 20,184	$ 2,210	$ 22,394
NET POSITION			
Unrestricted	$ 20,184	$ 2,210	$ 22,394

The accompanying notes are an integral part of the basic financial statements.

ASHEVILLE CITY SCHOOLS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS
June 30, 2024

Exhibit E-1

	Custodial Funds		
	Asheville High Awards	**Isaac Dickson Elementary**	**Total Custodial Funds**
ADDITIONS			
Interest earned	$ 901	$ 96	$ 997
DEDUCTIONS			
Supplies	808	-	808
Change in net position	93	96	189
Total net position - beginning	20,091	2,114	22,205
Total net position - ending	$ 20,184	$ 2,210	$ 22,394

ASHEVILLE CITY SCHOOLS
SCHEDULE OF REVENUES AND EXPENDITURES - INDIVIDUAL SCHOOLS FUND
For the Year Ended June 30, 2024

Exhibit F-1

	Fund Balance Beginning of Year July 1	Revenues and Transfers In	Expenditures	Fund Balance End of Year July 30
Elementary Schools				
Claxton Elementary School	$ 47,046	$ 166,810	$ 179,092	$ 34,764
Hall Fletcher Elementary School	28,418	50,075	62,338	16,155
Ira B. Jones Elementary	41,396	62,358	71,385	32,369
Isaac Dickson Elementary	62,247	89,050	103,377	47,920
Lucy Herring Elementary	36,032	42,909	63,317	15,624
Montford North Star Academy	32,025	68,200	79,419	20,806
Total elementary schools	247,164	479,402	558,928	167,638
Middle Schools				
Asheville Middle	172,928	298,641	305,237	166,332
High Schools				
Asheville High	541,431	797,296	808,283	530,444
Total all schools	$ 961,523	$ 1,575,339	$ 1,672,448	$ 864,414

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 AUDITORS' REPORT

To the Asheville City Board of Education
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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Asheville City Board of Education, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Asheville City Board of Education, North Carolina's basic financial statements and have issued our report thereon dated October 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Asheville City Board of Education'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 Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Asheville City Board of Education's financial statements are free of 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 determination of financial statement amounts. 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.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anderson Smith & Wike PLLC

October 30, 2024
Elon, North Carolina

INDEPENDENT AUDITORS' REPORT

Report On Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

To the Asheville City Board of Education
Asheville, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Asheville City Board of Education's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Asheville City Board of Education's major federal programs for the year ended June 30, 2024. Asheville City Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Asheville City Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Asheville City Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Asheville City Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses

or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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

Anderson Smith & Wike PLLC

October 30, 2024
Elon, North Carolina

INDEPENDENT AUDITORS' REPORT

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

To the Asheville City Board of Education
Asheville, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Asheville City Board of Education's compliance with the types of compliance requirements identified as subject to audit in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Asheville City Board of Education's major state programs for the year ended June 30, 2024. The Asheville City Board of Education's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Asheville City Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance, and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Asheville City Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the Asheville City Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the

requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Asheville City Board of Education's State programs.

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we

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

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

Report on Internal Control Over Compliance

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

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

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

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

Anderson Smith & Wike PLLC

October 30, 2024
Elon, North Carolina

ASHEVILLE CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes _X_ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses: ___yes _X_ none reported

Noncompliance material to financial statements noted ___yes _X_ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___yes _X_ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses: ___yes _X_ none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___yes _X_ no

Identification of major federal programs:

AL Numbers	Names of Federal Program or Cluster
	Child Nutrition Cluster
10.555	National School Lunch Program
10.553	National School Breakfast Program
10.555	Supply Chain Assistance Funds
10.555	After School Snack Program
10.559	Summer Food Service Program for Children
10.582	Fresh Fruit and Vegetable
84.010	Title I
84.425	COVID-19 – Education Stabilization Fund

ASHEVILLE CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

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

State Awards

Internal control over major State program:

• Material weakness(es) identified?	___ yes X no
• Significant deficiency(ies) identified that are not considered to be material weaknesses: reported	___ yes X none

Type of auditors' report issued on compliance for major State program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act	___ yes X no

Identification of major State programs:

Program Name

State Public School Fund

Dollar threshold used to distinguish between Major State Programs	$ 500,000
Auditee qualified as low-risk auditee?	X yes ___ no

ASHEVILLE CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Section II. Financial Statement Findings

Finding: None Reported

Section III. Federal Award Findings and Questioned Costs

Finding: None Reported

Section IV. State Award Findings and Questioned Costs

Finding: None Reported

ASHEVILLE CITY SCHOOLS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2024

Section II. Financial Statement Findings

Finding: None reported

Section III. Federal Award Findings and Questioned Costs

Finding: None reported

Section IV. State Award Findings and Questioned Costs

Finding: None reported

ASHEVILLE CITY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

There were no audit findings reported in the prior year.

Grantor/Pass-through Grantor/Program Title	Federal AL Number		Expenditures
Federal Grants:			
U.S. Department of Agriculture			
Food and Nutrition Service			
Passed-through the N.C. Department of Public Instruction:			
School Food Service Cluster:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555	PRC 035	$ 120,294
Cash Assistance:			
School Breakfast Program	10.553	PRC 035	258,966
Supply Chain Assistance Grant	10.555	PRC 035	101,243
National School Lunch Program	10.555	PRC 035	830,182
Fresh Fruit & Vegetable	10.582	PRC 035	16,188
After School Snack Program	10.555	PRC 035	19,102
Summer Food Service Program for Children	10.559	PRC 035	46,918
Cash Assistance Subtotal			1,272,599
Total School Food Service Cluster			1,392,893
U.S. Department of Education			
Direct Program			
Impact Aid - School Assistance in Federally Assisted Areas	84.041		103,466
Office of Elementary and Secondary Education			
Passed-through the N.C. Department of Public Instruction:			
Education Consolidation and Improvement Act of 1981			
Improving America School Act of 1994 (IASA)			
Title I, Grants to Local Educational Agencies			
Educationally Deprived Children	84.010	PRC 050 & 115	1,163,653
Student Support and Academic Enrichment Program	84.424	PRC 108	76,580
Education for Homeless Children and Youth	84.196	PRC 026	56,078
Supporting Effective Instruction State Grants	84.367	PRC 103	136,360
COVID-19 Education Stabilization Fund			
Cares Act:			
ReThink Education Stipend	84.425B	PRC 146	9,287
CRRSA:			
ESSER II - Summer Career Accelerator Program	84.425D	PRC 177	355
ARP:			
ESSER III - K-12 Emergency Relief Fund	84.425U	PRC 181	1,749,235
ESSER III - Homeless I	84.425W	PRC 183	29,448
ESSER III - Homeless II	84.425W	PRC 184	39,124
ESSER III - Summer Career Acceleratory Programs	84.425U	PRC 188	90,868
ESSER III - Math Enrichment Programs	84.425U	PRC 189	79,671
ESSER III - CTE-Hospitality	84.425U	PRC 194	162
ESSER III - Educational and Competitive After-School Robotics	84.425U	PRC 201	67,276
Total COVID-19 Education Stabilization Fund			2,065,426
Office of Special Education and Rehabilitative Services			
Passed-through the N.C. Department of Public Instruction:			
Special Education Cluster:			
Individuals with Disabilities Education Act			
Special Education - Grants to States	84.027	PRC 060	835,779
Special Education - Targeted Assistance	84.027	PRC 118	8,285
Special Education - Targeted Assisstance for Preschool	84.173	PRC 119	2,097
Special Education - Early Intervening Services	84.173	PRC 070	135,360
Special Education - Preschool Grants	84.173	PRC 049	76,544
Total Special Education Cluster			1,058,065

Grantor/Pass-through Grantor/Program Title	Federal AL Number		Expenditures
Passed-through the N.C. Department of Public Instruction:			
Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990			
Basic Grants to States			
Program Development	84.048	PRC 017	70,794
Total U.S. Department of Education			4,730,422
Other Federal Assistance:			
U.S. Federal Communications Commission			
Direct Program:			
Emergency Connectivity Fund	32.009		406,172
U.S. Department of the Treasury			
Passed through the N.C. Office of State Budget Management			
N.C. Pandemic Recovery Office			
Passed-through the N.C. Department of Public Instruction			
Coronavirus State and Local Fiscal Recovery Funds			
ARP - School Bus Safety Pilot	21.027	PRC 140	131,558
Total Federal Assistance			**6,661,045**
State Grants:			
N.C. Department of Public Instruction:			
State Public School Fund			28,917,778
Career Technical Education			
State Months of Employment		PRC 013	1,806,014
Program Support Funds		PRC 014	159,538
Driver Training		PRC 012	100,587
School Technology Fund		PRC 015	47,179
Total N.C. Department of Public Instruction			31,031,096
N.C. Department of Agriculture			
State Reduced Breakfast Program			429
State Reduced Lunch Program			1,826
Total N.C. Department of Agriculture			2,255
N.C. Department of Health and Human Services			
Passed through Buncombe County Partnership for Children:			
Division of Child Development			
Smart Start			212,845
Total State Assistance			31,246,196
Total Federal and State Assistance			**$ 37,907,241**

Notes to the Schedule of Expenditures of Federal and State Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Asheville City Schools under the programs of the federal government and the State of North Carolina for the year ended June 30, 2024. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Asheville City Schools, it is not intended to and does not present the financial position, changes in net assets or cash flows of Asheville City Schools.

Note 2. Summary of Significant Accounting Policies

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

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

Note 3. Cluster of Programs

The following are clustered by the NC Department of Public Instruction and are treated separately for state audit requirement purposes: School Nutrition Program

Board of Education of Asheville City Schools

June 30, 2024

Audit Presentation

ASHEVILLE CITY SCHOOLS
Excellence with Equity

ASW ANDERSON SMITH & WIKE PLLC
Certified Public Accountants

Opinion - Unmodified (Clean)

Opinions

We have audited accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Asheville City Board of Education, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise of the Asheville City Board of Education's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Asheville City Board of Education as of June 30, 2024, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the State Public School Fund, the Federal Grants Fund, and the Other Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Communications to the Board of Education

- Significant Accounting Estimates
  - Depreciation
  - Pension and other post-employment benefit (OPEB) liability
- Misstatements
  - None
- Disagreements or difficulties with management
  - None

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance

	Major Funds						
	General	State Public School	Individual Schools	Capital Outlay	Other Special Revenue	Federal Grants	Total Governmental Funds
Revenues	29,685,926	31,162,654	1,060,589	4,036,439	7,993,347	4,626,956	78,565,911
Expenditures	27,032,627	31,117,654	1,672,448	3,626,168	8,185,143	4,626,956	76,260,996
Revenues over (under) expenditures	2,653,299	45,000	(611,859)	410,271	(191,796)	-	2,304,915
Transfers from other funds	-	-	514,750	-	-	-	514,750
Transfers to other funds	(514,750)	(45,000)	-	-	-	-	(559,750)
Net change in fund balance	2,138,549	-	(97,109)	410,271	(191,796)	-	2,259,915
Fund balances-beginning	10,555,656	-	961,523	3,281,590	4,653,259	-	19,452,028
Fund balances-ending	$ 12,694,205	$ -	$ 864,414	$ 3,691,861	$ 4,461,463	$ -	$ 21,711,943

Governmental Funds Balance Sheet

	Major Funds						
	General	State Public School	Individual Schools	Capital Outlay	Other Special Revenue	Federal Grants	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 13,243,315	$ -	$ 898,249	$ 2,811,385	$ 3,778,792	$ -	$ 20,731,741
Receivables	15,185	-	2,203	310,844	1,042	-	329,274
Due from other fund	-	-	-	-	36,038	-	36,038
Due from other governments	66,449	-	-	569,632	1,286,726	-	1,922,807
Total assets	$ 13,324,949	$ -	$ 900,452	$ 3,691,861	$ 5,102,598	$ -	$ 23,019,860
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	$ 630,744	$ -	$ -	$ -	$ 26,125	$ -	$ 656,869
Due to other fund	-	-	36,038	-	-	-	36,038
Unearned revenues	-	-	-	-	615,010	-	615,010
Total liabilities	630,744	-	36,038	-	641,135	-	1,307,917
Fund balances:							
Restricted:							
Stabilization by State statute	81,634	-	-	-	1,323,806	-	1,405,440
School capital outlay	-	-	-	3,691,861	-	-	3,691,861
Individual schools	-	-	864,414	-	-	-	864,414
Assigned:							
Special revenues	-	-	-	-	3,137,657	-	3,137,657
Subsequent year's expenditures	3,500,000	-	-	-	-	-	3,500,000
Unassigned	9,112,571	-	-	-	-	-	9,112,571
Total fund balances	12,694,205	-	864,414	3,691,861	4,461,463	-	21,711,943
Total liabilities, deferred inflows of resources and fund balances	$ 13,324,949	$ -	$ 900,452	$ 3,691,861	$ 5,102,598	$ -	

Budget vs. Actual

	General Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
State of North Carolina	$ -	$ -	$ -	$ -
Buncombe County	17,704,730	17,704,730	17,704,730	-
U.S. Government	-	-	-	-
Supplemental city school tax	11,640,014	11,640,014	11,775,432	135,418
Local option sales tax	-	-	-	-
Other	200,000	200,000	205,764	5,764
Total revenues	29,544,744	29,544,744	29,685,926	141,182
Expenditures:				
Current:				
Instructional services	15,703,193	15,703,193	13,107,981	2,595,212
System-wide support services	13,273,444	13,353,444	11,070,645	2,282,799
Ancillary services	273,357	273,357	223,273	50,084
Non-programmed charges:				
Payments to charter schools	2,780,000	2,700,000	2,630,728	69,272
Capital Outlay	-	-	-	-
Total expenditures	32,029,994	32,029,994	27,032,627	4,997,367
Revenues over (under) expenditures	(2,485,250)	(2,485,250)	2,653,299	5,138,549
Other financing sources uses:				
Transfers to other funds	(514,750)	(514,750)	(514,750)	-
Revenues over (under) expenditures and other uses	(3,000,000)	(3,000,000)	2,138,549	5,138,549
Appropriated fund balance	3,000,000	3,000,000	-	3,000,000
Revenue and appropriated fund balance over (under) expenditures and other uses	$ -	$ -	2,138,549	$ 2,138,549
Fund balances, beginning of year			10,555,656	
Fund balances, end of year			$ 12,694,205	

Audit Report: Page 17

Child Nutrition

	Enterprise Fund Major Fund School Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 490,692
Cash paid for goods and services	(821,859)
Cash paid to employees for services	(1,153,485)
Net cash provided (used) by operating activities	(1,484,652)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal reimbursements	1,294,497
State reimbursements	2,255
Net cash provided by noncapital financing activities	1,296,752
Net increase (decrease) in cash and cash equivalents	(183,153)
Balances-beginning of the year	456,948
Balances-end of the year	$ 273,795

Audit Report: Page 23

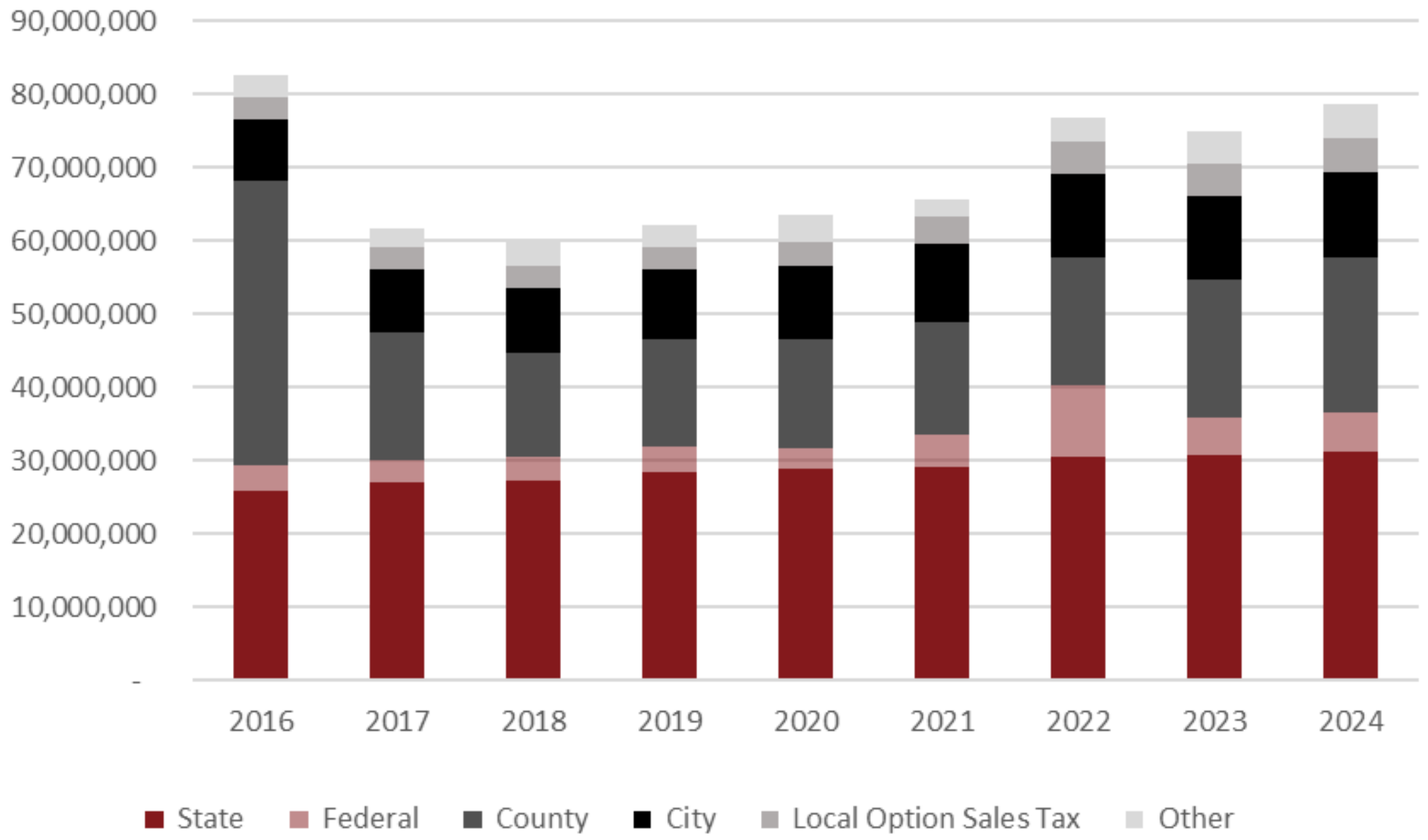
Audit Findings & Questioned Costs

- Financial Statements
  - None
- Federal Awards
  - None
- State Awards
  - None

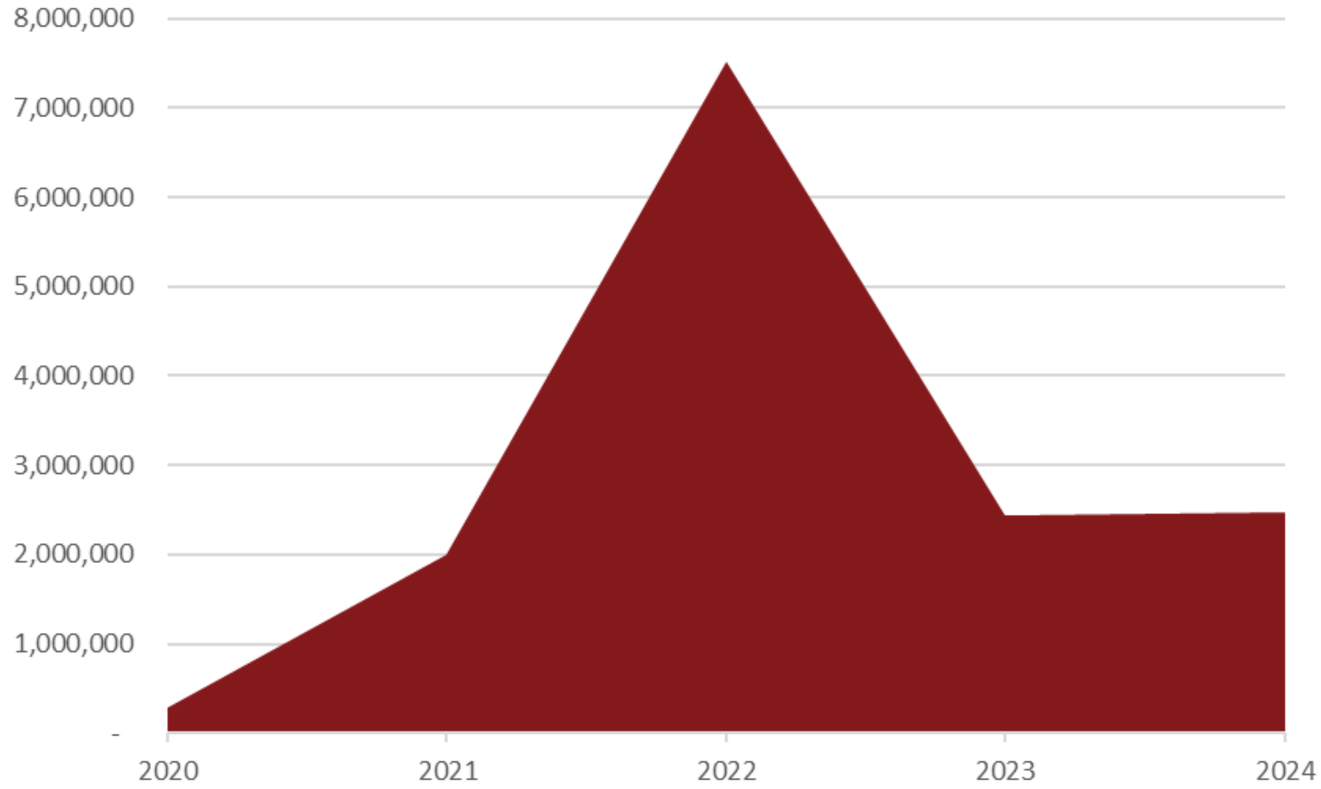
Supplementary Information

ASHEVILLE CITY SCHOOLS
Excellence with Equity

Revenue over time

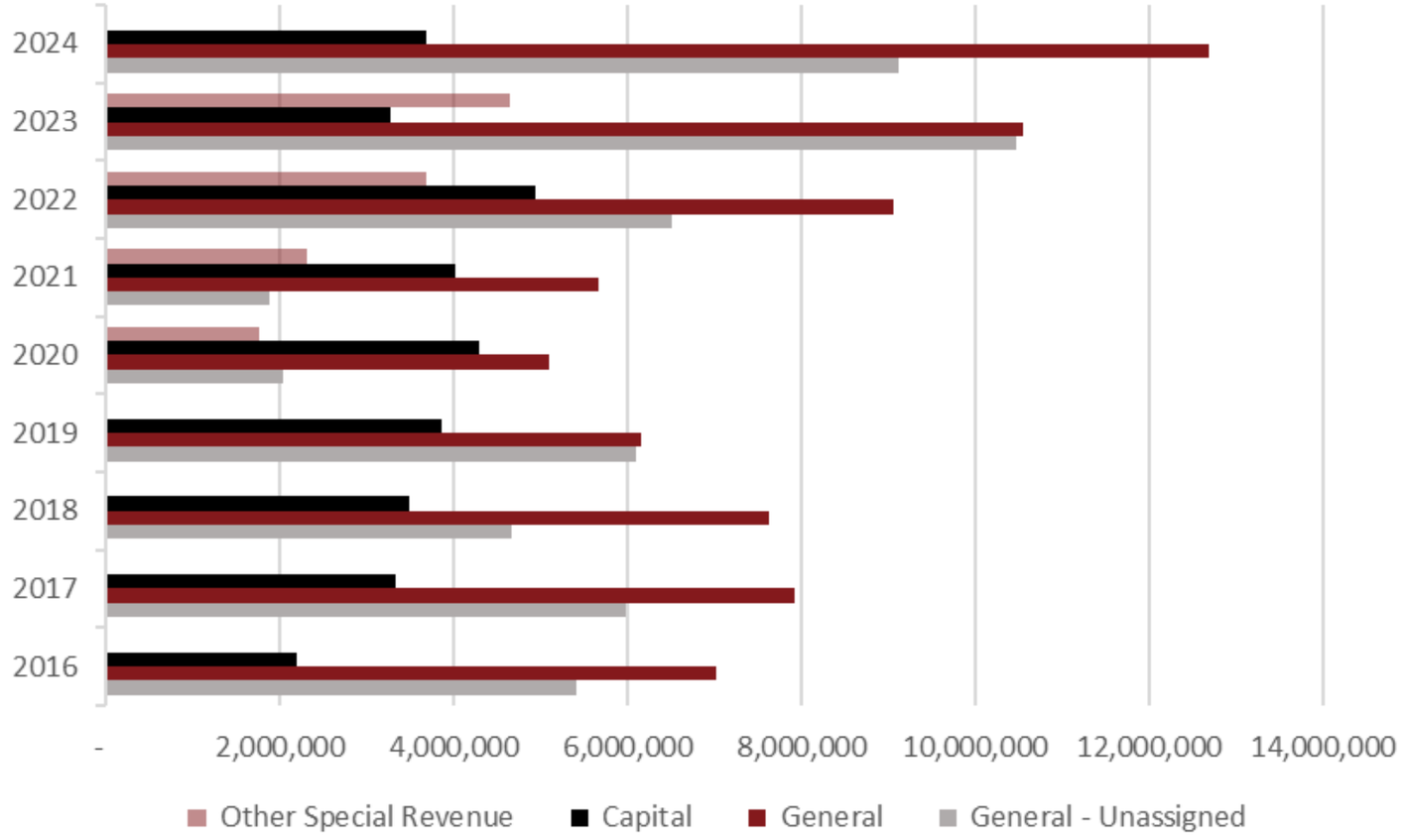


COVID-19 Related Revenue



COVID-19 funds remaining at 6/30/24 - $720,000

Local Fund Balance over time



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ASHEVILLE CITY SCHOOLS

Excellence with Equity

ASHEVILLE CITY SCHOOLS Learn. Discover. Thrive.

Administrative Office •PO Box 7347• 85 Mountain Street Asheville, North Carolina 28803

December 9, 2024

To: Asheville City Board of Education

From: Dr. Maggie Fehrman, Superintendent
Heidi Kerns, CFO
April Dockery, COO

Re: Recommendation for Employee Disaster Response Bonuses

What our region, county and district has had to deal with in recent weeks has been unprecedented. In response, the administration is recommending that in addition to the hurricane leave granted to all eligible employees during the closure, that a bonus be paid to employees who met the urgent needs of the district and reported to work in response to the crisis, many while still dealing with personal crises as well.

There was a potential of 27 days that employees could have reported to work during this time, but the superintendent has limited the scope of this bonus to September 27-October 12, the period of time that the majority of the disaster response took place.

Since this bonus is performance-based, it is not just subject to FICA, but it is also subject to retirement.

Principals and supervisors have reported that approximately 4,973 hours were worked during this time. Salaried staff will be paid $100 for every 8 hours worked, classified (hourly) staff will be paid their hourly rate of pay and overtime as appropriate. This cost will be approximately $85,000 ($112,000 with fringe benefits), subject to confirmation and pending your approval.

Please let us know if you have any questions.