

Buncombe County Board of Education
Asheville, North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019



**BUNCOMBE COUNTY
BOARD OF EDUCATION
ASHEVILLE, NORTH CAROLINA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

YEAR ENDED JUNE 30, 2019

BOARD OF EDUCATION
ANN FRANKLIN, MADAM CHAIR
CINDY MCMAHON, VICE CHAIRMAN
PAT BRYANT
PEGGY BUCHANAN
AMY CHURCHILL
DONNA PATE
MAX QUEEN

SUPERINTENDENT
TONY W. BALDWIN

PREPARED UNDER THE DIRECTION OF:
DEPARTMENT OF FINANCE
DEBORAH B. FRISBY, CHIEF FINANCIAL OFFICER

BUNCOMBE COUNTY BOARD OF EDUCATION

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BUNCOMBE COUNTY BOARD OF EDUCATION

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BUNCOMBE COUNTY BOARD OF EDUCATION

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Introduction





Tony Baldwin, Ed. D., Superintendent

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www.buncombeschools.org

December 17, 2019

Citizens of Buncombe County and Members of the Buncombe County Board of Education:

As Superintendent and Finance Officer for Buncombe County Schools, we are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Buncombe County Board of Education (the Board) for the fiscal year ended June 30, 2019. We accept responsibility for the accuracy, completeness and fairness of this report which has been prepared in accordance with generally accepted accounting principles. The report also provides supplementary information that may help the reader better understand the operations and financial position of the local education agency overseen by the Board. We believe that the data in this report is presented in a manner that describes fairly the financial position and results of operations of our local education agency in accordance with the accounting standards promulgated by Statements #34, #54, and #68 of the Governmental Accounting Standards Board (GASB).

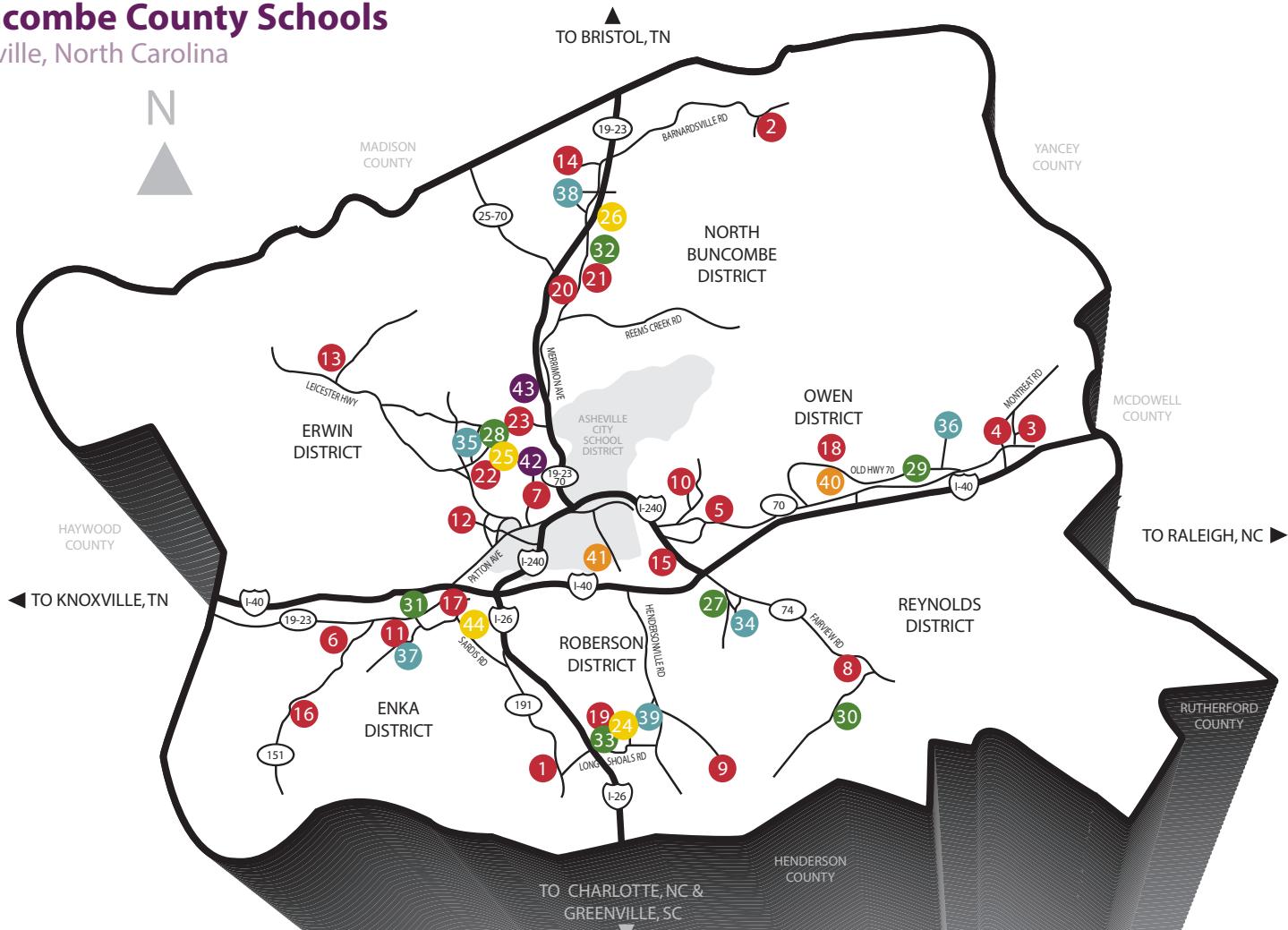
North Carolina General Statutes require that each local education agency, such as the Buncombe County Board of Education, have an annual audit of all funds under its control by an independent public accountant. Anderson Smith & Wike PLLC, a firm of certified public accountants, has audited the basic financial statements (which include both government-wide financial statements and fund financial statements), and their opinion is included in this report. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Anderson Smith & Wike PLLC's opinion on the basic financial statements is unmodified, which indicates that in their opinion, the basic financial statements present fairly, in all material respects, the financial position of the Buncombe County Board of Education as of June 30, 2019, and the results of its operations and the cash flows of its enterprise funds for the year then ended in accordance with generally accepted accounting principles.

This report contains information beyond that which is required by North Carolina General Statutes and marks the thirtieth consecutive year in which a Comprehensive Annual Financial Report (CAFR) has been issued by Buncombe County Public Schools. Each CAFR produced in the preceding twenty-nine fiscal years has been submitted to the Association of School Business Officials International (ASBO) for review. For twenty-one consecutive years beginning with the CAFR issued for the year ended June 30, 1997, our CAFR has also been submitted to the Government Finance Officers Association of the United States and Canada (GFOA) for review.

In Spring 2019, the Association of School Business Officials International (ASBO) awarded the Certificate of Excellence in Financial Reporting to the Buncombe County Board of Education for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the thirtieth consecutive year that the Buncombe County Board of Education has received the award. This award is made to school districts that publish a comprehensive annual financial report that is easily readable, efficiently organized, and conforms to the program standards as well as satisfies generally accepted accounting principles and applicable legal requirements.

Buncombe County Schools

Asheville, North Carolina



Mileage from Asheville to Major Cities

| | |
|----------------------------|-----|
| Greenville/Spartanburg, SC | 62 |
| Knoxville, TN | 113 |
| Charlotte, NC | 115 |
| Columbia, SC | 152 |
| Greensboro, NC | 165 |
| Atlanta, GA | 204 |
| Raleigh, NC | 240 |
| Charleston, SC | 268 |
| Cincinnati, OH | 341 |
| Richmond, VA | 355 |
| Birmingham, AL | 357 |
| Jacksonville, FL | 465 |

Buncombe County Schools

Asheville, North Carolina

ELEMENTARY

| | | |
|----|--|--------------|
| 1 | Avery's Creek 15 Park South Boulevard, Arden 28704 | 828.654.1810 |
| 2 | Barnardsville 20 Hillcrest Drive, Barnardsville 28709 | 828.626.2290 |
| 3 | Black Mountain 100 Flat Creek Road, Black Mountain 28711 | 828.669.5217 |
| 4 | Black Mountain Primary 301 East State Street, Black Mountain 28711 | 828.669.2645 |
| 5 | C. C. Bell 90 Maple Springs Road, Asheville 28805 | 828.298.3789 |
| 6 | Candler 121 Candler School Road, Candler 28715 | 828.670.5018 |
| 7 | Emma 37 Brickyard Road, Asheville 28806 | 828.232.4272 |
| 8 | Fairview 1355 Charlotte Highway, Fairview 28730 | 828.628.2732 |
| 9 | Glen Arden 50 Pinehurst Circle, Arden 28704 | 828.654.1800 |
| 10 | Haw Creek 21 Trinity Chapel Road, Asheville 28805 | 828.298.4022 |
| 11 | Hominy Valley 450 Enka Lake Road, Candler 28715 | 828.665.0619 |
| 12 | Johnston 230 Johnston Boulevard, Asheville 28806 | 828.232.4291 |
| 13 | Leicester 31 Gilbert Road, Leicester 28748 | 828.683.2341 |
| 14 | North Buncombe 251 Flat Creek Church Road, Weaverville 28787 | 828.645.6054 |
| 15 | Oakley 753 Fairview Road, Asheville 28803 | 828.274.7515 |
| 16 | Pisgah 1495 Pisgah Highway, Candler 28715 | 828.670.5023 |
| 17 | Sand Hill-Venable 154 Sand Hill School Road, Asheville 28806 | 828.670.5028 |
| 18 | W. D. Williams 161 Bee Tree Road, Swannanoa 28778 | 828.686.3856 |
| 19 | W. W. Estes 275 Overlook Road, Asheville 28803 | 828.654.1795 |
| 20 | Weaverville 129 South Main Street, Weaverville 28787 | 828.645.3127 |
| 21 | Weaverville Primary 39 South Main Street, Weaverville 28787 | 828.645.4275 |
| 22 | West Buncombe 175 Erwin Hills Road, Asheville 28806 | 828.232.4282 |
| 23 | Woodfin 108 Elk Mountain Road, Asheville 28804 | 828.232.4287 |

INTERMEDIATE

| | | |
|----|---|--------------|
| 24 | Charles T. Koontz Intermediate 305 Overlook Road, Asheville 28803 | 828.684.1295 |
| 25 | Joe P. Eblen Intermediate 59 Lee's Creek Road, Asheville 28806 | 828.255.5757 |
| 26 | North Windy Ridge 20 Doan Road, Weaverville 28787 | 828.658.1892 |
| 44 | Enka Intermediate 125 Asheville Commerce Parkway, Candler 28715 | 828.255.1380 |

MIDDLE

| | | |
|----|--|--------------|
| 27 | A. C. Reynolds 2 Rocket Drive, Asheville 28803 | 828.298.7484 |
| 28 | C. A. Erwin 20 Erwin Hills Road, Asheville 28806 | 828.232.4264 |
| 29 | C. D. Owen 730 Old U. S. 70, Swannanoa 28778 | 828.686.7739 |
| 30 | Cane Creek 570 Lower Brush Creek Road, Fletcher 28732 | 828.628.0824 |
| 31 | Enka 390 Asbury Road, Candler 28715 | 828.670.5010 |
| 32 | North Buncombe 51 N. Buncombe Sch. Road, Weaverville 28787 | 828.645.7944 |
| 33 | Valley Springs 224 Long Shoals Road, Arden 28704 | 828.654.1785 |

HIGH

| | | |
|----|---|--------------|
| 34 | A. C. Reynolds 1 Rocket Drive, Asheville 28803 | 828.298.2500 |
| 35 | C. A. Erwin 60 Lees Creek Road, Asheville 28806 | 828.232.4251 |
| 36 | C. D. Owen 99 Lake Eden Road, Black Mountain 28711 | 828.686.3852 |
| 37 | Enka 475 Enka Lake Road, Candler 28715 | 828.670.5000 |
| 38 | North Buncombe 890 Clark's Chapel Road, Weaverville 28787 | 828.645.4221 |
| 39 | T. C. Roberson 250 Overlook Road, Asheville 28803 | 828.654.1765 |

SPECIALIZED

| | | |
|----|--|--------------|
| 40 | Community High School 235 Old U. S. 70, Swannanoa 28778 | 828.686.7734 |
| 41 | Buncombe County Early College Buncombe County Middle College 340 Victoria Road, Asheville 28801 (AB Tech Campus) | 828.232.4123 |
| | Progressive Education Program 250 A Overlook Road, Asheville 28803 (Estes, Valley Springs, Roberson) | 828.654.1780 |

ADMINISTRATIVE

| | | |
|----|--|--------------|
| 42 | Administrative Services Board of Education Superintendent's Office Maintenance 175 Bingham Road, Asheville 28806 | 828.255.5921 |
| 43 | Transportation 74 Washington Avenue, Asheville 28804 | 828.232.4240 |

The award is valid for one year only. We believe that the present report, for the year ended June 30, 2019, also conforms to the ASBO requirements and will merit the Certificate of Excellence in Financial Reporting.

In May 2019, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Buncombe County Board of Education for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the twenty-second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

BACKGROUND

The Buncombe County Board of Education, founded in 1897, serves areas of Buncombe County, North Carolina, not served by the Asheville City Board of Education. The County covers 660 square miles and has an estimated population of 257,607 with 83% living in Buncombe County Schools' attendance areas. The County is 240 miles west of the state capital, Raleigh, North Carolina; 205 miles northeast of Atlanta, Georgia; and 120 miles east of Knoxville, Tennessee.

As the map on the previous pages illustrates, Buncombe County Schools' attendance area surrounds that of Asheville City Schools and is divided into six attendance districts: North Buncombe, Owen, Reynolds, Roberson, Enka, and Erwin. During 2018-19, Buncombe County Schools provided general, special, and career-technical education through twenty-three elementary schools (kindergarten-grade 5), four intermediate schools (grades 5 and 6), seven middle schools (grades 6-8), six high schools (grade 9-12) and four special unit-wide high schools. The special high schools are Community High School (for students who require an alternative to the usual school environment), Early College/Middle College (for students concurrently taking courses at Asheville-Buncombe Technical College), and Nesbitt Discovery Academy (for students to focus on a curriculum of science, technology, engineering, and math or STEM). The North Carolina Department of Public Instruction and AdvancED accredit all the schools in the Buncombe County Schools system. Students with severe physical or mental disabilities are served through the Progressive Education Program (PEP) where they are placed in an age-appropriate school within the T.C. Roberson High/Valley Springs Middle/ W.W. Estes Elementary complex in the Roberson attendance area.

The State of North Carolina adjusts funding for school districts based on the average daily membership (ADM) for either the first academic month or the second academic month, depending on which is higher. In 2018-19, Buncombe County Schools' ADM was higher for the second academic month at 23,684, a decrease of 387 students from the prior year figure of 24,071. The State of North Carolina projects an ADM of 23,683 for 2019-20, a decrease of 1 student.

Buncombe County Schools
Average Daily Membership – Month 2 for School Year 2018-19

| Grade Levels | KIND | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | Higher | Total |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|
| School Name | | | | | | | | | | | | | | | |
| Community High School | - | - | - | - | - | - | - | - | - | 31 | 39 | 36 | 26 | - | 132 |
| Early College | - | - | - | - | - | - | - | - | - | 62 | 61 | 57 | 49 | 43 | 272 |
| Middle College | - | - | - | - | - | - | - | - | - | - | - | 25 | 39 | - | 64 |
| Nesbitt Discovery Academy | - | - | - | - | - | - | - | - | - | 100 | 96 | 95 | 97 | - | 388 |
| Owen High | - | - | - | - | - | - | - | - | - | 203 | 195 | 173 | 167 | - | 738 |
| North Buncombe High | - | - | - | - | - | - | - | - | - | 275 | 284 | 257 | 230 | - | 1,046 |
| Erwin High | - | - | - | - | - | - | - | - | - | 307 | 295 | 291 | 255 | - | 1,148 |
| Roberson High | - | - | - | - | - | - | - | - | - | 371 | 361 | 386 | 363 | - | 1,481 |
| Enka High | - | - | - | - | - | - | - | - | - | 300 | 298 | 256 | 215 | - | 1,069 |
| Reynolds High | - | - | - | - | - | - | - | - | - | 319 | 297 | 301 | 302 | - | 1,219 |
| Valley Springs Middle | - | - | - | - | - | - | - | 3 | 297 | 283 | - | - | - | - | 583 |
| Cane Creek Middle | - | - | - | - | - | - | - | 145 | 195 | 232 | - | - | - | - | 572 |
| Owen Middle | - | - | - | - | - | - | - | 191 | 181 | 167 | - | - | - | - | 539 |
| Reynolds Middle | - | - | - | - | - | - | - | 178 | 176 | 169 | - | - | - | - | 523 |
| Enka Middle | - | - | - | - | - | - | - | 287 | 299 | - | - | - | - | - | 586 |
| Erwin Middle | - | - | - | - | - | - | - | 348 | 359 | - | - | - | - | - | 707 |
| North Buncombe Middle | - | - | - | - | - | - | - | 307 | 280 | - | - | - | - | - | 587 |
| North Windy Ridge | | | | | | | 261 | 306 | | | | | | | 567 |
| Eblen Intermediate | - | - | - | - | - | - | 383 | 345 | - | - | - | - | - | - | 728 |
| Enka Intermediate | - | - | - | - | - | - | 339 | 329 | - | - | - | - | - | - | 668 |
| Koontz Intermediate | - | - | - | - | - | - | 387 | 357 | - | - | - | - | - | - | 744 |
| Avery's Creek Elementary | 95 | 106 | 110 | 116 | 120 | - | - | - | - | - | - | - | - | - | 547 |
| Barnardsville Elementary | 31 | 34 | 35 | 36 | 30 | - | - | - | - | - | - | - | - | - | 166 |
| Black Mountain Elementary | - | - | - | - | - | 98 | 107 | - | - | - | - | - | - | - | 205 |
| Black Mountain Primary | 114 | 98 | 90 | 114 | - | - | - | - | - | - | - | - | - | - | 416 |
| Candler Elementary | 82 | 81 | 88 | 82 | 83 | - | - | - | - | - | - | - | - | - | 416 |
| Bell Elementary | 43 | 55 | 43 | 48 | 55 | 57 | - | - | - | - | - | - | - | - | 301 |
| Emma Elementary | 71 | 68 | 76 | 65 | 61 | - | - | - | - | - | - | - | - | - | 341 |
| Fairview Elementary | 107 | 144 | 125 | 110 | 110 | 126 | - | - | - | - | - | - | - | - | 722 |
| Glen Arden Elementary | 114 | 115 | 131 | 102 | 102 | - | - | - | - | - | - | - | - | - | 564 |
| Haw Creek Elementary | 64 | 65 | 63 | 65 | 70 | 63 | - | - | - | - | - | - | - | - | 390 |
| Hominy Valley Elementary | 81 | 86 | 70 | 76 | 96 | - | - | - | - | - | - | - | - | - | 409 |
| Johnston Elementary | 49 | 49 | 47 | 52 | 48 | - | - | - | - | - | - | - | - | - | 245 |
| Leicester Elementary | 93 | 83 | 74 | 78 | 92 | - | - | - | - | - | - | - | - | - | 420 |
| North Buncombe Elementary | 114 | 106 | 115 | 111 | 110 | - | - | - | - | - | - | - | - | - | 556 |
| Oakley Elementary | 79 | 83 | 66 | 64 | 66 | 83 | - | - | - | - | - | - | - | - | 441 |
| Pisgah Elementary | 36 | 41 | 21 | 40 | 26 | - | - | - | - | - | - | - | - | - | 164 |
| Sand Hill-Venable Elem | 103 | 99 | 131 | 121 | 103 | - | - | - | - | - | - | - | - | - | 557 |
| Williams Elementary | 82 | 78 | 70 | 79 | 72 | 73 | - | - | - | - | - | - | - | - | 454 |
| Estes Elementary | 151 | 129 | 143 | 135 | 154 | 12 | - | - | - | - | - | - | - | - | 724 |
| Weaverville Elementary | - | - | 115 | 117 | 120 | - | - | - | - | - | - | - | - | - | 352 |
| Weaverville Primary | 107 | 123 | - | - | - | - | - | - | - | - | - | - | - | - | 230 |
| West Buncombe Elementary | 133 | 114 | 119 | 100 | 104 | - | - | - | - | - | - | - | - | - | 570 |
| Woodfin Elementary | 26 | 33 | 20 | 28 | 22 | 4 | - | - | - | - | - | - | - | - | 133 |
| Total Students | 1,775 | 1,790 | 1,752 | 1,739 | 1,742 | 1,895 | 1,854 | 1,791 | 1,789 | 1,968 | 1,926 | 1,877 | 1,743 | 43 | 23,684 |

The chart on the previous page shows student distribution among the 44 schools operated by the Board in 2018-19 for the second academic month, which is the most significant student count for overall funding purposes.

The Board employs approximately 2,911 full-time employees, of which 1,958 are classified as certified employees and 953 are classified as other operating personnel.

THE REPORTING ENTITY

This report includes all of the funds of the Buncombe County Board of Education, which is an independent reporting entity as defined by GASB Statement #14 and a primary government for GASB Statement #34 purposes.

North Carolina General Statute 115C-40 gives the Buncombe County Board of Education direct oversight responsibility and control over all activities related to primary and secondary education in the area of Buncombe County not served by the Asheville City Schools. The seven members of the Board of Education are elected for four-year terms, which are staggered: three are elected in one biennium and four in the next. Six of the members must reside in and represent one of the six attendance areas in the Buncombe County Schools system; the seventh seat is county-wide. Elections are non-partisan, and County residents vote for all School Board positions on the ballot.

The School Board receives funding from local, state and federal government sources and must comply with the legal requirements of each funding entity. The School Board receives local funding from the County of Buncombe, but the Board of County Commissioners' authority over the School Board's budget extends only to appropriating funds at the purpose/function level. Historically, the County has not exercised this option but has instead made lump-sum operating and capital appropriations to the School Board. The County is responsible for the approval, issuance, and repayment of debt. Such debt is limited to capital construction projects. The County does not select management of Buncombe County Schools and is not responsible for deficits or entitled to surpluses in the Buncombe County Schools budget. The County does not significantly influence the operations of the Buncombe County Board of Education nor is the School Board accountable to the County for fiscal matters beyond the County's appropriation.

The Buncombe County Schools Foundation, Inc. was founded in 1984 as a non-profit corporation founded to assist educational functions and promote scholarship in the Buncombe County public school system, supplement resources available to individuals in public schools in Buncombe County, and to promote the development of character, integrity, leadership, and scholarship of young people attending public schools in Buncombe County. A substantial portion of the Foundation's assets is restricted by donors as to its use and disposition, including interest earnings on these assets. The Foundation board is not appointed by the Buncombe County Board of Education, but does provide services and funding to citizens served by the Schools and, on occasion, its employees. The Foundation is excluded from the reporting entity because the Buncombe County Board of Education does not have the ability to exercise influence over their daily operations, approve budgets or provide funding. The Buncombe County Board of Education does not hold title to any Foundation assets nor have the right to any surpluses.

REPORT FORMAT

This Comprehensive Annual Financial Report is divided into three major sections to address the needs of a wide variety of financial statement readers. The three sections are described below:

- 1. Introductory Section** -- This section introduces the reader to the report and includes a table of contents, a letter of transmittal, and an organizational chart for the Board.
- 2. Financial Section** -- The basic financial statements, which are presented in the first part of this section, include both *government-wide statements* and *fund financial statements* as well as a *management discussion and analysis*. As is explained in the management discussion and analysis, the government-wide statements and the fund financial statements provide two different overviews of the Board's finances. Because the fund financial statements contained in the basic financial statement section present separate information only for major funds, users who require more detailed information about the school district's finances will also wish to review the last part of the financial section which presents combining statements and individual fund statements.
- 3. Statistical information** -- This section presents social and economic data, financial and fiscal trends and the fiscal capacity of the Buncombe County Public Schools.

ACCOUNTING AND BUDGETARY CONTROL

The Board provides a variety of services to meet the needs of students. In order to distinguish between services that are intended to be self-supporting and those that are not, and because funding agencies may require that the services they help support be accounted for separately from all others, the Board maintains several different funds. A fund is a separate accounting entity with a self-balancing set of accounts. Funds that are intended to be self-supporting are called *proprietary* funds, whereas funds that are intended to be subsidized by general revenue are called *governmental* funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to specific operations.

Most of the Board's operations are handled in governmental funds, which include general, special revenue, and capital projects funds. The enterprise fund operated by the Board are each a proprietary fund type. The Board's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board. Thus, the accounting records for the general fund, special revenue funds, and capital projects fund are maintained on a modified accrual basis while the enterprise fund is maintained on a full accrual basis. The fund financial statements are prepared using the same accounting rules that guide the recording of day-to-day transactions and that are used to budget the fund.

The government-wide statements apply a "business-like" accounting standard to all activities, showing governmental activities and business activities separately as well as a grand total.

Readers are directed to the management discussion and analysis within the financial section of this CAFR for a detailed explanation of the financial statements for the year ended June 30, 2019.

In developing and evaluating the Board's accounting system, consideration is given to the adequacy of the internal control structure. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of the basic financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of cost and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Board's internal control structure adequately safeguards assets and provides reasonable assurance that financial transactions are properly executed and recorded.

North Carolina General Statutes require all governmental units to adopt a balanced budget before July 1 each year. The Board's annual Budget Resolution authorizes expenditures by purpose, function, and project on a modified accrual basis. For internal management purposes, the budget is allocated by line-item within each function and project. The budget amounts reflected in the accompanying financial statements represent the final budget as amended for the fiscal year. For budgetary control purposes, the Board also uses a purchase order encumbrance system that records encumbrances outstanding against each line item of expenditure. Outstanding encumbrances at the end of the fiscal year related to normal operations are considered to be continuing contracts and are re-appropriated by budget amendment in the new fiscal year.

COMPARISON OF BUDGET TO ACTUAL PERFORMANCE

Comparisons of budget to actual performance are provided for all major funds in the financial statement section that follows this introductory section in the CAFR. As is more fully explained in the management discussion and analysis section included in the basic financial statements, there were several budget amendments during the year, and all variances from the initial and final budgets were expected.

COMPLIANCE WITH LEGAL REQUIREMENTS

There were no material violations of legal budgetary requirements during the year, and Buncombe County Schools continued to meet all requirements of the Uniform Education Reporting System (UERS). In July 2015, Buncombe County Schools was recognized by the Chairman of the State Board of Education and the State Superintendent for excellence in management of the North Carolina State Public School Fund for fiscal year 2013-14. It is extremely rare for a school district as large as Buncombe County Schools to receive this recognition because it requires error-free performance on a number of financial management areas such as having no salary audit exceptions outstanding at year-end and no over- or under-spent allotments.

FUTURE ECONOMIC OUTLOOK AND FISCAL PLANNING

The financial health of the Buncombe County Board of Education is largely dependent upon the economic prospects of the State of North Carolina and of the County of Buncombe.

The State of North Carolina has experienced periodic budgetary shortfalls over the past twenty years. Early in the first decade of the 21st century the State of North Carolina again began experiencing revenue shortfalls similar to those of the early 1990's. In 2001-02, the State of North Carolina not only enacted a hiring and purchasing freeze for all State funds allocated to the public schools but also withheld revenue normally refunded to counties. When the County of Buncombe lost State revenue mid-year, it reduced its appropriation to the Buncombe County Board of Education by \$1,072,513. During 2001-02, the Board experienced significant reductions in both State and County revenue from what was originally budgeted.

The State's financial difficulties continued throughout the period of 2002-03 to 2005-06, with school districts being required to revert a portion of the State allotments "up front" each year in order to balance the state budget. The reversions were \$717,069, \$812,200, \$1,308,795, and \$806,649 in fiscal years 2002-03, 2003-04, 2004-05, and 2005-06, respectively. The State's financial situation improved markedly in 2006-07 and 2007-08, and all school allotment formulas were fully funded both years with no reversion being required. A State lottery was also passed in 2005-06 that began generating revenue for schools in 2006-07. However, North Carolina began to feel the effects of the nationwide financial crisis in the second half of 2008. Two reversions of the 2008-09 State allotments were required -- \$1,011,458 in November 2008 and \$714,962 in June 2009. In 2009-10, financial difficulties increased, and State appropriations fell by a total of \$16 million as a result of both reductions in specific allotments and a requirement to revert \$3,934,180 from initial allotments. In 2010-11, 2011-12, and 2012-13, required reversions continued and were \$5,327,936, \$7,407,035, and \$6,167,250, respectively. For fiscal years 2013-14 to present, the State has decided to eliminate the requirement to revert funds and has instead taken the necessary cuts to balance the budget themselves.

In an attempt to help school districts adjust to lower funding, in 2009-10 and 2010-11, the General Assembly granted increased flexibility to school districts to move funding among State allotment categories, which reduced the negative impact of the appropriation reductions by allowing an exchange of position allotments for dollars. However, because this flexibility stressed the State's own budget more than anticipated, in 2011-12 and 2012-13, the General Assembly restricted where funds from the teacher and teacher assistant allotments could be transferred and reduced the value received from position allotment conversions. In 2013-14 and 2014-15, the General Assembly restored certain flexibility options to school districts, but would not allow the transferring of a position allotment to a dollar allotment that would pay for an identical position. Instead the General Assembly allowed the flexibility of moving dollar allotments to other dollar allotments. While this flexibility is helpful for school districts, it does not generate the same return as the flexibility that was available from year 2009-10 to 2012-13. The level of flexibility of moving state allotments has declined over the past few years.

Turning to local funding, growth in this revenue source had stagnated early in the first decade of the twentieth century, but from 2003-04 until 2009-10, the County of Buncombe provided significant annual increases to the Buncombe County Board of Education as shown on the chart on the next page. However, the County of Buncombe was also adversely affected by the 2009 economic downturn, and the 2009-10 current general operating appropriation was reduced by (\$738,177) from the 2008-09 level. There was a modest increase of \$105,331 in the 2010-11 appropriation, and as is explained in the management discussion and analysis within the financial section of this CAFR, the County's operating appropriation increased significantly in 2011-12 to provide operational funding for the two new intermediate schools that opened. The County's operating appropriation for 2012-13 is \$336,755 lower, at \$48,010,003, due to redistribution of the same total amount with Asheville City Schools, whose share of total county ADM grew during 2011-12. In 2015-16 and 2016-17, the County's operating appropriation increased in order to assist with retirement and health insurance rate increases, adding support to the technology department, as well as offsetting reductions from the State Public School Fund and expiring American Recovery and Reinvestment Act Funds (ARRA). Also, in 2016-17 and 2017-18, the county appropriated additional funds to increase the local supplement percentages for licensed employees to help attract and retain qualified applicants for our district to remain competitive in the market place. The increases were \$5,243,573 and \$3,974,274 respectively. For 2018-19, the County increased the local appropriation by \$2,751,952 to cover salary, health and retirement rate increases.

The chart below shows the final operating appropriation from the County in recent years:

| Fiscal Year Ended | County Appropriation | Change From Prior Year | Fiscal Year Ended | County Appropriation | Change From Prior Year |
|----------------------|-------------------------|---------------------------|----------------------|-------------------------|---------------------------|
| 6/30/2008 | \$43,553,643 | \$2,588,231 | 6/30/2014 | \$48,738,512 | \$728,509 |
| 6/30/2009 | \$46,744,879 | \$3,191,236 | 6/30/2015 | \$51,390,856 | \$2,652,344 |
| 6/30/2010 | \$46,006,702 | (\$738,177) | 6/30/2016 | \$53,059,869 | \$1,669,013 |
| 6/30/2011 | \$46,112,033 | \$105,331 | 6/30/2017 | \$58,303,442 | \$5,243,573 |
| 6/30/2012 | \$48,346,758 | \$2,234,725 | 6/30/2018 | \$62,277,716 | \$3,974,274 |
| 6/30/2013 | \$48,010,003 | (\$336,755) | 6/30/2019 | \$65,029,668 | \$2,751,952 |

In order to bring expenditures within available resources, Buncombe County Schools eliminated a total of 170.5 full-time-equivalent (FTE) positions during 2009-10, 2010-11, and 2011-12. New positions funded by the increase in the operating appropriation from the County Commissioners for the two new schools reduced the net loss of positions to 139 FTE as shown on the chart on the next page. Despite some signs that both the State and local economy is beginning to improve, the effects of the recession are expected to continue for several years, and the reductions in staffing listed below are likely to be permanent. No additional position eliminations took place in 2012-13, but in 2013-14 the term of employment for instructional assistants went from 210 days to 205 days. In addition, 24 vacant instructional assistant positions were eliminated. In year 2014-15 and 2015-16, due to the opening of two new charter schools, cuts were made to specific formula driven state funded categories based on average daily membership. The state allotments that were most significantly impacted were teachers, non-instructional support, and instructional assistants.

| Category | Cumulative Loss of Positions at Other Locations | Additional Positions for Koontz & Eblen | Net Loss of Positions 2008 to 2012 |
|--|--|--|---------------------------------------|
| Licensed Staff | | | |
| Central Office Administrators | -5 | - | -5 |
| Principals | -1 | 2 | 1 |
| Assistant Principals | -9 | 2 | -7 |
| Guidance/Social Workers | -6 | 2.5 | -3.5 |
| Media Specialists | -3 | 2 | -1 |
| Mentors | -2 | 0 | -2 |
| Classroom Teachers (factoring out ADM changes) | -61 | 10 | -51 |
| Classified Staff | | | |
| Elementary General Assistants | -12.5 | 1 | -11.5 |
| Media Assistants | -4 | 2 | -2 |
| Middle and High School Clerical Assistants | -13 | 2 | -11 |
| Custodians | -23 | 8 | -15 |
| Administrative Computing/NC Wise | -1 | 0 | -1 |
| Cataloguer, Copier Attendant, Receptionist | -3 | 0 | -3 |
| Child Nutrition Department | -1 | 0 | -1 |
| Finance Department | -1 | 0 | -1 |
| Personnel Department | -1 | 0 | -1 |
| Maintenance Department | -4 | 0 | -4 |
| Technology | -20 | 0 | -20 |
| | -170.5 | 31.5 | -139 |

In addition: The term of employment for all instructional assistants was reduced from 215 days to 210 days.

The term of employment for clerical staff has been reduced in some cases.

The term of employment for assistant principals was reduced in some cases.

These staffing reductions would have been greater had federal funding not increased significantly. Over the three year period of 2008-09 through 2011-12, a total of \$26,975,190 in American Recovery and Reinvestment Act (ARRA) funding was awarded to Buncombe County Schools as well as \$5,284,505 in federal Education Jobs Bill funds. Although the influx of federal dollars spared Buncombe County Schools from even greater cuts, our increased reliance on federal funding over that period created concern about sustainability of operations after federal funding returns to its pre-recession levels. During these years federal funding made up approximately 13% of our governmental non-capital budget whereas the pre-recession level was approximately 6%. From year 2013-14 to present, the percentage of federal funding has stabilized at 8% of the total non-capital budget.

For many years, North Carolina General Statutes have included a stabilization policy that limits the amount of fund balance that can be appropriated to a subsequent year's budget in any fund to no more than the amount of cash on hand at June 30th minus liabilities minus encumbrances. The effect of this statutory requirement is to reduce the amount available for appropriation in any fund by the amount of receivables and other non-cash assets at June 30th.

With the goal of stabilizing operations in future years when federal funding is no longer at such a high level, the Board implemented a local policy effective for the year ended June 30, 2011 for the General Fund that required that one month's operating balance be withheld from appropriation to the subsequent year's budget to serve as a stabilization reserve. That Board policy also requires that no more than half of the fund balance not restricted from appropriation by State Statute and not committed by Board policy as a local stabilization reserve may be appropriated to a subsequent year's budget unless the Board is also presented with a plan demonstrating how the one-time fund balance revenue will be replaced in future years.

The Board has also used the difference between the State's July 1 – June 30 fiscal year and the federal October 1 - September 30 fiscal year to reduce the potential federal funding "cliff" into a series of more manageable step-downs. The difference in fiscal years allows a portion of federal funding available in one fiscal year to be held back until the first quarter of the next fiscal year. For example, planned use of \$5,284,505 in federal Education Jobs Bill funds awarded in early 2010-11 was deferred until 2011-12 and early 2012-13. As mentioned on the previous page, additional staffing reductions were also made in 2011-12 in order to phase-down operations to a sustainable level. As a result of these two strategies, no fund balance had to be used to balance the 2011-12 General Fund budget. No new reductions in staffing were implemented for 2012-13, although approximately \$3 million in fund balance was appropriated to balance the 2012-13 General Fund budget due to approximately \$6 million less federal funding being available to support positions. Approximately \$4 million in fund balance was appropriated to balance the 2013-14 General Fund budget and approximately \$6 million in fund balance was appropriated to balance the 2014-15 initial budget. For the 2015-16 General Fund Budget, approximately \$6.5 million was appropriated to balance, and approximately \$5.5 million was appropriated for the 2016-17 General Fund Budget to balance. While these amounts reflect the portion of fund balance that is appropriated to balance the initial budget, it is the systems goal to reduce this amount through the year as much as possible. For example, the system appropriated \$6.5 million in fund balance in fiscal year 2015-16, but only spent \$1.1 million of that during the year.

Each year, the Board updates its long-range plan for capital facilities. Prior to 2003-04, the building program was directed toward upgrading obsolete facilities and replacing temporary classroom space with permanent buildings. In 2004, the first capacity calculations were made and compared against future growth trends in our student population. Detailed tracking of student population trends since then has shown that the growth in the County's total student population is cyclical, with period of steady growth in student numbers alternating with stagnant or even decreasing periods. An enhanced student population projection system implemented in 2007-08 provides a better means of projecting such non-linear trends.

Year-to-year change in the Buncombe County Schools student population since fiscal year 1998-99 is shown below:

| <u>Fiscal Year</u> | <u>Change from Prior Year</u> | <u>Fiscal Year</u> | <u>Change from Prior Year</u> |
|--------------------|----------------------------------|--------------------|-------------------------------|
| 2019-2020 | (1) student decrease - projected | 2008-2009 | (57) student increase |
| 2018-2019 | (387) student decrease | 2007-2008 | 13 student increase |
| 2017-2018 | (251) student decrease | 2006-2007 | 215 student increase |
| 2016-2017 | (191) student decrease | 2005-2006 | 232 student increase |
| 2015-2016 | (459) student decrease | 2004-2005 | 424 student increase |
| 2014-2015 | (643) student decrease | 2003-2004 | 173 student increase |
| 2013-2014 | 68 student increase | 2002-2003 | (99) student decrease |
| 2012-2013 | 26 student increase | 2001-0002 | 29 student increase |
| 2011-2012 | (50) student decrease | 2000-2001 | (116) student decrease |
| 2010-2011 | (4) student decrease | 1999-2000 | (30) student decrease |
| 2009-2010 | (228) student decrease | 1998-1999 | 77 student increase |

Planning for future facilities needs must also take into account the grade level and location of students as well as their overall numbers.

The availability of the alternative public school environment provided by charter schools drawing students from our attendance areas has also complicated the projection of future student populations. The chart below shows the various charter schools to which payments were made in each year and the average number of students from our attendance area.

| Fiscal Year | Franklin | | | | | | Fiscal Year | Franklin | | | | | | ArtSpace | Evergreen | Francine | School of | Invest | Delany | Innovation | Collegiate | Other | Total |
|-------------|----------|-----------|----------|-----------|--------|--------|-------------|-----------|-----------|----------|-----------|--------|--------|----------|-----------|----------|-----------|--------|--------|------------|------------|-------|-------|
| | ArtSpace | Evergreen | Francine | School of | Invest | Delany | | ArtSpace | Evergreen | Francine | School of | Invest | Delany | | | | | | | | | | |
| 2019-2020 | | | | | | | Projected | 343 | 315 | 88 | 422 | 900 | 202 | 2270 | | | | | | | | | |
| 2018-2019 | 335 | 305 | 88 | 403 | 789 | 190 | 2110 | 2009-2010 | 271 | 286 | 76 | N/A | N/A | 6 | 639 | | | | | | | | |
| 2017-2018 | 321 | 299 | 91 | 349 | 629 | 144 | 1833 | 2008-2009 | 269 | 269 | 79 | N/A | N/A | 5 | 622 | | | | | | | | |
| 2016-2017 | 324 | 314 | 89 | 292 | 557 | 142 | 1718 | 2007-2008 | 258 | 267 | 79 | N/A | N/A | 1 | 605 | | | | | | | | |
| 2015-2016 | 331 | 322 | 76 | 274 | 527 | 14 | 1544 | 2006-2007 | 266 | 254 | 74 | N/A | N/A | 3 | 597 | | | | | | | | |
| 2014-2015 | 302 | 302 | 69 | 273 | 258 | 13 | 1217 | 2005-2006 | 236 | 284 | 76 | N/A | N/A | 4 | 600 | | | | | | | | |
| 2013-2014 | 297 | 277 | 66 | N/A | N/A | 11 | 651 | 2004-2005 | 206 | 258 | 62 | N/A | N/A | 5 | 531 | | | | | | | | |
| 2012-2013 | 299 | 289 | 68 | N/A | N/A | 17 | 673 | 2003-2004 | 174 | 225 | 64 | N/A | N/A | 7 | 470 | | | | | | | | |
| 2011-2012 | 285 | 295 | 72 | N/A | N/A | 14 | 666 | 2002-2003 | 151 | 165 | 47 | N/A | N/A | 7 | 370 | | | | | | | | |
| 2010-2011 | 294 | 295 | 75 | N/A | N/A | 10 | 674 | 2001-2002 | 80 | 143 | 49 | N/A | N/A | 7 | 279 | | | | | | | | |

Two new charter schools, Invest Collegiate and Franklin School of Innovation, opened in fiscal year 2014-15. In 2015-16, the addition of two virtual charter schools resulted in several transfers of students from Buncombe County Schools. Charter schools receive the same proportionate share of state and local funds that traditional public schools receive on a per student basis. The Department of Public Instruction reduces the state allotments of the traditional public schools and transfers these funds to the charter school and the traditional public schools transfers local funds based on monthly cash receipts.

The rate of increase in the charter school population has increased dramatically in the last year. Several years ago, the General Assembly lifted the cap on charter schools in a region allowing two new charter schools to open in fiscal year 2014-15 in Buncombe County.

STATISTICAL SECTION

This report includes a statistical section that supplements the information stated in this letter. This section provides information on financial trends, revenue capacity, debt capacity, demographic and economic information and operating information. Statistical data for Buncombe County has also been included to provide the reader with an insight into the local economy.

SEPARATE COMPLIANCE REPORTS

On July 5, 1996, the President signed the Single Audit Act Amendments of 1996 (31 USC Chapter 75). The 1996 Amendments extended the statutory audit requirement to non-profit organizations and substantially revised various provisions of the 1984 Single Audit Act. The final revisions to OMB Circular A-133 implement the 1996 Amendments, extend OMB Circular's coverage to States, local governments, and Indian tribal governments, and rescind OMB Circular A-128. The Single Audit Act and its amendments provide for audits of grants on a periodic, organization-wide basis rather than on a grant-by-grant basis. It calls for audit tests and procedures (in addition to those required for a financial audit) which relate primarily to compliance with federal laws and regulations. Subsequent to the Single Audit Act of 1984, the State of North Carolina enacted the State Single Audit Implementation Act which set standards for compliance reporting on state funding sources. A compliance report, which satisfies the reporting requirements, will be issued for the fiscal year ended June 30, 2019.

ACKNOWLEDGMENTS

We wish to express appreciation to the Buncombe County Board of Education for its support in adopting fiscal policies that provide accountability to the citizens whose taxes support the operation of the Buncombe County Schools. The preparation of this report required the combined efforts of many employees of Buncombe County Public Schools and the staff of our independent auditor. We would like to mention the following individuals who made especially significant contributions to the preparation of this report in the capacities listed: Tina Thorpe, Assistant Finance Officer, Cindy Hendrick, Payroll Division, Lisa Sharpe, Accounts Payable Division, Pamela Rowe, Internal Auditor, Denise McLemore, Financial Operations Manager, Sherry Sprinkle, the Assistant to the Chief Financial Officer, Carol Edge, Operational Budget Manager, and Kristin Eggen, Budget Analyst. As required by NC General Statute 115C-44, copies of this report will be filed with the Local Government Commission, the State Board of Education, and the Board of County Commissioners. A copy will also be made available for public inspection in the Superintendent's office.

Respectfully submitted:

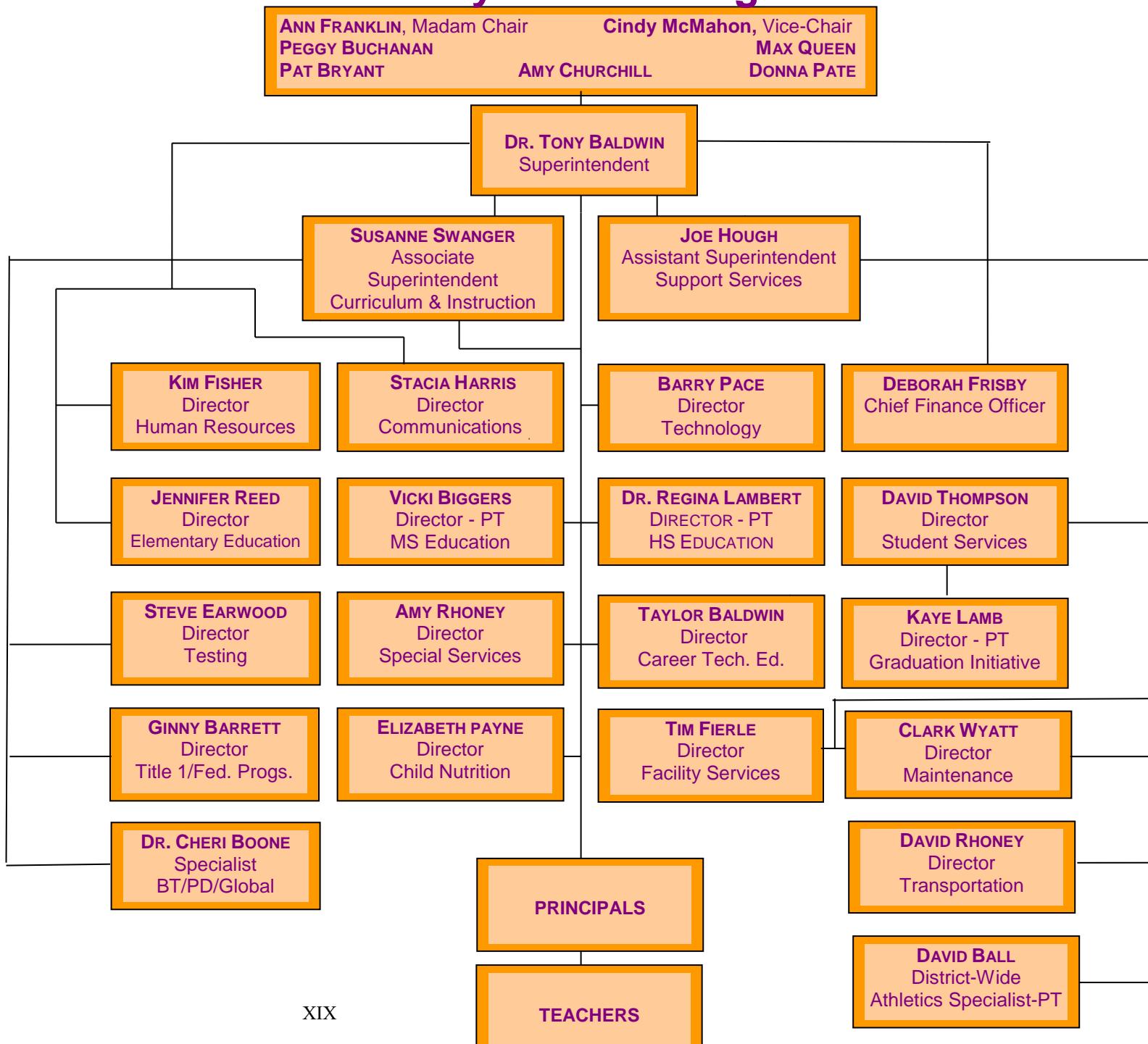
Tony W. Baldwin

Tony W. Baldwin
Superintendent

Deborah B. Frisby

Deborah B. Frisby
Chief Financial Officer

Buncombe County Schools Organizational Chart





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Buncombe County Board of Education

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink that appears to read 'Tom Wohlleber'.

Tom Wohlleber, CSRM
President

A handwritten signature in black ink that appears to read 'Siobhán McMahon'.

Siobhán McMahon, CAE
Chief Operating Officer



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Buncombe County Board of Education
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

BUNCOMBE COUNTY BOARD OF EDUCATION

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Financial Section



INDEPENDENT AUDITORS' REPORT

The Board of Education
Buncombe County Board of Education
Asheville, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Buncombe County Board of Education, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Buncombe County Board of Education as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, the Other Specific Revenue Fund, and the State Public School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5 through 13 and the Schedule of Proportionate Share of the Net Pension and OPEB Liabilities and the Schedule of Board Contributions on pages 57 through 62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Buncombe County Board of Education's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, budgetary schedules and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual non-major fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019 on our consideration of Buncombe County Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Buncombe County Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

December 10, 2019
Statesville, North Carolina
(704) 562-5039

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

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

Financial Highlights

- The Board's total net position increased by \$14,713,626; governmental activities' net position increased by \$13,559,982, and business type activities' net position increased by \$1,153,644.
- The increase in governmental activities' total net investment in capital assets resulted primarily from an increase to buildings and site improvements for the overall school district.

Overview of the Financial Statements

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

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents the Schedules of the Board's Proportionate Share of Net Pension and OPEB Liabilities (Assets) and the Schedules of Board Contributions.*
- *Supplementary section that presents budgetary schedules for governmental and enterprise funds.*

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, deferred outflows of resources, liabilities and deferred inflows of resources. 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, deferred outflows and inflows of resources, and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The Statement of Activities summarizes the Board's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second type of statement included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds and proprietary 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 and fiduciary funds 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.

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

Government-wide Statements

The government-wide statements report information about the unit 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, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 – the difference between the total of the Board's assets and deferred outflows and the total of liabilities and deferred inflows – is one way to measure the unit's financial health or position:

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

The Board'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 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. The Child Nutrition Fund 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.

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

Buncombe County Board of Education has two types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things – how cash and other assets can readily be converted to cash flow in and out, and the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the Other Specific Revenue Fund, the State Public School Fund, the Federal Grants Fund, the Capital Projects Fund, the Individual Schools Fund, and the Hazelton Trust 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. Buncombe County Board of Education has one proprietary fund – an enterprise fund – the Child Nutrition Fund.

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

Financial Analysis of the Schools as a Whole

Net position is an indicator of the fiscal health of the Board. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$72,538,575 as of June 30, 2019. Other than unrestricted net position, the largest component of net position is net investment in capital assets of \$320,110,578.

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

Following is a summary of the Statement of Net Position:

| Table 1 | | | | | | |
|--|--------------------------------|------------------------|---------------------------------|-----------------------|---------------------------------|------------------------|
| Condensed Statement of Net Position | | | | | | |
| As of June 30, 2019 and 2018 | | | | | | |
| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
| | 6/30/19 | 6/30/18 | 6/30/19 | 6/30/18 | 6/30/19 | 6/30/18 |
| Current assets | \$ 33,448,426 | \$ 40,580,781 | \$ 5,134,336 | \$ 5,625,076 | \$ 38,582,762 | \$ 46,205,857 |
| Capital assets | 319,248,387 | 310,027,586 | 1,417,919 | 97,472 | 320,666,306 | 310,125,058 |
| Total assets | 352,696,813 | 350,608,367 | 6,552,255 | 5,722,548 | 359,249,068 | 356,330,915 |
| Deferred outflows of resources | 73,430,946 | 59,783,678 | 1,688,074 | 1,401,634 | 75,119,020 | 61,185,312 |
| Current liabilities | 4,279,874 | 8,323,781 | 243,380 | 225,042 | 4,523,254 | 8,548,823 |
| Long-term liabilities | 361,969,905 | 381,002,163 | 8,257,937 | 8,846,834 | 370,227,842 | 389,848,997 |
| Total liabilities | 366,249,779 | 389,325,944 | 8,501,317 | 9,071,876 | 374,751,096 | 398,397,820 |
| Deferred inflows of resources | 129,185,767 | 103,933,870 | 2,969,800 | 2,436,738 | 132,155,567 | 106,370,608 |
| Net investment in capital assets | 318,692,659 | 308,900,096 | 1,417,919 | 97,472 | 320,110,578 | 308,997,568 |
| Restricted net position | 21,145,813 | 35,362,276 | 6,066 | 12,258 | 21,151,879 | 35,374,534 |
| Unrestricted net position | (409,146,259) | (427,130,141) | (4,654,773) | (4,494,162) | (413,801,032) | (431,624,303) |
| Total net assets | \$ (69,307,787) | \$ (82,867,769) | \$ (3,230,788) | \$ (4,384,432) | \$ (72,538,575) | \$ (87,252,201) |

Note that net position increased during the year by \$14,713,626 indicating improved financial condition of the Board. Also note that the Board carries capital assets for which Buncombe County carries the offsetting debt.

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

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

| Table 2 | | | | | | |
|---|-------------------------|------------------------|--------------------------|-----------------------|--------------------------|------------------------|
| Condensed Statement of Revenues, Expenses, and Changes in Net Position For the Fiscal Years Ended June 30, 2019 and 2018 | | | | | | |
| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
| | 6/30/19 | 6/30/18 | 6/30/19 | 6/30/18 | 6/30/19 | 6/30/18 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 477,760 | \$ 474,909 | \$ 3,100,502 | \$ 3,076,721 | \$ 3,578,262 | \$ 3,551,630 |
| Operating grants and contributions | 174,857,891 | 168,864,234 | 9,290,630 | 9,595,916 | 184,148,521 | 178,460,150 |
| Capital grants and contributions | 757,448 | 1,038,616 | 1,321,632 | 15,185 | 2,079,080 | 1,053,801 |
| General revenues: | | | | | | |
| County appropriations | 90,173,206 | 85,865,880 | - | - | 90,173,206 | 85,865,880 |
| State appropriations | 1,691,803 | 2,835,709 | - | - | 1,691,803 | 2,835,709 |
| Other revenues | 4,180,150 | 478,554 | 78,178 | 57,555 | 4,258,328 | 536,109 |
| Total revenues | 272,138,258 | 259,557,902 | 13,790,942 | 12,745,377 | 285,929,200 | 272,303,279 |
| Expenses: | | | | | | |
| Governmental activities: | | | | | | |
| Instructional services | 212,915,088 | 216,159,462 | - | - | 212,915,088 | 216,159,462 |
| System-wide support services | 44,914,186 | 47,509,694 | - | - | 44,914,186 | 47,509,694 |
| Ancillary services | 604,174 | 600,438 | - | - | 604,174 | 600,438 |
| Business-type activities: | | | | | | |
| Child Nutrition | - | - | 12,782,126 | 13,374,171 | 12,782,126 | 13,374,171 |
| Total expenses | 258,433,448 | 264,269,594 | 12,782,126 | 13,374,171 | 271,215,574 | 277,643,765 |
| Excess (deficiency) before transfers | 13,704,810 | (4,711,692) | 1,008,816 | (628,794) | 14,713,626 | (5,340,486) |
| Transfers in (out) | (144,828) | (129,063) | 144,828 | 129,063 | - | - |
| Increase (decrease) in net position | 13,559,982 | (4,840,755) | 1,153,644 | (499,731) | 14,713,626 | (5,340,486) |
| Beginning net position, as restated | (82,867,769) | (78,027,014) | (4,384,432) | (3,884,701) | (87,252,201) | (81,911,715) |
| Ending net position | \$ (69,307,787) | \$ (82,867,769) | \$ (3,230,788) | \$ (4,384,432) | \$ (72,538,575) | \$ (87,252,201) |

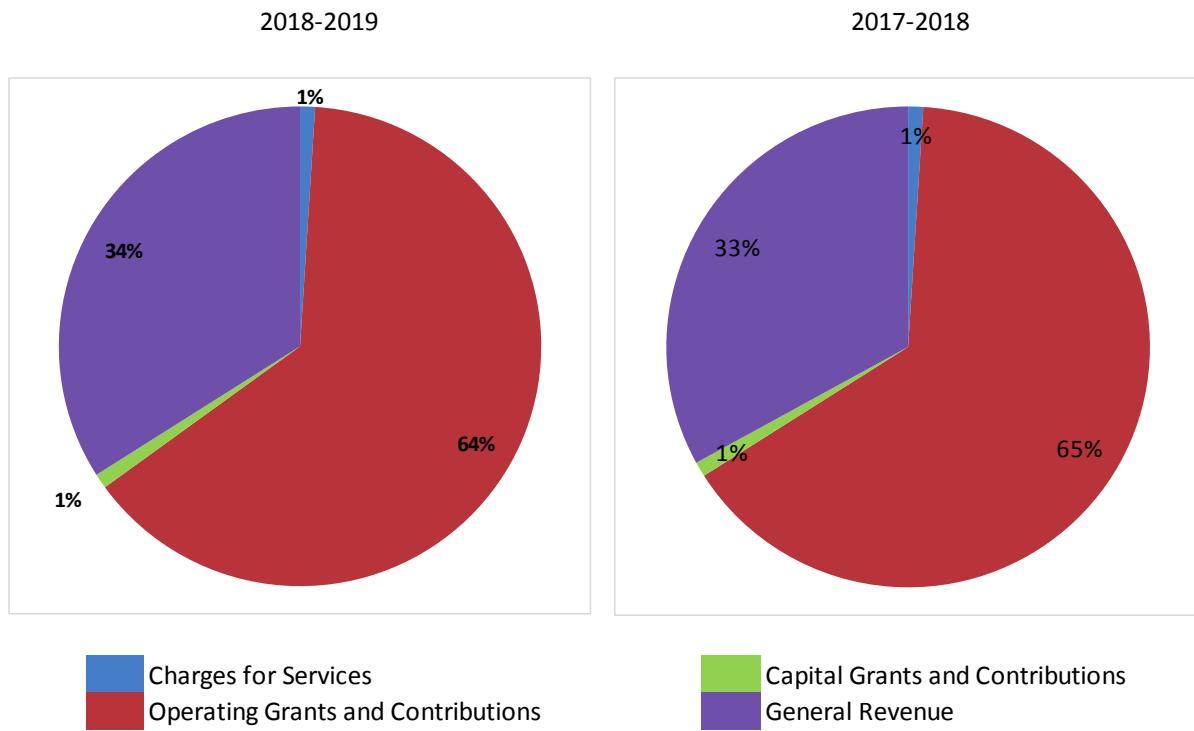
Total governmental activities generated revenues of \$272,138,258 while expenses in this category totaled \$258,433,448 for the year ended June 30, 2019. Comparatively, revenues were \$259,557,902 and expenses totaled \$264,269,594 for the year ended June 30, 2018. After transfers to the business-type activities, the increase in net position stands at \$13,559,982 at June 30, 2019, compared to a decrease of \$4,840,755 in 2018. Instructional services expenses comprised 82% of total governmental-type expenses while system-wide support services made up 18% of those expenses for the year ended June 30, 2019. County funding comprised 33.1% of total governmental

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

revenue and unrestricted State funding added another .6% for the year ended June 30, 2019. Much of the remaining 65.8% of total governmental revenue for the year ended June 30, 2019 consists of restricted State and federal money. Business-type activities generated revenue of \$13,790,942 and expenses of \$12,782,126. Net position increased in the business-type activities by \$1,153,644 after transfers from the governmental activities of \$144,828.

Figure I
Government-wide Revenue

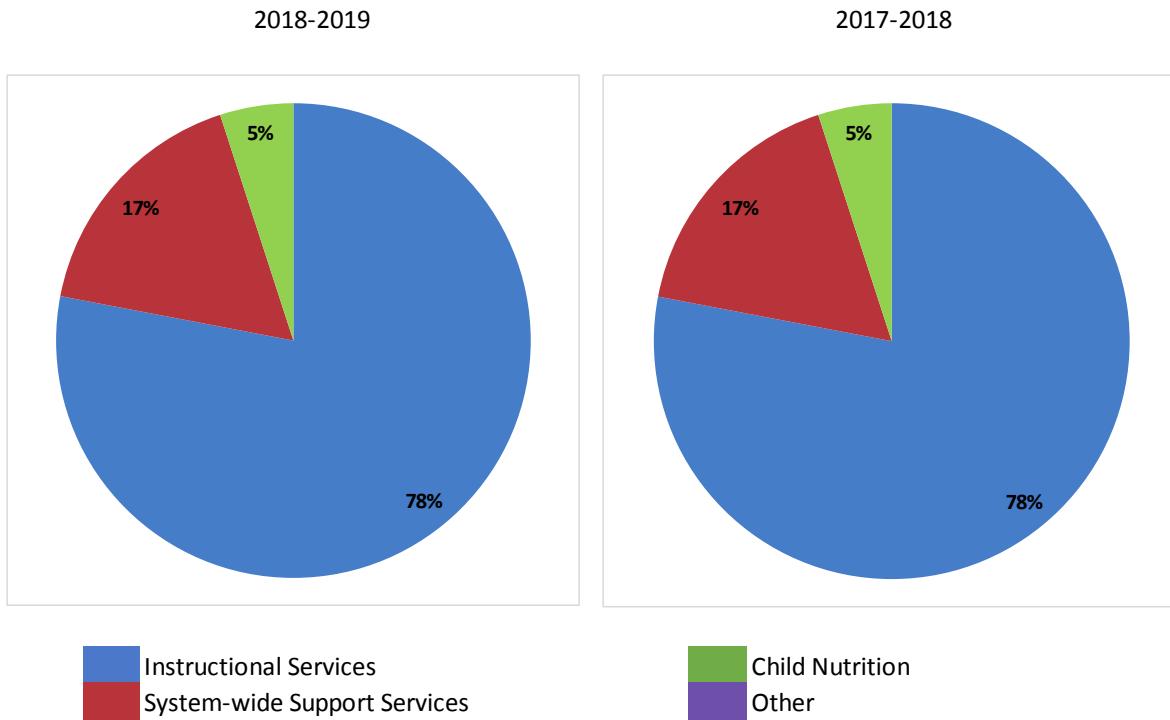
As Figure I shows, from 2017-18 to 2018-19, breakdown of government-wide revenues remained relatively constant. The chart on the following page shows the percentage of government-wide revenues from 2017-18 to 2018-19.



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

As Figure II shows, instructional services, system wide support services, child nutrition and other essentially remained the same between the two years. This chart shows the consistency the Board has in the way it expenses funds.

Figure II
Government-wide Expenses



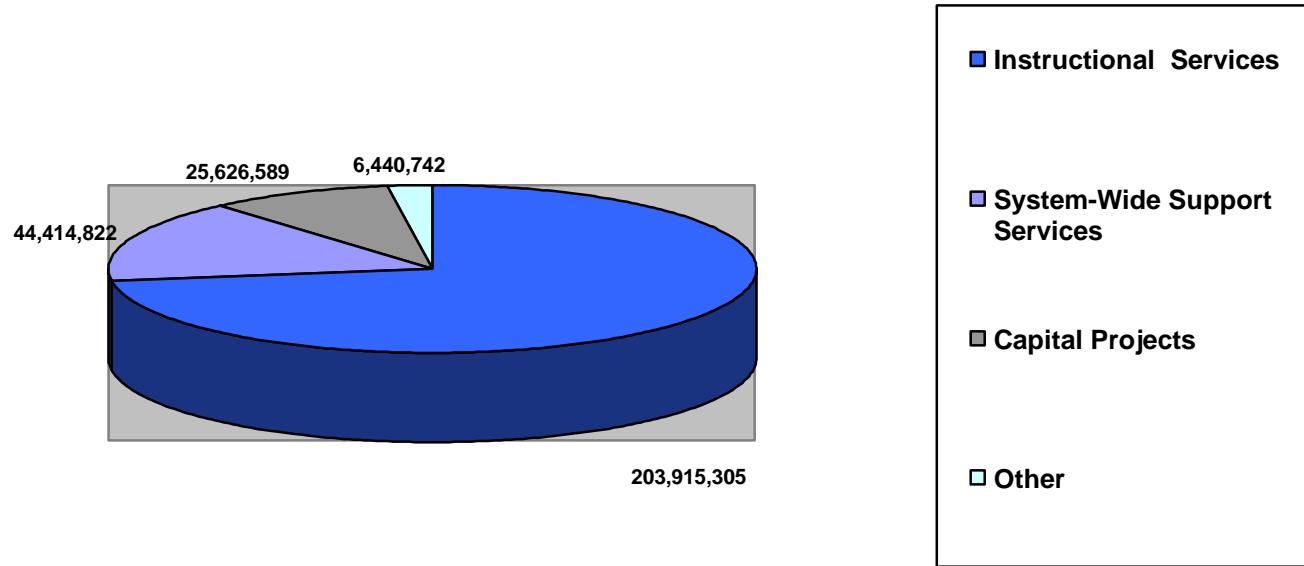
Financial Analysis of the Board's Funds

Governmental Funds: The focus of Buncombe County Board of Education's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Board's financing requirements. Any restrictions or commitments of fund balance do not significantly affect the availability of future fund resources.

The Board's governmental funds reported a combined fund balance of \$28,904,666, a \$2,829,474 decrease over last year. The General Fund reported a decrease of \$2,548,602. The decrease is primarily attributable to increased costs associated with providing educational services. The Capital Outlay Fund increased by \$2,032,077, the Individual Schools Fund decreased \$49,584, and the Other Specific Revenue fund decreased by \$2,263,238.

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

Categorization of Expenditures for Governmental Funds



Proprietary Funds: The School Food Service reported an increase in net position mainly due to donated capital assets.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and to change appropriations in light of the adjusted revenue estimates.

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

Capital Assets

Capital assets increased by \$10,541,248 or 3% from the previous year. This increase was due to capital additions exceeding depreciation expense during the year. The following is a summary of the capital assets, net of depreciation at year-end.

| Table 3 | | | | | | | |
|-------------------------------------|-------------------------|-----------------------|--------------------------|------------------|--------------------------|-----------------------|--|
| Summary of Capital Assets | | | | | | | |
| As of June 30, 2019 and 2018 | | | | | | | |
| | Governmental Activities | | Business-type Activities | | Total Primary Government | | |
| | 6/30/19 | 6/30/18 | 6/30/19 | 6/30/18 | 6/30/19 | 6/30/18 | |
| Land | \$ 8,298,926 | \$ 8,243,726 | \$ - | \$ - | \$ 8,298,926 | \$ 8,243,726 | |
| Construction in progress | 20,729,488 | 51,452,979 | 1,112,441 | - | 21,841,929 | 51,452,979 | |
| Buildings | 253,419,163 | 215,273,883 | - | - | 253,419,163 | 215,273,883 | |
| Site improvements | 26,349,578 | 23,655,615 | - | - | 26,349,578 | 23,655,615 | |
| Equipment and furniture | 1,827,503 | 1,724,528 | 256,633 | 70,045 | 2,084,136 | 1,794,573 | |
| Vehicles | 8,623,729 | 9,676,855 | 48,845 | 27,427 | 8,672,574 | 9,704,282 | |
| Total | <u>\$ 319,248,387</u> | <u>\$ 310,027,586</u> | <u>\$ 1,417,919</u> | <u>\$ 97,472</u> | <u>\$ 320,666,306</u> | <u>\$ 310,125,058</u> | |

Additional information regarding the Board's capital assets can be found in Note 1 and Note 2 to the financial statements.

Debt Outstanding

The 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. The County holds virtually all debt issued for school capital construction. The long-term obligations shown on the Statement of Net Position represent the long-term liability for net pension liability, net OPEB liability, compensated absences and installment financing agreements. Additional information regarding the Board's debt can be found in Note 2 to the financial statements.

Economic Factors

For 2018-19, the County Commissioners increased the local operating appropriation to the school district which is shared by a per capita distribution with Asheville City Schools. The Board anticipates a slight increase in enrollment over the next several years. The County's economic outlook directly affects the school district. The following factors have impacted the economic outlook of Buncombe County:

- The unadjusted employment rate in Buncombe County as of June 30, 2019 is the lowest in the State at 3.4%, compared to 4.4% for the State.

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

- Buncombe County's estimated population of approximately 260,000 is an increase of approximately 9% since 2010. Buncombe County is the 7th largest county by population in the State. Future anticipated growth will increase the demands on funding sources for the Board.
- The revenue stream for the capital program, which comes from sales tax revenue, and the County's support for capital appropriations are continuing to stay strong. The greater Asheville area is both a strong retail market for the entire western part of the State and a popular tourist destination, both of which generate high sales tax revenue. Hotels continue to open in the area, helping add sales tax income. These factors have allowed Buncombe County to continue to have an even stronger sales tax revenue stream.

Requests for Information

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

Deborah B. Frisby, Chief Financial Officer
Buncombe County Board of Education
175 Bingham Road
Asheville, NC 28806

**BUNCOMBE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2019**

Exhibit 1

| | Primary Government | | |
|---|--------------------------------|---------------------------------|------------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$ 29,998,417 | \$ 4,299,948 | \$ 34,298,365 |
| Restricted cash and investments | 226,605 | - | 226,605 |
| Due from other governments | 1,991,067 | 369,848 | 2,360,915 |
| Receivables | 175,427 | 11,052 | 186,479 |
| Internal balances | 168,198 | (168,198) | - |
| Prepaid expenses | 42,037 | - | 42,037 |
| Inventories | 582,789 | 615,620 | 1,198,409 |
| Net OPEB asset | 263,886 | 6,066 | 269,952 |
| Capital assets: | | | |
| Land and construction in progress | 29,028,414 | 1,112,441 | 30,140,855 |
| Other capital assets, net of depreciation | 290,219,973 | 305,478 | 290,525,451 |
| Total capital assets | 319,248,387 | 1,417,919 | 320,666,306 |
| Total assets | 352,696,813 | 6,552,255 | 359,249,068 |
| DEFERRED OUTFLOWS OF RESOURCES | 73,430,946 | 1,688,074 | 75,119,020 |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | 3,120,505 | 93,809 | 3,214,314 |
| Accrued salaries and benefits | 787,025 | 35,678 | 822,703 |
| Unearned revenues | 372,344 | 113,893 | 486,237 |
| Long-term liabilities: | | | |
| Due within one year | 6,294,439 | 136,405 | 6,430,844 |
| Due in more than one year | | | |
| Net pension liability | 97,998,010 | 2,252,837 | 100,250,847 |
| Net OPEB liability | 250,061,252 | 5,748,558 | 255,809,810 |
| Due in more than one year | 7,616,204 | 120,137 | 7,736,341 |
| Total liabilities | 366,249,779 | 8,501,317 | 374,751,096 |
| DEFERRED INFLOWS OF RESOURCES | 129,185,767 | 2,969,800 | 132,155,567 |
| NET POSITION | | | |
| Net investment in capital assets | 318,692,659 | 1,417,919 | 320,110,578 |
| Restricted for: | | | |
| Stabilization by State statute | 2,312,576 | - | 2,312,576 |
| Individual school activities | 3,957,344 | - | 3,957,344 |
| Instructional services | 1,257,679 | - | 1,257,679 |
| School Capital Outlay | 13,354,328 | - | 13,354,328 |
| DIPNC OPEB plan | 263,886 | 6,066 | 269,952 |
| Unrestricted | (409,146,259) | (4,654,773) | (413,801,032) |
| Total net position | \$ (69,307,787) | \$ (3,230,788) | \$ (72,538,575) |

BUNCOMBE COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Exhibit 2

| Functions/Programs | Expenses | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|-------------------------|---|--------------------------|---------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Primary Government | | |
| | | | | | | Total | Business-type Activities | |
| Primary government: | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| Instructional services | \$ 212,915,088 | \$ 156,608 | \$ 152,838,795 | \$ - | \$ (59,919,685) | \$ - | - | (59,919,685) |
| System-wide support services | 44,914,186 | 321,152 | 21,973,906 | 757,448 | (21,861,680) | - | - | (21,861,680) |
| Ancillary services | 604,174 | - | 45,190 | - | (558,984) | - | - | (558,984) |
| Total governmental activities | <u>258,433,448</u> | <u>477,760</u> | <u>174,857,891</u> | <u>757,448</u> | <u>(82,340,349)</u> | <u>-</u> | <u>-</u> | <u>(82,340,349)</u> |
| Business-type activities: | | | | | | | | |
| School food service | 12,782,126 | 3,100,502 | 9,290,630 | 1,321,632 | - | 930,638 | 930,638 | |
| Total primary government | <u>\$ 271,215,574</u> | <u>\$ 3,578,262</u> | <u>\$ 184,148,521</u> | <u>\$ 2,079,080</u> | <u>(82,340,349)</u> | <u>930,638</u> | <u>930,638</u> | <u>(81,409,711)</u> |
| General revenues: | | | | | | | | |
| Unrestricted county appropriations - operating | | | | | 59,818,904 | - | 59,818,904 | |
| Unrestricted county appropriations - capital | | | | | 30,354,302 | - | 30,354,302 | |
| Unrestricted State appropriations - capital | | | | | 1,691,803 | - | 1,691,803 | |
| Investment earnings, unrestricted | | | | | 356,267 | 77,835 | 434,102 | |
| Miscellaneous, unrestricted | | | | | 3,823,883 | 343 | 3,824,226 | |
| Transfers | | | | | (144,828) | 144,828 | - | |
| Total general revenues and transfers | | | | | <u>95,900,331</u> | <u>223,006</u> | <u>96,123,337</u> | |
| Change in net position | | | | | <u>13,559,982</u> | <u>1,153,644</u> | <u>14,713,626</u> | |
| Net position-beginning | | | | | <u>(82,867,769)</u> | <u>(4,384,432)</u> | <u>(87,252,201)</u> | |
| Net position-ending | | | | | <u>\$ (69,307,787)</u> | <u>\$ (3,230,788)</u> | <u>\$ (72,538,575)</u> | |

BUNCOMBE COUNTY BOARD OF EDUCATION
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019

Exhibit 3

| | Major Funds | | | | | Non-major Fund | | Total Governmental Funds |
|--|---------------------|------------------------|-----------------------|----------------------|---------------------------|--------------------------------|---------|--------------------------------|
| | General | State Public School | Individual Schools | Capital Outlay | Other Specific Revenue | Other Governmental Funds | | |
| | | | | | | | | |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 6,276,915 | \$ - | \$ 4,079,627 | \$ 14,631,415 | \$ 5,010,460 | \$ - | | \$ 29,998,417 |
| Restricted cash and investments | | | | | | | 226,605 | 226,605 |
| Receivables | 2,623 | - | - | 4,572 | 168,207 | | 25 | 175,427 |
| Due from other fund | 210 | - | 120,806 | - | 330,619 | | | 451,635 |
| Due from other governments | 183,165 | 160,344 | - | 1,497,607 | 125,573 | 24,378 | | 1,991,067 |
| Inventories | 582,789 | - | - | - | - | | | 582,789 |
| Prepaid expenditures | 42,037 | - | - | - | - | | | 42,037 |
| Total assets | <u>\$ 7,087,739</u> | <u>\$ 160,344</u> | <u>\$ 4,200,433</u> | <u>\$ 16,133,594</u> | <u>\$ 5,634,859</u> | <u>\$ 251,008</u> | | <u>\$ 33,467,977</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 1,748,028 | \$ - | \$ 80,458 | \$ 1,277,087 | \$ 14,932 | \$ - | | \$ 3,120,505 |
| Accrued salaries and benefits | 588,354 | 160,344 | - | - | 13,949 | 24,378 | | 787,025 |
| Due to other fund | 120,806 | - | 162,631 | - | - | | | 283,437 |
| Unearned revenue | - | - | - | - | 372,344 | - | | 372,344 |
| Total liabilities | <u>2,457,188</u> | <u>160,344</u> | <u>243,089</u> | <u>1,277,087</u> | <u>401,225</u> | <u>24,378</u> | | <u>4,563,311</u> |
| Fund balances: | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Prepaid expenditures | 42,037 | - | - | - | - | - | | 42,037 |
| Inventories | 582,789 | - | - | - | - | - | | 582,789 |
| Restricted: | | | | | | | | |
| Stabilization by State statute | 185,998 | - | - | 1,502,179 | 624,399 | - | | 2,312,576 |
| Other specific revenue | - | - | - | - | 1,031,049 | | | 1,031,049 |
| Hazelton Trust | - | - | - | - | - | 226,630 | | 226,630 |
| School capital outlay | - | - | - | 13,354,328 | - | | | 13,354,328 |
| Individual schools | - | - | 3,957,344 | - | - | | | 3,957,344 |
| Committed: | | | | | | | | |
| Other specific revenue | - | - | - | - | 3,578,186 | - | | 3,578,186 |
| Assigned: | | | | | | | | |
| Subsequent year's expenditures | 3,000,000 | - | - | - | - | - | | 3,000,000 |
| Unassigned | 819,727 | - | - | - | - | - | | 819,727 |
| Total fund balances | <u>4,630,551</u> | <u>-</u> | <u>3,957,344</u> | <u>14,856,507</u> | <u>5,233,634</u> | <u>226,630</u> | | <u>28,904,666</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 7,087,739</u> | <u>\$ 160,344</u> | <u>\$ 4,200,433</u> | <u>\$ 16,133,594</u> | <u>\$ 5,634,859</u> | <u>\$ 251,008</u> | | |
| 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. | | | | | | | | 319,248,387 |
| Net OPEB asset | | | | | | | | 263,886 |
| Deferred outflows of resources related to pensions. | | | | | | | | 54,243,297 |
| Deferred outflows of resources related to OPEB | | | | | | | | 19,187,649 |
| 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. | | | | | | | | (13,910,643) |
| Net pension liability | | | | | | | | (97,998,010) |
| Net OPEB liability | | | | | | | | (250,061,252) |
| Deferred inflows of resources related to OPEB | | | | | | | | (127,753,517) |
| Deferred inflows of resources related to pensions | | | | | | | | (1,432,250) |
| Net position of governmental activities | | | | | | | | <u>\$ (69,307,787)</u> |

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

Exhibit 4

| | Major Funds | | | | | Non-major Fund | | Total Governmental Funds | |
|---|---------------------|------------------------|-----------------------|----------------------|---------------------------|-------------------|-----------------------|--------------------------------|--|
| | General | State Public School | Individual Schools | Capital Outlay | Other Specific Revenue | Other | Governmental Funds | | |
| | | | | | | Governmental | | | |
| REVENUES | | | | | | | | | |
| State of North Carolina | \$ - | \$ 149,468,543 | \$ - | \$ 2,449,251 | \$ 112,849 | \$ - | - | \$ 152,030,643 | |
| Buncombe County | 65,029,668 | - | - | 30,354,302 | 295,526 | - | - | 95,679,496 | |
| U.S. Government | - | - | - | - | 498,078 | 15,890,994 | - | 16,389,072 | |
| Other | 1,118,339 | - | 6,888,590 | 781,376 | 4,540,775 | 3,827 | - | 13,332,907 | |
| Total revenues | <u>66,148,007</u> | <u>149,468,543</u> | <u>6,888,590</u> | <u>33,584,929</u> | <u>5,447,228</u> | <u>15,894,821</u> | <u>-</u> | <u>277,432,118</u> | |
| EXPENDITURES | | | | | | | | | |
| Current: | | | | | | | | | |
| Instructional services | 40,670,842 | 131,522,075 | 8,360,812 | 4,388,717 | 4,538,776 | 14,434,083 | 203,915,305 | | |
| System-wide support services | 21,475,800 | 17,843,726 | - | 965,116 | 3,026,418 | 1,103,762 | 44,414,822 | | |
| Ancillary services | - | 1,324 | - | 668 | 32,913 | 10,953 | 45,858 | | |
| Non-programmed charges | 5,210,764 | - | - | - | 80,522 | 346,150 | 5,637,436 | | |
| Debt service: | | | | | | | | | |
| Principal payments | - | - | - | 757,448 | - | - | 757,448 | | |
| Capital outlay | - | - | - | 25,626,589 | - | - | 25,626,589 | | |
| Total expenditures | <u>67,357,406</u> | <u>149,367,125</u> | <u>8,360,812</u> | <u>31,738,538</u> | <u>7,678,629</u> | <u>15,894,948</u> | <u>280,397,458</u> | | |
| Revenues over (under) expenditures | (1,209,399) | 101,418 | (1,472,222) | 1,846,391 | (2,231,401) | (127) | (2,965,340) | | |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Transfers (to) from other funds | (1,434,211) | (101,418) | 1,422,638 | - | (31,837) | - | (144,828) | | |
| Installment purchase obligations issued | - | - | - | 185,686 | - | - | 185,686 | | |
| Total other financing sources (uses) | <u>(1,434,211)</u> | <u>(101,418)</u> | <u>1,422,638</u> | <u>185,686</u> | <u>(31,837)</u> | <u>-</u> | <u>40,858</u> | | |
| Net change in fund balance | (2,643,610) | - | (49,584) | 2,032,077 | (2,263,238) | (127) | (2,924,482) | | |
| Fund balances-beginning | 7,179,153 | - | 4,006,928 | 12,824,430 | 7,496,872 | 226,757 | 31,734,140 | | |
| Change in reserve for inventories | 95,008 | - | - | - | - | - | 95,008 | | |
| Fund balances-ending | <u>\$ 4,630,551</u> | <u>\$ -</u> | <u>\$ 3,957,344</u> | <u>\$ 14,856,507</u> | <u>\$ 5,233,634</u> | <u>\$ 226,630</u> | <u>\$ 28,904,666</u> | | |

**BUNCOMBE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019**

**Exhibit 4
(Continued)**

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

| | |
|--|----------------------|
| Net changes in fund balances - total governmental funds | \$ (2,924,482) |
| 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 capital outlays exceeded depreciation in the current period. | 9,398,905 |
| Proceeds from sale of assets | (39,663) |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | |
| Change in reserve for inventories | 95,008 |
| Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities. | 17,889,738 |
| Contributions to the OPEB plan in the current fiscal year are not included in the Statement of Activities. | 9,330,611 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 571,762 |
| 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 | (22,087,299) |
| OPEB expense | 1,424,261 |
| Compensated absences | 39,582 |
| Loss on disposal of assets | <u>(138,441)</u> |
| Total changes in net position of governmental activities | <u>\$ 13,559,982</u> |

BUNCOMBE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR
For the Year Ended June 30, 2019

Exhibit 5

| | General Fund | | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|--------------------|---------------------|---|
| | Original Budget | Final Budget | Actual Amounts | |
| Revenues: | | | | |
| State of North Carolina | \$ - | \$ - | \$ - | \$ - |
| Buncombe County | 64,965,732 | 64,965,732 | 65,029,668 | 63,936 |
| U.S. Government | - | - | - | - |
| Other | 925,225 | 936,825 | 1,118,339 | 181,514 |
| Total revenues | <u>65,890,957</u> | <u>65,902,557</u> | <u>66,148,007</u> | <u>245,450</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional services | 41,378,922 | 42,049,117 | 40,670,842 | 1,378,275 |
| System-wide support services | 23,009,239 | 22,632,277 | 21,475,800 | 1,156,477 |
| Ancillary services | 31,573 | 12,174 | - | 12,174 |
| Non-programmed charges | 5,584,701 | 5,322,467 | 5,210,764 | 111,703 |
| Total expenditures | <u>70,004,435</u> | <u>70,016,035</u> | <u>67,357,406</u> | <u>2,658,629</u> |
| Revenues over (under) expenditures | (4,113,478) | (4,113,478) | (1,209,399) | 2,904,079 |
| Other financing sources (uses): | | | | |
| Transfers to other funds | <u>(1,435,096)</u> | <u>(1,435,096)</u> | <u>(1,434,211)</u> | <u>885</u> |
| Revenues over (under) expenditures and other uses | (5,548,574) | (5,548,574) | (2,643,610) | 2,904,964 |
| Appropriated fund balance | <u>5,548,574</u> | <u>5,548,574</u> | - | <u>5,548,574</u> |
| Revenue and appropriated fund balance over (under) expenditures and other uses | <u>\$ -</u> | <u>\$ -</u> | <u>(2,643,610)</u> | <u>\$ (2,643,610)</u> |
| Fund balances, beginning of year | | | 7,179,153 | |
| Change in reserve for inventories | | | 95,008 | |
| Fund balances, end of year | | | <u>\$ 4,630,551</u> | |

BUNCOMBE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR
For the Year Ended June 30, 2019

Exhibit 5 (Continued)

| State Public School Fund | | | | Variance with Final Budget - Positive (Negative) |
|---|--------------------|--------------------|--------------------|---|
| Original Budget | Final Budget | Actual Amounts | | |
| Revenues: | | | | |
| State of North Carolina | \$ 149,492,661 | \$ 152,260,293 | \$ 149,468,543 | \$ (2,791,750) |
| Buncombe County | - | - | - | - |
| U.S. Government | - | - | - | - |
| Other | - | - | - | - |
| Total revenues | <u>149,492,661</u> | <u>152,260,293</u> | <u>149,468,543</u> | <u>(2,791,750)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional services | 132,803,371 | 133,657,870 | 131,522,075 | 2,135,795 |
| System-wide support services | 16,560,605 | 18,383,352 | 17,843,726 | 539,626 |
| Ancillary services | 128,685 | 129,119 | 1,324 | 127,795 |
| Non-programmed charges | - | - | - | - |
| Total expenditures | <u>149,492,661</u> | <u>152,170,341</u> | <u>149,367,125</u> | <u>2,803,216</u> |
| Revenues over (under) expenditures | - | 89,952 | 101,418 | 11,466 |
| Other financing sources (uses): | | | | |
| Transfers to other funds | - | <u>(89,952)</u> | <u>(101,418)</u> | <u>(11,466)</u> |
| Revenues over (under) expenditures and other uses | - | - | - | - |
| Appropriated fund balance | - | - | - | - |
| Revenue and appropriated fund balance over expenditures and other uses | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| Fund balances, beginning of year | | | | - |
| Change in reserve for inventories | | | | - |
| Fund balances, end of year | | | <u>\$ -</u> | <u>\$ -</u> |

BUNCOMBE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR
For the Year Ended June 30, 2019

Exhibit 5 (Continued)

| | Other Specific Revenue Fund | | | Variance with Final Budget - Positive (Negative) |
|---|------------------------------------|-----------------|-------------------|---|
| | Original Budget | Final Budget | Actual Amounts | |
| Revenues: | | | | |
| State of North Carolina | \$ 160,000 | \$ 160,000 | \$ 112,849 | \$ (47,151) |
| Buncombe County | 276,116 | 276,116 | 295,526 | 19,410 |
| U.S. Government | 498,933 | 498,933 | 498,078 | (855) |
| Other | 2,932,036 | 3,038,005 | 4,540,775 | 1,502,770 |
| Total revenues | 3,867,085 | 3,973,054 | 5,447,228 | 1,474,174 |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional services | 3,034,566 | 5,273,125 | 4,538,776 | 734,349 |
| System-wide support services | 2,055,110 | 3,115,391 | 3,026,418 | 88,973 |
| Ancillary services | 33,400 | 33,690 | 32,913 | 777 |
| Non-programmed charges | 91,427 | 100,747 | 80,522 | 20,225 |
| Total expenditures | 5,214,503 | 8,522,953 | 7,678,629 | 844,324 |
| Revenues over (under) expenditures | (1,347,418) | (4,549,899) | (2,231,401) | 2,318,498 |
| Other financing sources (uses): | | | | |
| Transfers to other funds | (40,000) | (32,000) | (31,837) | 163 |
| Revenues over (under) expenditures and other uses | (1,387,418) | (4,581,899) | (2,263,238) | 2,318,661 |
| Appropriated fund balance | 1,387,418 | 4,581,899 | - | 4,581,899 |
| Revenue and appropriated fund balance over (under) expenditures and other uses | \$ - | \$ - | (2,263,238) | \$ (2,263,238) |
| Fund balances, beginning of year | | | 7,496,872 | |
| Change in reserve for inventories | | | - | |
| Fund balances, end of year | | | \$ 5,233,634 | |

**BUNCOMBE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2019**

Exhibit 6

| | <u>Enterprise Fund</u> | <u>Major Fund</u> | <u>Child Nutrition</u> |
|--|------------------------|-------------------|------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 4,299,948 | | |
| Due from other governments | 369,848 | | |
| Receivables (net) | 11,052 | | |
| OPEB asset | 6,066 | | |
| Inventories | <u>615,620</u> | | |
| Total current assets | <u>5,302,534</u> | | |
| Noncurrent assets: | | | |
| Capital assets, net | <u>1,417,919</u> | | |
| Total assets | <u>6,720,453</u> | | |
| DEFERRED OUTFLOWS OF RESOURCES | <u>1,688,074</u> | | |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 93,809 | | |
| Accrued salaries and benefits | 35,678 | | |
| Due to other fund | 168,198 | | |
| Compensated absences | 136,405 | | |
| Unearned revenue | <u>113,893</u> | | |
| Total current liabilities | <u>547,983</u> | | |
| Noncurrent liabilities: | | | |
| Net pension liability | 2,252,837 | | |
| Net OPEB liability | 5,748,558 | | |
| Compensated absences | <u>120,137</u> | | |
| Total liabilities | <u>8,669,515</u> | | |
| DEFERRED INFLOWS OF RESOURCES | <u>2,969,800</u> | | |
| NET POSITION | | | |
| Net investment in capital assets | 1,417,919 | | |
| DIPNC OPEB plan | 6,066 | | |
| Unrestricted | <u>(4,654,773)</u> | | |
| Total net position | <u>\$ (3,230,788)</u> | | |

**BUNCOMBE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUND
For the Year Ended June 30, 2019**

Exhibit 7

| | Enterprise Fund |
|--------------------------------|------------------------|
| | Major Fund |
| | Child Nutrition |
| OPERATING REVENUES | |
| Food sales | \$ 3,100,502 |
| OPERATING EXPENSES | |
| Purchase of food | 5,935,532 |
| Salaries and benefits | 5,677,770 |
| Indirect costs | 769,859 |
| Materials and supplies | 148,062 |
| Repairs and maintenance | 84,541 |
| Other purchased services | 56,392 |
| Depreciation | 70,872 |
| Other | 39,098 |
| | <hr/> |
| Total operating expenses | 12,782,126 |
| | <hr/> |
| Operating loss | (9,681,624) |
| | <hr/> |
| NONOPERATING REVENUES | |
| Federal reimbursements | 8,438,382 |
| Federal commodities | 808,263 |
| State reimbursements | 43,985 |
| Interest earned | 77,835 |
| Gain on sale of capital assets | 343 |
| | <hr/> |
| Total nonoperating revenues | 9,368,808 |
| | <hr/> |
| Income (loss) before transfers | (312,816) |
| | <hr/> |
| Donated capital assets | 1,321,632 |
| Transfer from other funds | 144,828 |
| Change in net position | <hr/> 1,153,644 |
| | <hr/> |
| Total net position - beginning | (4,384,432) |
| | <hr/> |
| Total net position - ending | \$ (3,230,788) |

**BUNCOMBE COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2019**

Exhibit 8

| | Enterprise Fund |
|---|------------------------|
| | Major Fund |
| | Child Nutrition |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from customers | \$ 3,103,522 |
| Cash paid for goods and services | (6,378,233) |
| Cash paid to employees for services | <u>(5,981,274)</u> |
| Net cash used by operating activities | <u>(9,255,985)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Federal reimbursements and grants | 8,551,984 |
| State reimbursements | 43,985 |
| Due to other funds | <u>2,573</u> |
| Net cash provided by noncapital financing activities | <u>8,598,542</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Acquisition of capital assets | (69,687) |
| Proceeds from the sale of capital assets | <u>343</u> |
| Net cash provided (used) by capital and financing activities | <u>(69,344)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest on investments and other | <u>77,835</u> |
| Net increase (decrease) in cash and cash equivalents | (648,952) |
| Balances-beginning of the year | <u>4,948,900</u> |
| Balances-end of the year | <u>\$ 4,299,948</u> |

**BUNCOMBE COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2019**

**Exhibit 8
(Continued)**

| | |
|---|-----------------------|
| Reconciliation of operating loss to net cash used by operating activities | \$ (9,681,624) |
| Operating loss | \$ (9,681,624) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | |
| Depreciation | 70,872 |
| Donated commodities consumed | 808,263 |
| Transfers from other funds | 144,828 |
| Changes in assets deferred outflows of resources, and liabilities: | |
| (Increase) decrease in accounts receivable | 17,261 |
| (Increase) decrease in net OPEB asset | 6,192 |
| (Increase) decrease in inventory | (297,840) |
| Increase (decrease) in accounts payable | 30,363 |
| Increase (decrease) in accrued salaries and benefits | 2,216 |
| (Increase) decrease in deferred outflows | (286,440) |
| Increase (decrease) in net pension liability | 446,157 |
| Increase (decrease) in net OPEB liability | (1,036,919) |
| Increase (decrease) in deferred inflows | 533,062 |
| Increase (decrease) in unearned revenue | (14,241) |
| Increase (decrease) in compensated absences | 1,865 |
| Total adjustments | <u>425,639</u> |
| Net cash used by operating activities | <u>\$ (9,255,985)</u> |

Noncash investing, capital, and financing activities:

The State Public School Fund paid salaries and benefits of \$101,418 to administrative personnel of the Child Nutrition Fund during the fiscal year. The payment is reflected as an operating transfer in and an operating expense on Exhibit 7.

The Child Nutrition Fund received donated commodities with a value of \$808,263 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue.

The Child Nutrition Fund received \$10,953 of capital assets as a contribution from the Federal Grants Fund.

The Child Nutrition Fund received \$1,310,679 of capital assets as a contribution from the Capital Outlay Fund.

The General Fund paid salaries and benefits of \$11,573 to administrative personnel of the Child Nutrition Fund during the fiscal year. The payment is reflected as an operating transfer in and an operating expense on Exhibit 7.

The Other Special Revenue Fund transferred \$31,837 to the Child Nutrition Fund during the fiscal year for the payment of unpaid meals. The payment is reflected as an operating transfer in and an operating expense on Exhibit 7.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Buncombe County Board of Education (Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Buncombe County, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity. Since North Carolina school systems have no authority to issue long-term debt, capital assets of the Board are financed primarily by general obligation bonds issued by Buncombe County (the “County”). The Board’s members are elected by the public, have the authority to designate management and to significantly influence operations and are primarily accountable for fiscal matters, including deficits. The Board is not accountable to the County for its fiscal matters beyond the County’s annual allocations which have historically averaged less than 20% of the Board’s total budget.

The individual schools have activity funds to account for the revenues and expenditures of the various clubs, organizations and other school related activities and events. These activity funds are included in the Board’s reporting entity.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the Board. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. Inter-fund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

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. Proprietary fund operating expenses, such as food costs and salaries and benefits result from transactions associated with the principal activity of the fund.

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 required to be accounted for in another fund. This fund includes the "Local Current Expense Fund," which is mandated by State law [G.S. 115C-426].

Other Specific Revenue Fund. The Other Specific Revenue Fund includes revenues from reimbursements, including indirect costs, fees for actual costs, tuition, sales tax revenues distributed using the ad valorem method pursuant to G.S. 105-472(b)(2), sales tax refunds, gifts and grants restricted as to use, trust funds, federal grants restricted as to use, federal appropriations made directly to local school administrative units, funds received for prekindergarten programs, and special programs.

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.

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 monies, proceeds of Buncombe County bonds issued for public school construction, lottery proceeds as well as certain State assistance.

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

The Board reports the following major enterprise fund:

Child Nutrition Fund. The Child Nutrition Fund is used to account for the food service program within the school system.

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

Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

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

Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds or the Hazelton Trust Fund. 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. Budget information presented in the financial statements at a more detailed level is for informational purposes only. The Board has authorized the Superintendent to move monies without limitation from one function to another within a fund. Such transfers must be reported to the board at its next regular meeting. All amendments must be approved by the governing board. Amendments which alter the county appropriations or transfer monies to or from Capital Projects Fund also require the approval of the Buncombe County Board of Commissioners. 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. The primary revenue sources of the Board are the State of North Carolina, the Federal government and Buncombe County appropriations. Unexpended allocations from the State of North Carolina revert back to the State at the end of the fiscal year.

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

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 the 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.

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

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. The inventories of the Board's General Fund consist of expendable materials and supplies, which are recorded as expenditures when purchased. The General Fund inventories do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reserved.

Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

Capital Assets

Donated assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1980 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of four 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 installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid 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 and all sales tax reimbursement requirements have been met.

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

| | Years |
|---------------------------|-------|
| Buildings | 50 |
| Site Improvements | 25 |
| Improvements to buildings | 15 |
| Equipment and Furniture | 4-12 |
| Vehicles | 5-12 |

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

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.

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. In addition, certain employees may accumulate up to 25 additional bonus vacation leave days, which are fully vested when earned. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2019 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate of the current portion of compensated absences based on prior years' records has been made.

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

Net Position/Fund Balances

Net Position

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represent 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.

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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 other specific revenue – portion of funds balance that has externally enforceable limitation on use from various grantors and other governments.

Restricted for Hazelton Trust – portion of fund balance that is restricted by the donor for the benefit of special needs children.

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.

Committed fund balance – portion of fund balance that can only be used for specific purpose imposed by majority vote by quorum of Buncombe County Board of Education's governing body (highest level of decision-making authority) and in certain instances approval by the County's governing body is required. Any changes or removal of specific purpose requires majority action by the governing bodies that approved the original action.

Committed for other specific revenue – portion of fund balance that is committed for future textbook purchases.

Assigned fund balance – portion of fund balance that Buncombe County 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 or committed. The governing body approves the appropriation.

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

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

Buncombe County Board of Education has a revenue spending policy that provides guidance for programs with multiple revenue sources. The policy is to use restricted fund balance as the source of funding for an expenditure made from an eligible funding source rather than unrestricted fund balance. For the purpose 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.

Defined Benefit Pension Plans

For purposes of measuring the net pension asset, 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) and additions to/deductions from TSERS' fiduciary net position have been determined on the same basis as they are reported by TSERS. 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. Investments are reported at fair value.

Reconciliation of Government-wide and Fund Financial Statements

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 \$(98,212,453) consists of several elements as follows:

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

| 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) | \$ 574,793,553 |
| Less Accumulated Depreciation | <u>(255,545,166)</u> |
| Net capital assets | 319,248,387 |
| Net OPEB asset | 263,886 |
| Pension related deferred outflows of resources | 54,243,297 |
| OPEB related deferred outflows of resources | 19,187,649 |
| 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: | |
| Installment financing | (555,728) |
| Compensated absences | (13,354,915) |
| Net pension liability | (97,998,010) |
| Net OPEB liability | (250,061,252) |
| Deferred inflows of resources related to pensions | (1,432,250) |
| Deferred inflows of resources related to OPEB | <u>(127,753,517)</u> |
| Total adjustment | <u>\$ (98,212,453)</u> |

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 \$16,484,464 as follows:

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

| Description | Amount |
|---|----------------------|
| Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities. | \$ 25,023,549 |
| 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. | (15,624,644) |
| Proceeds from the sale of assets | (39,663) |
| Change in reserve for inventories | 95,008 |
| New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities | (185,686) |
| Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position in the government-wide statements | 757,448 |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | 17,889,738 |
| Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities | 9,330,611 |
| 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 | (22,087,299) |
| OPEB expense | 1,424,261 |
| Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources. | 39,582 |
| Loss on disposal of capital assets | <u>(138,441)</u> |
| Total adjustment | <u>\$ 16,484,464</u> |

Defined Benefit Pension Plan and OPEB Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the

**BUNCOMBE COUNTY BOARD OF EDUCATION
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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.

Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriations

During the fiscal year ended June 30, 2019, the Board reported expenditures that violated State law [G.S. 115C-441] because they exceeded the amounts appropriated in the budget ordinance within the Child Nutrition Fund. Expenditures in excess of budgeted amounts can be seen in the accompanying budget-to-actual financial statement the Child Nutrition Fund – Exhibit C-1.

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 concentration risk or custodial credit risk for deposits.

At June 30, 2019, the Board had deposits with banks with a carrying amount of \$7,330,030 and with the State Treasurer of \$0-. The bank balances with the financial institutions and the State Treasurer were \$9,096,666 and \$579,904, respectively. Of these balances, \$3,911,414 was covered by federal depository insurance, and \$5,765,156 was covered by collateral held under the Pooling Method.

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

Investments

At June 30, 2019, the Board of Education had \$27,194,940 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2019. The Board has no policy for managing interest rate risk or credit risk.

Accounts Receivable

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

| | Due from other funds (Internal Balances) | Due from other governments | Other |
|----------------------------------|---|----------------------------------|-------------------|
| Governmental activities: | | | |
| General Fund | \$ (120,596) | \$ 183,165 | \$ 2,623 |
| State Public School Fund | - | 160,344 | - |
| Individual Schools Fund | (41,825) | - | - |
| Capital Outlay Fund | - | 1,497,607 | 4,572 |
| Other Specific Revenue Fund | 330,619 | 125,573 | 168,207 |
| Other Government Funds | - | 24,378 | 25 |
| Total | <u>\$ 168,198</u> | <u>\$ 1,991,067</u> | <u>\$ 175,427</u> |
| Business-type activities: | | | |
| Child Nutrition Service | <u>\$ (168,198)</u> | <u>\$ 369,848</u> | <u>\$ 11,052</u> |

Due from other governments consists of the following:

| | | |
|---------------------------------|---------------------|--------------------------------|
| Governmental activities: | | |
| Federal Grants Fund | \$ 24,378 | Federal grant funds |
| State Public School Fund | 160,344 | Operating funds from DPI |
| Capital Outlay Fund | 1,497,607 | Buncombe County |
| Other Special Revenue Fund | 125,573 | Federal, State and local funds |
| General Fund | 137,930 | Sales tax from State |
| General Fund | 45,235 | Buncombe County |
| Total | <u>\$ 1,991,067</u> | |

| | | |
|----------------------------------|-------------------|----------------|
| Business-type activities: | | |
| School Food Service Fund | <u>\$ 369,848</u> | Federal grants |

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

Capital Assets

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

| | Beginning Balances | Increases and transfers | Retirements and transfers | Ending Balances |
|--|-----------------------|----------------------------|------------------------------|-----------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 8,243,726 | \$ 55,200 | \$ - | \$ 8,298,926 |
| Construction in progress | <u>51,452,979</u> | <u>15,348,235</u> | <u>46,071,726</u> | <u>20,729,488</u> |
| Total capital assets not being depreciated | <u>59,696,705</u> | <u>15,403,435</u> | <u>46,071,726</u> | <u>29,028,414</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 413,881,231 | 50,070,220 | 142,582 | 463,808,869 |
| Site improvements | 39,944,767 | 4,409,588 | 304,437 | 44,049,918 |
| Equipment | 6,816,891 | 662,430 | 144,269 | 7,335,052 |
| Vehicles | <u>30,030,689</u> | <u>549,602</u> | <u>8,991</u> | <u>30,571,300</u> |
| Total capital assets being depreciated | <u>490,673,578</u> | <u>55,691,840</u> | <u>600,279</u> | <u>545,765,139</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 198,607,348 | 11,898,202 | 115,844 | 210,389,706 |
| Site improvements | 16,289,152 | 1,564,259 | 153,071 | 17,700,340 |
| Equipment | 5,092,363 | 559,455 | 144,269 | 5,507,549 |
| Vehicles | <u>20,353,834</u> | <u>1,602,728</u> | <u>8,991</u> | <u>21,947,571</u> |
| Total accumulated depreciation | <u>240,342,697</u> | <u>15,624,644</u> | <u>422,175</u> | <u>255,545,166</u> |
| Total capital assets being depreciated, net | <u>250,330,881</u> | | | <u>290,219,973</u> |
| Governmental activity capital assets, net | | | | |
| | <u>\$ 310,027,586</u> | | | <u>\$ 319,248,387</u> |

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

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|----------------|---------------|---------------------|
| Business-type activities: | | | | |
| Child Nutrition Fund: | | | | |
| Capital assets not being depreciated: | | | | |
| Construction in progress | \$ _____ - | \$ 1,112,441 | \$ _____ - | \$ 1,112,441 |
| Capital assets being depreciated: | | | | |
| Furniture and equipment | 5,373,767 | 233,825 | 20,291 | 5,587,301 |
| Vehicles | <u>189,904</u> | <u>45,053</u> | <u>-</u> | <u>234,957</u> |
| Total capital assets being depreciated | <u>5,563,671</u> | <u>278,878</u> | <u>20,291</u> | <u>5,822,258</u> |
| Less accumulated depreciation for: | | | | |
| Furniture and equipment | 5,303,722 | 47,237 | 20,291 | 5,330,668 |
| Vehicles | <u>162,477</u> | <u>23,635</u> | <u>-</u> | <u>186,112</u> |
| Total accumulated depreciation | <u>5,466,199</u> | <u>70,872</u> | <u>20,291</u> | <u>5,516,780</u> |
| Total capital assets being depreciated, net | <u>97,472</u> | | | <u>305,478</u> |
| Business-type activity capital assets, net | <u>\$ 97,472</u> | | | <u>\$ 1,417,919</u> |

Depreciation was charged to governmental functions as follows:

| | |
|------------------------------|----------------------|
| Instructional services | \$ 13,462,461 |
| System-wide support services | 1,602,728 |
| Ancillary services | <u>559,455</u> |
| Total | <u>\$ 15,624,644</u> |

Construction commitments

Buncombe County has active construction projects as of June 30, 2019, for the benefit of Buncombe County Board of Education. At year-end, the County's commitments with contractors for school construction are as follows:

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

| <u>Project</u> | <u>Remaining Commitment</u> |
|----------------------------------|-----------------------------|
| Central office cooler/freezer | \$ 63,454 |
| School additions and renovations | <u>6,693,715</u> |
| Total | <u>\$ 6,757,169</u> |

Liabilities

Pension Plan Obligations

a. Teachers' and State Employees' Retirement System

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

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined at 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.

**BUNCOMBE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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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 service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2019 was 12.29% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by the employees during the year. Contributions to the pension plan from the Board were \$18,301,001 for the year ended June 30, 2019.

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

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

At June 30, 2019, the Board reported a liability of \$100,250,847 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Board's proportionate share of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2018 and at June 30, 2017, the Boards proportion was 1.01% and .99%, respectively.

BUNCOMBE COUNTY BOARD OF EDUCATION
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For the Year Ended June 30, 2019

For the year ended June 30, 2019, the Board recognized pension expense of \$22,576,347. At June 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 7,316,374 | \$ 1,006,084 |
| Changes of assumptions | 20,117,767 | - |
| Net difference between projected and actual earnings on pension plan investments | 9,553,923 | - |
| Changes in proportion and differences between Board contributions and proportionate share of contributions | 201,209 | 459,091 |
| Board contributions subsequent to the measurement date | <u>18,301,001</u> | - |
| Total | <u>\$ 55,490,274</u> | <u>\$ 1,465,175</u> |

\$18,301,001 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

| | |
|------------|----------------------|
| 2020 | \$ 20,967,554 |
| 2021 | 13,191,062 |
| 2022 | 1,740,919 |
| 2023 | (175,437) |
| 2024 | - |
| Thereafter | - |
| | |
| Total | <u>\$ 35,724,098</u> |

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

| | |
|---------------------------|--|
| Inflation | 3.0% |
| Salary increases | 3.5% to 8.1%, including inflation and productivity factor |
| Investment rate of return | 7.00%, net of pension plan investment expense, including inflation |

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

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

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.00%, a decrease of .20% from the prior year discount rate of 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially

BUNCOMBE COUNTY BOARD OF EDUCATION
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For the Year Ended June 30, 2019

determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

| | 1% Decrease (6.00%) | Discounted Rate (7.00%) | 1% Increase (8.00%) |
|--|--------------------------------|------------------------------------|--------------------------------|
| Board's proportionate share of the net pension liability (asset) | \$ 191,195,355 | \$ 100,250,847 | \$ 23,939,398 |

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

b. Other Post-employment Benefits

Healthcare Benefits

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

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

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

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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 or the self-funded Traditional 70/30 preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

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

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

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state-supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.27% of covered payroll which amounted to \$9,336,637.

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

At June 30, 2019, Board reported a liability of \$255,809,810 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. The total OPEB liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2018 and at June 30, 2017, the Boards proportion was 0.90%.

\$9,336,637 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

| | |
|------------|-------------------------|
| 2020 | \$ (27,890,602) |
| 2021 | (27,890,602) |
| 2022 | (27,890,602) |
| 2023 | (27,863,249) |
| 2024 | (9,784,023) |
| Thereafter | -- |
| Total | <u>\$ (121,319,078)</u> |

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

| | |
|---|---|
| Inflation | 2.75% |
| Salary increases | 3.5% to 8.10%, including a 3.5% inflation and productivity factor |
| Investment rate of return | 7.20%, net of OPEB plan investment expense, including inflation |
| Healthcare cost trend rate – medical | 5.00% - 6.50% |
| Healthcare cost trend rate – prescription drug | 5.00% - 7.25% |
| Healthcare cost trend rate – Medicare advantage | 4.00% - 5.00% |
| Healthcare cost trend rate – administrative | 3.00% |

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

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

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

| | 1% Decrease (2.87%) | Discounted Rate (3.87%) | 1% Increase (4.87%) |
|--------------------|--------------------------------|------------------------------------|--------------------------------|
| Net OPEB liability | \$ 302,241,697 | \$ 255,809,810 | \$ 218,589,405 |

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 a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage point higher (4.58 percent) than the current discount rate:

| | Healthcare Trend Rates | | |
|--|--|--|----------------|
| 1% Decrease (Medical - 4.00-5.50%, Pharmacy - 4.00-6.25%, Medicare Advantage - 4.00%, Administrative - 2.00%) | (Medical -5.00-6.50%, Pharmacy - 5.00-7.25%, Medicare Advantage - 4.00-5.00%, Administrative - 3.00%) | 1% increase (Medical - 6.00-7.50%, Pharmacy - 6.00-8.25%, Medicare Advantage - 6.00%, Administrative - 4.00%) | |
| Net OPEB liability | \$ 211,036,312 | \$ 255,809,810 | \$ 314,588,300 |

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

Disability Benefits

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

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

BUNCOMBE COUNTY BOARD OF EDUCATION
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Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members.

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

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

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2019, employers made a statutory contribution of 0.14% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$208,474 for the year ended June 30, 2019.

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

At June 30, 2019, Board reported an OPEB asset of \$269,952 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017. The total OPEB asset was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2018 and at June 30, 2017, the Boards proportion was .90% and .88%, respectively.

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

\$208,474 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

| | |
|------------|-------------------|
| 2020 | \$ 175,198 |
| 2021 | 175,172 |
| 2022 | 127,915 |
| 2023 | 98,188 |
| 2024 | 67,937 |
| Thereafter | 67,911 |
| Total | <u>\$ 712,321</u> |

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

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

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

| | 1% Decrease (2.75%) | Discounted Rate (3.75%) | 1% Increase (4.75%) |
|----------------|--------------------------------|------------------------------------|--------------------------------|
| Net OPEB asset | \$ 206,845 | \$ 269,952 | \$ 330,490 |

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

BUNCOMBE COUNTY BOARD OF EDUCATION
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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, 2010 through December 31, 2014.

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

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

BUNCOMBE COUNTY BOARD OF EDUCATION
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For the Year Ended June 30, 2019

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

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

| | <u>RHBF</u> | <u>DIPNC</u> | <u>Total</u> |
|--|----------------|--------------|----------------|
| OPEB expense | \$ (1,636,654) | \$ 11,160 | \$ (1,625,494) |
| OPEB liability (asset) | 255,809,810 | (269,952) | 255,539,858 |
| Proportionate share of the net OPEB liability (asset) | 0.898% | 0.889% | |
| Deferred of Outflows of Resources | | | |
| Differences between expected and actual experience | - | 470,904 | 470,904 |
| Changes of assumptions | - | 50,976 | 50,976 |
| Net difference between projected and actual earnings on plan investments | 27,511 | 210,240 | 237,751 |
| Changes in proportion and differences between Board contributions and proportionate share of contributions | 9,324,004 | - | 9,324,004 |
| Board contributions subsequent to the measurement date | 9,336,637 | 208,474 | 9,545,111 |
| Deferred of Inflows of Resources | | | |
| Differences between expected and actual experience | 17,493,403 | - | 17,493,403 |
| Changes of assumptions | 110,822,715 | - | 110,822,715 |
| Changes in proportion and differences between Board contributions and proportionate share of contributions | 2,354,475 | 19,799 | 2,374,274 |
| Net difference between projected and actual earnings on plan investments | - | - | - |

Accounts Payable

Accounts payable at June 30, 2019, are as follows:

| | Salaries and | | |
|---------------------------------|---------------------|-------------------|---------------------|
| | Vendors | Benefits | Total |
| Governmental Activities | | | |
| General | \$ 1,748,028 | \$ 588,354 | \$ 2,336,382 |
| Other Governmental | 1,372,477 | 198,671 | 1,571,148 |
| Total-governmental activities | <u>\$ 3,120,505</u> | <u>\$ 787,025</u> | <u>\$ 3,907,530</u> |
| Business-type Activities | | | |
| School Food Service | <u>\$ 93,809</u> | <u>\$ 35,678</u> | <u>\$ 129,487</u> |

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

Unearned Revenues

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

| | <u>Unavailable Revenue</u> |
|---|--------------------------------|
| Various grants (Other Special Revenue Fund) | <u>\$ 372,344</u> |
| Prepaid lunch balances (School Food Service Fund) | <u>\$ 113,893</u> |

Unearned revenue in governmental activities consists of grant revenues for which eligibility requirements other than time requirements have not been met.

Deferred Outflows and Deferred Inflows of Resources

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Change in proportion and difference between employer contributions and proportionate share of contributions | \$ 9,525,213 | \$ 2,833,365 |
| Changes of assumptions | 20,168,743 | 110,822,715 |
| Difference between projected and actual earnings on plan investments | 9,791,674 | - |
| Board contributions subsequent to the measurement date | 27,846,112 | - |
| Difference between expected and actual experience | <u>7,787,278</u> | <u>18,499,487</u> |
| Totals | <u>\$ 75,119,020</u> | <u>\$ 132,155,567</u> |

Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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 \$2,000,000 and \$1,000,000 each loss and \$2,000,000 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

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

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 full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's moneys at any given time are performance bonded through a commercial surety bond. The finance officer is bonded for \$250,000. The remaining employees are covered by a crime policy in the amount of \$250,000 per incident and per employee.

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

Direct Placement Installment Purchases

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through third party direct placement financing arrangements with various companies. The Board has entered into such contracts for the purchase of school buses. The financing contracts require four equal principal-only payments of \$22,167 to \$172,528.

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

| <u>Year Ending June 30,</u> | <u>Principal</u> |
|-----------------------------|--------------------------|
| 2020 | \$ 352,002 |
| 2021 | 157,305 |
| 2022 | <u>46,421</u> |
| Total | <u><u>\$ 555,728</u></u> |

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

Long-Term Obligation Activity

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

| | Balance July 1, 2018 | Increases | Decreases | Balance June 30, 2019 | Current Maturities |
|----------------------------------|-------------------------|---------------------|---------------------|--------------------------|-----------------------|
| Governmental activities: | | | | | |
| Direct placement | | | | | |
| installment purchases | \$ 1,127,490 | \$ 185,686 | \$ 757,448 | \$ 555,728 | \$ 352,002 |
| Net pension liability | 77,060,077 | 20,937,933 | - | 97,998,010 | - |
| Net OPEB liability | 289,420,099 | - | 39,358,847 | 250,061,252 | - |
| Compensated absences | <u>13,394,497</u> | <u>10,666,789</u> | <u>10,706,371</u> | <u>13,354,915</u> | <u>5,942,437</u> |
| Total | <u>\$381,002,163</u> | <u>\$31,790,408</u> | <u>\$50,822,666</u> | <u>\$361,969,905</u> | <u>\$6,294,439</u> |
| Business-type activities: | | | | | |
| Net pension liability | \$ 1,806,680 | \$ 446,157 | \$ - | \$ 2,252,837 | \$ - |
| Net OPEB liability | 6,785,477 | - | 1,036,919 | 5,748,558 | - |
| Compensated absences | <u>254,677</u> | <u>293,145</u> | <u>291,280</u> | <u>256,542</u> | <u>136,405</u> |
| Total | <u>\$ 8,846,834</u> | <u>\$ 739,302</u> | <u>\$ 1,328,199</u> | <u>\$ 8,257,937</u> | <u>\$ 136,405</u> |

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

Fund Balance

Restricted for programs portion of fund balance consists of the following:

Other Specific Revenue Fund:

| | |
|--|---------------------|
| Medicaid fee-for-service reimbursement | \$ 850,699 |
| Hominy Valley special supplemental tax | 155,572 |
| Pisgah Forest Fund | 10,065 |
| Enka High School Agriculture Grant | 202 |
| WCU Science Grant | 2,359 |
| Preschool Assessment Grant | 279 |
| Paddison Grant | 6,986 |
| Be Active NC grant | 1,000 |
| I-SAFE Grant | 1,630 |
| Wachovia Technology Grant | 559 |
| BCS-E ELOP | <u>1,698</u> |
| | <u>\$ 1,031,049</u> |

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

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 | \$ 4,630,551 |
| Less: | |
| Prepads | (42,037) |
| Inventories | (582,789) |
| Stabilization by State statute | (185,998) |
| Appropriated Fund Balance in 2020 budget | <u>(3,000,000)</u> |
| Remaining fund balance | <u>\$ 819,727</u> |

Interfund Activity

Transfers to/from other funds

Transfers to/from other funds at June 30, 2019, consist of the following:

| | Amount |
|--|---------------------|
| From the General Fund to the Individual Schools Fund for instructional supplies, materials and textbooks | <u>\$ 1,422,638</u> |
| From the General Fund to the Child Nutrition Fund for bad debt expense | <u>\$ 11,573</u> |
| From the State Public School Fund to the Child Nutrition Fund for administrative salaries | <u>\$ 101,418</u> |
| From the Other Specific Revenue Fund to the Child Nutrition Fund for bad debt expense | <u>\$ 31,837</u> |

Due to/from other funds

All such balances as of June 30, 2019 relate to funding the operations of the various funds of the Board and are anticipated to be repaid within the following year.

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

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.

BUNCOMBE COUNTY BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Teachers' and State Employees' Retirement System
Last Six Fiscal Years*

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|----------------|----------------|----------------|----------------|----------------|
| Board's proportion of the net pension liability (asset) | 1.007% | 0.994% | 0.994% | 0.994% | 0.994% |
| Board's proportionate share of the net pension liability (asset) | \$ 100,250,847 | \$ 78,866,757 | \$ 91,346,001 | \$ 36,633,448 | \$ 11,654,568 |
| Board's covered payroll | \$ 143,921,646 | \$ 137,921,402 | \$ 132,610,379 | \$ 133,509,355 | \$ 128,369,832 |
| Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 69.66% | 57.18% | 68.88% | 27.44% | 9.08% |
| Plan fiduciary net position as a percentage of the total pension liability | 87.61% | 89.51% | 87.32% | 94.64% | 98.24% |

| 2014 | |
|---|----------------|
| Board's proportion of the net pension liability (asset) | 0.996% |
| Board's proportionate share of the net pension liability (asset) | \$ 60,467,349 |
| Board's covered payroll | \$ 132,692,459 |
| Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 45.57% |
| Plan fiduciary net position as a percentage of the total pension liability | 90.60% |

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

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 in this schedule.

This schedule is required supplementary information

BUNCOMBE COUNTY BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of Board Contributions
Teachers' and State Employees' Retirement System
Last Six Fiscal Years

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Contractually required contribution | \$ 18,301,001 | \$ 15,514,753 | \$ 13,764,556 | \$ 12,133,850 | \$ 12,216,106 |
| Contributions in relation to the contractually required contribution | <u>18,301,001</u> | <u>15,514,753</u> | <u>13,764,556</u> | <u>12,133,850</u> | <u>12,216,106</u> |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Board's covered payroll | \$ 148,909,687 | \$ 143,921,646 | \$ 137,921,402 | \$ 132,610,379 | \$ 133,509,355 |
| Contributions as a percentage of covered payroll | 12.29% | 10.78% | 9.98% | 9.15% | 9.15% |

| | 2014 |
|--|-------------------|
| Contractually required contribution | \$ 11,154,834 |
| Contributions in relation to the contractually required contribution | <u>11,154,834</u> |
| Contribution deficiency (excess) | \$ - |
| Board's covered payroll | \$ 128,369,832 |
| Contributions as a percentage of covered payroll | 8.69% |

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 in this schedule.

This schedule is required supplementary information

BUNCOMBE COUNTY BOARD OF EDUCATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH BENEFIT FUND
*Last Three Fiscal Years**

| | 2019 | 2018 | 2017 |
|---|----------------|----------------|----------------|
| Board's proportion of the net OPEB liability (asset) | 0.898% | 0.903% | 0.832% |
| Board's proportionate share of the net OPEB liability (asset) | \$ 255,809,810 | \$ 296,205,576 | \$ 378,480,708 |
| Board's covered-employee payroll | \$ 143,921,646 | \$ 137,921,402 | \$ 132,610,379 |
| Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll | 177.74% | 214.76% | 285.41% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 4.40% | 3.52% | 2.41% |

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

This schedule is required supplementary information.

BUNCOMBE COUNTY BOARD OF EDUCATION
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
Last Ten Fiscal Years

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 9,336,637 | \$ 8,707,260 | \$ 8,007,458 | \$ 7,426,181 | \$ 7,329,664 |
| Contributions in relation to the contractually required contribution | <u>9,336,637</u> | <u>8,707,260</u> | <u>8,007,458</u> | <u>7,426,181</u> | <u>7,329,664</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Board's covered-employee payroll | \$ 148,909,687 | \$ 143,921,646 | \$ 137,921,402 | \$ 132,610,379 | \$ 133,509,355 |
| Contributions as a percentage of covered-employee payroll | 6.27% | 6.05% | 5.81% | 5.60% | 5.49% |

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 6,931,971 | \$ 7,032,700 | \$ 6,523,909 | \$ 6,569,425 | \$ 6,045,284 |
| Contributions in relation to the contractually required contribution | <u>6,931,971</u> | <u>7,032,700</u> | <u>6,523,909</u> | <u>6,569,425</u> | <u>6,045,284</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Board's covered-employee payroll | \$ 128,369,832 | \$ 132,692,453 | \$ 130,478,180 | \$ 134,069,898 | \$ 134,339,644 |
| Contributions as a percentage of covered-employee payroll | 5.40% | 5.30% | 5.00% | 4.90% | 4.50% |

This schedule is required supplementary information.

BUNCOMBE COUNTY BOARD OF EDUCATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
DISABILITY INCOME PLAN OF NORTH CAROLINA
*Last Three Fiscal Years**

| | 2019 | 2018 | 2017 |
|---|----------------|----------------|----------------|
| Board's proportion of the net OPEB asset | 0.889% | 0.876% | 0.884% |
| Board's proportionate share of the net OPEB asset | \$ 269,952 | \$ 535,118 | \$ 548,827 |
| Board's covered-employee payroll | \$ 143,921,646 | \$ 137,921,402 | \$ 132,610,379 |
| Board's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll | 0.19% | 0.39% | 0.41% |
| Plan fiduciary net position as a percentage of the total OPEB asset | 108.47% | 116.23% | 116.06% |

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

This schedule is required supplementary information.

**BUNCOMBE COUNTY BOARD OF EDUCATION
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA**
Last Ten Fiscal Years

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 208,474 | \$ 201,490 | \$ 523,724 | \$ 543,703 | \$ 547,388 |
| Contributions in relation to the contractually required contribution | <u>208,474</u> | <u>201,490</u> | <u>523,724</u> | <u>543,703</u> | <u>547,388</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Board's covered-employee payroll | \$ 148,909,687 | \$ 143,921,646 | \$ 137,921,402 | \$ 132,610,379 | \$ 133,509,355 |
| Contributions as a percentage of covered-employee payroll | 0.14% | 0.14% | 0.38% | 0.41% | 0.41% |

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 564,827 | \$ 583,847 | \$ 678,487 | \$ 697,163 | \$ 698,566 |
| Contributions in relation to the contractually required contribution | <u>564,827</u> | <u>583,847</u> | <u>678,487</u> | <u>697,163</u> | <u>698,566</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Board's covered-employee payroll | \$ 128,369,832 | \$ 132,692,453 | \$ 130,478,180 | \$ 134,069,898 | \$ 134,339,644 |
| Contributions as a percentage of covered-employee payroll | 0.44% | 0.44% | 0.52% | 0.52% | 0.52% |

This schedule is required supplementary information.

**BUNCOMBE COUNTY BOARD OF EDUCATION
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2019**

Exhibit A-1

| Special Revenue Funds | | | Total Non-major Governmental Funds |
|--|--------------------------------|---------------------------|---|
| | Federal Grants Fund | Hazelton Trust | |
| ASSETS | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - |
| Restricted cash and investments | - | 226,605 | 226,605 |
| Receivables | - | 25 | 25 |
| Due from other governments | 24,378 | - | 24,378 |
| Total assets | \$ 24,378 | \$ 226,630 | \$ 251,008 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accrued salaries and wages payable | \$ 24,378 | \$ - | \$ 24,378 |
| Fund balances: | | | |
| Restricted | | | |
| Donor restricted | - | 226,630 | 226,630 |
| Total liabilities and fund balances | \$ 24,378 | \$ 226,630 | \$ 251,008 |

**BUNCOMBE COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019**

Exhibit A-2

| Special Revenue Funds | | | |
|------------------------------------|----------------------------|-----------------------|---|
| | Federal Grants Fund | Hazelton Trust | Total Non-major Governmental Funds |
| Revenues: | | | |
| U.S. Government | \$ 15,890,994 | \$ - | \$ 15,890,994 |
| Other | - | 3,827 | 3,827 |
| | Total revenues | 15,890,994 | 15,894,821 |
| Expenditures: | | | |
| Current: | | | |
| Instructional services | 14,430,129 | 3,954 | 14,434,083 |
| System-wide support services | 1,103,762 | - | 1,103,762 |
| Ancillary services | 10,953 | - | 10,953 |
| Non-programmed charges | 346,150 | - | 346,150 |
| | Total expenditures | 15,890,994 | 15,894,948 |
| Revenues over (under) expenditures | - | (127) | (127) |
| Fund balances: | | | |
| Beginning of year, July 1 | - | 226,757 | 226,757 |
| End of year, June 30 | \$ - | \$ 226,630 | \$ 226,630 |

**BUNCOMBE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FEDERAL GRANTS FUND
For the Year Ended June 30, 2019**

Exhibit A-3

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|------------------------------|----------------------|----------------------|------------------------------------|
| Revenues: | | | |
| U. S. Government | <u>\$ 20,979,123</u> | <u>\$ 15,890,994</u> | <u>\$ (5,088,129)</u> |
| Expenditures: | | | |
| Instructional services | 17,156,222 | 14,430,129 | 2,726,093 |
| System-wide support services | 1,280,926 | 1,103,762 | 177,164 |
| Ancillary services | 39,409 | 10,953 | 28,456 |
| Non-programmed charges | 2,502,566 | 346,150 | 2,156,416 |
| Total expenditures | <u>20,979,123</u> | <u>15,890,994</u> | <u>5,088,129</u> |
| Revenues over expenditures | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| Fund balances: | | | |
| Beginning of year, July 1 | | | - |
| End of year, June 30 | | | <u>\$ -</u> |

BUNCOMBE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL OUTLAY FUND
For the Year Ended June 30, 2019

Exhibit B-1

| | Budget | Actual | Variance Positive (Negative) |
|---|--------------------------|--------------------------|------------------------------------|
| Revenues: | | | |
| State of North Carolina: | | | |
| State appropriations - buses | \$ 779,452 | \$ 757,448 | \$ (22,004) |
| Public School Capital Fund - lottery | 2,441,181 | 1,691,803 | (749,378) |
| Total State of North Carolina | <u>3,220,633</u> | <u>2,449,251</u> | <u>(771,382)</u> |
| Buncombe County appropriations | <u>45,231,539</u> | <u>30,354,302</u> | <u>(14,877,237)</u> |
| Other | <u>554,963</u> | <u>781,376</u> | <u>226,413</u> |
| Total revenues | <u>49,007,135</u> | <u>33,584,929</u> | <u>(15,422,206)</u> |
| Expenditures: | | | |
| Instructional services | 5,995,103 | 4,388,717 | 1,606,386 |
| System-wide support services | 1,116,473 | 965,116 | 151,357 |
| Ancillary services | 668 | 668 | - |
| Capital outlay | 47,704,545 | 25,626,589 | 22,077,956 |
| Debt service | | | |
| Principal payments | 821,583 | 757,448 | 64,135 |
| Total expenditures | <u>55,638,372</u> | <u>31,738,538</u> | <u>23,899,834</u> |
| Revenues over (under) expenditures | (6,631,237) | 1,846,391 | 8,477,628 |
| OTHER FINANCING SOURCES | | | |
| Installment purchase obligations issued | <u>185,686</u> | <u>185,686</u> | <u>-</u> |
| Revenues over (under) expenditures and other sources | <u>(6,445,551)</u> | <u>2,032,077</u> | <u>8,477,628</u> |
| Appropriated fund balance | <u>6,445,551</u> | <u>-</u> | <u>(6,445,551)</u> |
| Revenues, other sources and appropriated fund balance over (under) expenditures | <u>\$ -</u> | <u>2,032,077</u> | <u>\$ 2,032,077</u> |
| Fund balances: | | | |
| Beginning of year, July 1 | | 12,824,430 | |
| End of year, June 30 | | <u>\$ 14,856,507</u> | |

**BUNCOMBE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) - CHILD NUTRITION FUND
For the Year Ended June 30, 2019**

Exhibit C-1

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|---|---|---------------------|------------------------------------|
| Operating revenues: | | | |
| Food sales | <u>\$ 3,240,264</u> | <u>\$ 3,100,502</u> | <u>\$ (139,762)</u> |
| Operating expenditures: | | | |
| Business support services: | | | |
| Purchase of food | 6,233,372 | | |
| Salaries and benefits | 6,020,045 | | |
| Materials and supplies | 148,062 | | |
| Contracted services | 84,541 | | |
| Indirect costs | 769,859 | | |
| Repairs and maintenance | 56,392 | | |
| Other | 38,755 | | |
| Capital outlay | 69,687 | | |
| | <u>Total operating expenditures</u> | <u>12,744,374</u> | <u>13,420,713</u> |
| | <u>Operating loss</u> | <u>(9,504,110)</u> | <u>(10,320,211)</u> |
| | <u></u> | <u></u> | <u>(816,101)</u> |
| Nonoperating revenues: | | | |
| Federal reimbursements and grants | 8,624,148 | 8,438,382 | (185,766) |
| Federal commodities | 782,873 | 808,263 | 25,390 |
| State reimbursements | 43,827 | 43,985 | 158 |
| Interest earned | 53,262 | 77,835 | 24,573 |
| | <u>Total nonoperating revenues</u> | <u>9,504,110</u> | <u>9,368,465</u> |
| | <u></u> | <u></u> | <u>(135,645)</u> |
| Revenues over (under) expenditures before other financing sources | - | (951,746) | (951,746) |
| Other financing sources: | | | |
| Transfers from other funds | - | 144,828 | 144,828 |
| | <u>Revenues and other sources over (under) expenditures</u> | <u>\$ -</u> | <u>\$ (806,918)</u> |
| | <u></u> | <u></u> | <u>\$ (806,918)</u> |

**BUNCOMBE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) - CHILD NUTRITION FUND
For the Year Ended June 30, 2019**

**Exhibit C-1
(Continued)**

| | <u>Actual</u> |
|---|---------------------|
| Reconciliation of modified accrual to full accrual basis: | |
| Revenues and other sources under expenditures | \$ (806,918) |
| Reconciling items: | |
| Depreciation | (70,872) |
| Capital outlay | 69,687 |
| Inventory | 297,840 |
| Compensated absences | (1,865) |
| Deferred outflows | 286,440 |
| Net pension liability | (446,157) |
| Net OPEB liability | 1,036,919 |
| Deferred inflows | (533,062) |
| Capital contributions | <u>1,321,632</u> |
| Change in net position | <u>\$ 1,153,644</u> |



Statistical Section



STATISTICAL SECTION

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information say about Buncombe County Board of Education's overall financial health. The schedules included in this section can be categorized as follows:

Financial Trends Schedules

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

Revenue Capacity Schedules

These schedules contain information to help the reader assess one of the Board's most significant local revenue sources. Information regarding Buncombe County's property tax base have been included since the Board receives a significant amount from the County.

Debt Capacity Schedules

These schedules present information to help the reader assess the affordability of the County' current levels of outstanding debt and the County's ability to issue additional debt in the future. State law prohibits the Board of Education from issuing debt.

Demographic and Economic Information Schedules

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place.

Operating Information Schedules

These schedules contain service and capital asset data to help the reader understand how the information in the Board's financial report relates to the services the Board provides and the activities it performs. The Board has no infrastructure assets.

BUNCOMBE COUNTY BOARD OF EDUCATION
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

| | 2019 | 2018 | 2017 | 2016 |
|--|-------------------------------|-------------------------------|------------------------------|------------------------------|
| Governmental Activities | | | | |
| Net investment in capital assets | \$ 318,692,659 | \$ 308,900,096 | \$ 295,386,649 | \$ 290,942,328 |
| Restricted | 21,145,813 | 15,534,491 | 16,391,957 | 17,315,735 |
| Unrestricted | <u>(409,146,259)</u> | <u>(407,302,356)</u> | <u>(28,884,888)</u> | <u>(25,175,644)</u> |
| Total Governmental Activities Net Position | <u>\$ (69,307,787)</u> | <u>\$ (82,867,769)</u> | <u>\$ 282,893,718</u> | <u>\$ 283,082,419</u> |
| Business Type Activities | | | | |
| Net investment in capital assets | \$ 1,417,919 | \$ 97,472 | \$ 116,623 | \$ 153,986 |
| Restricted | 6,066 | 12,258 | - | - |
| Unrestricted | <u>(4,654,773)</u> | <u>(4,494,162)</u> | <u>4,460,491</u> | <u>4,307,083</u> |
| Total Business-Type Activities Net Position | <u>\$ (3,230,788)</u> | <u>\$ (4,384,432)</u> | <u>\$ 4,577,114</u> | <u>\$ 4,461,069</u> |
| Primary Government | | | | |
| Net investment in capital assets | \$ 320,110,578 | \$ 308,997,568 | \$ 295,503,272 | \$ 291,096,314 |
| Restricted | 21,151,879 | 15,546,749 | 16,391,957 | 17,315,735 |
| Unrestricted | <u>(413,801,032)</u> | <u>(411,796,518)</u> | <u>(24,424,397)</u> | <u>(20,868,561)</u> |
| Total Primary Government Net Position | <u>\$ (72,538,575)</u> | <u>\$ (87,252,201)</u> | <u>\$ 287,470,832</u> | <u>\$ 287,543,488</u> |

Source: Buncombe County Board of Education, Comprehensive Annual Financial Reports, Years Ended June 30, 2010 through June 30, 2019.

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

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

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

Financial Trends
Schedule 1

| Fiscal Year | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------|
| \$ 273,351,905 | \$ 266,953,473 | \$ 262,111,788 | \$ 267,641,453 | \$ 263,716,589 | \$ 245,285,982 | |
| 17,355,945 | 14,191,309 | 15,085,000 | 11,900,722 | 12,609,649 | 8,239,305 | |
| (33,281,193) | 9,833,122 | 9,830,327 | 8,328,906 | 5,467,805 | 1,670,218 | |
| <u>\$ 257,426,657</u> | <u>\$ 290,977,904</u> | <u>\$ 287,027,115</u> | <u>\$ 287,871,081</u> | <u>\$ 281,794,043</u> | <u>\$ 255,195,505</u> | |
| \$ 381,681 | \$ 439,315 | \$ 424,499 | \$ 442,901 | \$ 499,102 | \$ 659,273 | |
| 4,062,829 | 5,869,038 | 6,273,381 | 6,051,549 | 5,868,329 | 5,107,993 | |
| <u>\$ 4,444,510</u> | <u>\$ 6,308,353</u> | <u>\$ 6,697,880</u> | <u>\$ 6,494,450</u> | <u>\$ 6,367,431</u> | <u>\$ 5,767,266</u> | |
| \$ 273,733,586 | \$ 267,392,788 | \$ 262,536,287 | \$ 268,084,354 | \$ 264,215,691 | \$ 245,945,255 | |
| 17,355,945 | 14,191,309 | 15,085,000 | 11,900,722 | 12,609,649 | 8,239,305 | |
| (29,218,364) | 15,702,160 | 16,103,708 | 14,380,455 | 11,336,134 | 6,778,211 | |
| <u>\$ 261,871,167</u> | <u>\$ 297,286,257</u> | <u>\$ 293,724,995</u> | <u>\$ 294,365,531</u> | <u>\$ 288,161,474</u> | <u>\$ 260,962,771</u> | |

**BUNCOMBE COUNTY BOARD OF EDUCATION
EXPENSES, PROGRAM REVENUES AND NET (EXPENSE)**
Last Ten Fiscal Years
(accrual basis of accounting)

| | 2019 | 2018 | 2017 | 2016 |
|--|------------------------|------------------------|------------------------|------------------------|
| Expenses | | | | |
| Governmental activities: | | | | |
| Instructional programs | \$ 212,915,088 | \$ 216,159,462 | \$ 196,542,413 | \$ 178,955,903 |
| Support services | 44,914,186 | 47,509,694 | 46,649,417 | 43,080,793 |
| Other | 604,174 | 600,438 | 469,956 | 843,055 |
| Total governmental activities expenses | <u>258,433,448</u> | <u>264,269,594</u> | <u>243,661,786</u> | <u>222,879,751</u> |
| Business-type activities: | | | | |
| Child nutrition | 12,782,126 | 13,374,171 | 13,057,798 | 13,133,243 |
| After school care | - | - | - | - |
| Total business-type activities | <u>12,782,126</u> | <u>13,374,171</u> | <u>13,057,798</u> | <u>13,133,243</u> |
| Total government-wide expenses | <u>271,215,574</u> | <u>277,643,765</u> | <u>256,719,584</u> | <u>236,012,994</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for Services: | | | | |
| Instructional programs - regular instructional | 156,608 | 171,249 | 85,154 | 79,462 |
| Support services - operational support | 321,152 | 303,660 | 295,572 | 383,739 |
| Total charges for services | <u>477,760</u> | <u>474,909</u> | <u>380,726</u> | <u>463,201</u> |
| Operating grants and contributions | 174,857,891 | 168,864,234 | 165,016,966 | 162,160,426 |
| Capital grants and contributions | 757,448 | 1,038,616 | 1,543,349 | 1,083,270 |
| Total governmental activities program revenues | <u>176,093,099</u> | <u>170,377,759</u> | <u>166,941,041</u> | <u>163,706,897</u> |
| Business-type activities: | | | | |
| Charges for Services: | | | | |
| Child nutrition | 3,100,502 | 3,076,721 | 3,163,006 | 3,134,386 |
| Before and after school care | - | - | - | - |
| Total charges for services | <u>3,100,502</u> | <u>3,076,721</u> | <u>3,163,006</u> | <u>3,134,386</u> |
| Operating grants and contributions | 9,290,630 | 9,595,916 | 9,852,770 | 9,843,003 |
| Capital grants and contributions | 1,321,632 | 15,185 | 7,452 | 21,243 |
| Total business-type program revenue | <u>13,712,764</u> | <u>12,687,822</u> | <u>13,023,228</u> | <u>12,998,632</u> |
| Total government-wide program revenue | <u>189,805,863</u> | <u>183,065,581</u> | <u>179,964,269</u> | <u>176,705,529</u> |
| Net (Expense) | <u>\$ (81,409,711)</u> | <u>\$ (94,578,184)</u> | <u>\$ (76,755,315)</u> | <u>\$ (59,307,465)</u> |

Source: Buncombe County Board of Education, Comprehensive Annual Financial Reports,
Years Ended June 30, 2010 through June 30, 2019.

Note: The Before and Afterschool Business-type activity began operations in fiscal year 2005 and ended operations in fiscal year 2012.

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

Financial Trends
Schedule 2

| Fiscal Year | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|------|
| \$ 182,210,065 | \$ 182,185,485 | \$ 182,848,286 | \$ 180,010,195 | \$ 179,862,385 | \$ 177,630,711 | |
| 43,651,487 | 41,502,874 | 40,006,534 | 41,108,400 | 38,360,240 | 37,280,916 | |
| 1,008,247 | 818,433 | 800,654 | 820,953 | 697,220 | 756,400 | |
| <u>226,869,799</u> | <u>224,506,792</u> | <u>223,655,474</u> | <u>221,939,548</u> | <u>218,919,845</u> | <u>215,668,027</u> | |
| | | | | | | |
| 13,977,222 | 14,316,228 | 14,158,810 | 13,584,330 | 12,711,227 | 12,843,518 | |
| - | - | - | (5,636) | 248,949 | 320,737 | |
| <u>13,977,222</u> | <u>14,316,228</u> | <u>14,158,810</u> | <u>13,578,694</u> | <u>12,960,176</u> | <u>13,164,255</u> | |
| | | | | | | |
| 240,847,021 | 238,823,020 | 237,814,284 | 235,518,242 | 231,880,021 | 228,832,282 | |
| | | | | | | |
| 69,751 | 76,111 | 72,883 | 107,693 | 145,155 | 126,390 | |
| 288,088 | 266,359 | 275,762 | 258,602 | 285,666 | 212,048 | |
| <u>357,839</u> | <u>342,470</u> | <u>348,645</u> | <u>366,295</u> | <u>430,821</u> | <u>338,438</u> | |
| | | | | | | |
| 164,209,438 | 156,151,459 | 162,238,601 | 158,210,395 | 163,356,343 | 160,046,318 | |
| 1,380,119 | 8,568,607 | 135,693 | 1,075,664 | 238,205 | 114,190 | |
| <u>165,947,396</u> | <u>165,062,536</u> | <u>162,722,939</u> | <u>159,652,354</u> | <u>164,025,369</u> | <u>160,498,946</u> | |
| | | | | | | |
| 3,409,296 | 3,921,680 | 4,458,408 | 4,805,162 | 4,999,130 | 5,419,483 | |
| - | - | - | - | 236,369 | 273,159 | |
| <u>3,409,296</u> | <u>3,921,680</u> | <u>4,458,408</u> | <u>4,805,162</u> | <u>5,235,499</u> | <u>5,692,642</u> | |
| | | | | | | |
| 9,796,575 | 9,876,946 | 9,794,799 | 8,705,803 | 8,186,661 | 7,469,881 | |
| - | - | - | - | - | - | |
| <u>13,205,871</u> | <u>13,798,626</u> | <u>14,253,207</u> | <u>13,510,965</u> | <u>13,422,160</u> | <u>13,162,523</u> | |
| | | | | | | |
| 179,153,267 | 178,861,162 | 176,976,146 | 173,163,319 | 177,447,529 | 173,661,469 | |
| | | | | | | |
| <u>\$ (61,693,754)</u> | <u>\$ (59,961,858)</u> | <u>\$ (60,838,138)</u> | <u>\$ (62,354,923)</u> | <u>\$ (54,432,492)</u> | <u>\$ (55,170,813)</u> | |

BUNCOMBE COUNTY BOARD OF EDUCATION
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

| | 2019 | 2018 | 2017 | 2016 |
|--|------------------------|------------------------|------------------------|------------------------|
| Net (Expense) Revenue | | | | |
| Governmental activities | \$ (82,340,349) | \$ (93,891,835) | \$ (76,720,745) | \$ (59,172,854) |
| Business-type activities | 930,638 | (686,349) | (34,570) | (134,611) |
| Total primary government net (expense) | <u>\$ (81,409,711)</u> | <u>\$ (94,578,184)</u> | <u>\$ (76,755,315)</u> | <u>\$ (59,307,465)</u> |
| General revenues and transfers: | | | | |
| Governmental activities: | | | | |
| State of North Carolina | \$ 1,691,803 | \$ 2,835,709 | \$ 1,502,126 | \$ 701,261 |
| Buncombe County - unrestricted | 59,818,904 | 57,770,876 | 54,376,743 | 49,842,177 |
| Buncombe County - restricted construction proceeds | 30,354,302 | 28,095,004 | 18,586,239 | 33,121,940 |
| Other revenues | 4,180,150 | 478,554 | 2,190,338 | 1,286,149 |
| Transfers (out) | (144,828) | (129,063) | (123,402) | (122,911) |
| Total governmental activities general revenues and transfers | <u>95,900,331</u> | <u>89,051,080</u> | <u>76,532,044</u> | <u>84,828,616</u> |
| Business-type activities: | | | | |
| Other revenues | 78,178 | 57,555 | 27,213 | 28,259 |
| Transfers in | 144,828 | 129,063 | 123,402 | 122,911 |
| Total business-type activities general revenue and transfers | <u>223,006</u> | <u>186,618</u> | <u>150,615</u> | <u>151,170</u> |
| Total government-wide general revenues and transfers | <u>96,123,337</u> | <u>89,237,698</u> | <u>76,682,659</u> | <u>84,979,786</u> |
| Change in Net Position | | | | |
| Governmental activities | 13,559,982 | (4,840,755) | (188,701) | 25,655,762 |
| Business-type activities | 1,153,644 | (499,731) | 116,045 | 16,559 |
| Total primary government | <u>\$ 14,713,626</u> | <u>\$ (5,340,486)</u> | <u>\$ (72,656)</u> | <u>\$ 25,672,321</u> |

Source: Buncombe County Board of Education, Comprehensive Annual Financial Reports,
Years Ended June 30, 2010 through June 30, 2019.

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

Financial Trends
Schedule 3

| Fiscal Year | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------|
| \$ (60,922,403) | \$ (59,444,256) | \$ (60,932,535) | \$ (62,287,194) | \$ (54,894,476) | \$ (55,169,081) | |
| (771,351) | (517,602) | 94,397 | (67,729) | 461,984 | (1,732) | |
| <u>\$ (61,693,754)</u> | <u>\$ (59,961,858)</u> | <u>\$ (60,838,138)</u> | <u>\$ (62,354,923)</u> | <u>\$ (54,432,492)</u> | <u>\$ (55,170,813)</u> | |
| | | | | | | |
| \$ 939,033 | \$ 364,806 | \$ 1,219,079 | \$ 681,563 | \$ 3,867,376 | \$ 3,616,675 | |
| 51,666,972 | 49,014,628 | 48,286,119 | 48,622,874 | 46,388,149 | 46,282,818 | |
| 20,132,777 | 12,052,079 | 9,342,921 | 18,659,225 | 29,769,839 | 12,336,374 | |
| 2,832,323 | 2,069,429 | 1,329,471 | 562,647 | 1,554,240 | 2,128,568 | |
| (120,247) | (105,897) | (89,021) | (162,077) | (86,590) | (86,290) | |
| <u>75,450,858</u> | <u>63,395,045</u> | <u>60,088,569</u> | <u>68,364,232</u> | <u>81,493,014</u> | <u>64,278,145</u> | |
| | | | | | | |
| 20,076 | 22,178 | 20,012 | 32,671 | 51,591 | 67,938 | |
| 120,247 | 105,897 | 89,021 | 162,077 | 86,590 | 86,290 | |
| 140,323 | 128,075 | 109,033 | 194,748 | 138,181 | 154,228 | |
| <u>75,591,181</u> | <u>63,523,120</u> | <u>60,197,602</u> | <u>68,558,980</u> | <u>81,631,195</u> | <u>64,432,373</u> | |
| | | | | | | |
| 14,528,455 | 3,950,789 | (843,966) | 6,077,038 | 26,598,538 | 9,109,064 | |
| (631,028) | (389,527) | 203,430 | 127,019 | 600,165 | 152,496 | |
| <u>\$ 13,897,427</u> | <u>\$ 3,561,262</u> | <u>\$ (640,536)</u> | <u>\$ 6,204,057</u> | <u>\$ 27,198,703</u> | <u>\$ 9,261,560</u> | |

**BUNCOMBE COUNTY BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS**
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2019 | 2018 | 2017 | 2016 |
|---|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | |
| Non-spendable | \$ 624,826 | \$ 487,781 | \$ 536,597 | \$ 518,291 |
| Restricted | 185,998 | 165,574 | 291,133 | 225,095 |
| Committed | - | - | 5,647,218 | 5,090,709 |
| Assigned | 3,000,000 | 5,548,574 | 4,125,558 | 5,489,839 |
| Unassigned | 819,727 | 977,224 | - | - |
| Total General Fund | \$ 4,630,551 | \$ 7,179,153 | \$ 10,600,506 | \$ 11,323,934 |
| All Other Governmental Funds | | | | |
| Non-spendable | \$ - | \$ - | \$ - | \$ - |
| Resticted | 20,695,929 | 18,852,985 | 19,503,247 | 19,980,803 |
| Committed | 3,578,186 | 5,702,002 | 5,236,766 | 4,883,654 |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total all other governmental funds | \$ 24,274,115 | \$ 24,554,987 | \$ 24,740,013 | \$ 24,864,457 |

Source: Buncombe County Board of Education, Comprehensive Annual Financial Reports,
Years Ended June 30, 2010 through June 30, 2019.

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

Financial Trends
Schedule 4

Fiscal Year

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 510,207 | \$ 1,842,532 | \$ 2,466,537 | \$ 2,386,811 | \$ 1,426,797 | \$ 1,438,265 |
| 379,818 | 422,359 | 3,506,035 | 1,289,022 | 789,339 | 875,586 |
| 5,034,846 | 4,436,869 | 4,805,221 | 4,313,026 | 4,134,101 | - |
| 6,580,250 | 5,972,830 | 4,293,451 | 1,258,706 | - | 177,176 |
| - | 827,479 | - | 5,464,801 | 5,641,808 | 6,241,583 |
| \$ 12,505,121 | \$ 13,502,069 | \$ 15,071,244 | \$ 14,712,366 | \$ 11,992,045 | \$ 8,732,610 |
| | | | | | |
| \$ - | \$ - | \$ 10,587 | \$ 12,114 | \$ - | \$ - |
| 16,976,129 | 12,589,633 | 10,408,716 | 11,580,907 | 11,820,310 | 7,372,832 |
| 7,125,185 | 6,083,698 | 5,445,281 | 4,157,825 | 3,310,721 | - |
| 502,315 | 2,009,358 | 2,286,776 | 681,527 | 1,363,053 | - |
| - | - | - | - | - | 4,526,735 |
| \$ 24,603,629 | \$ 20,682,689 | \$ 18,151,360 | \$ 16,432,373 | \$ 16,494,084 | \$ 11,899,567 |

BUNCOMBE COUNTY BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(bmodified accrual basis of accounting)

| | 2019 | 2018 | 2017 | 2016 |
|---|------------------------------|------------------------------|----------------------------|----------------------------|
| Revenues: | | | | |
| Intergovernmental sources: | | | | |
| State of North Carolina | \$ 152,030,643 | \$ 146,388,556 | \$ 142,752,510 | \$ 138,426,084 |
| U. S. Government | 16,389,072 | 15,432,439 | 14,437,446 | 15,001,993 |
| Local sources: | | | | |
| Buncombe County - unrestricted | 65,029,668 | 62,277,716 | 58,303,442 | 53,069,656 |
| Buncombe County - restricted | 30,649,828 | 28,403,412 | 18,885,692 | 33,441,269 |
| Other local revenues | 13,332,907 | 12,546,546 | 13,149,600 | 12,632,093 |
| Total revenues | <u>277,432,118</u> | <u>265,048,669</u> | <u>247,528,690</u> | <u>252,571,095</u> |
| Expenditures: | | | | |
| Instructional Programs | 203,915,305 | 192,802,427 | 184,281,301 | 177,187,041 |
| Support Services | 44,414,822 | 43,113,994 | 44,276,273 | 42,816,224 |
| Capital Outlay | 25,626,589 | 26,954,379 | 15,829,794 | 30,316,614 |
| Debt service | | | | |
| Principal | 757,448 | 1,038,616 | 1,543,349 | 1,083,270 |
| Interest | - | - | - | - |
| Other | 5,683,294 | 5,011,291 | 4,398,740 | 3,648,505 |
| Total expenditures | <u>280,397,458</u> | <u>268,920,707</u> | <u>250,329,457</u> | <u>255,051,654</u> |
| Revenues over (under) expenditures | (2,965,340) | (3,872,038) | (2,800,767) | (2,480,559) |
| Other financing (uses) | | | | |
| Transfers from other funds | - | 1,818,559 | (2,147,455) | 1,608,871 |
| Transfers to other funds | (144,828) | (1,947,622) | 2,024,053 | (1,731,782) |
| Capital lease obligations and installment purchase contracts issued | 185,686 | 443,538 | 1,964,716 | 1,746,210 |
| Proceeds from the sale of capital assets | - | - | - | - |
| Total other financing (uses) | <u>40,858</u> | <u>314,475</u> | <u>1,841,314</u> | <u>1,623,299</u> |
| Change in reserve for inventories | <u>95,008</u> | <u>(48,816)</u> | <u>111,581</u> | <u>(63,099)</u> |
| Net change in fund balances | <u>\$ (2,829,474)</u> | <u>\$ (3,606,379)</u> | <u>\$ (847,872)</u> | <u>\$ (920,359)</u> |
| Debt Service as a Percentage of Noncapital Expenditures | 0.30% | 0.43% | 0.72% | 0.56% |

Source: Buncombe County Board of Education, Comprehensive Annual Financial Reports, Years Ended June 30, 2010 through June 30, 2019.

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

Financial Trends
Schedule 5

Fiscal Year

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 138,748,218 | \$ 141,823,368 | \$ 134,453,255 | \$ 130,111,581 | \$ 132,915,550 | \$ 132,782,729 |
| 19,967,051 | 15,145,552 | 21,145,876 | 21,925,840 | 26,785,294 | 24,191,013 |
| 51,390,856 | 48,738,512 | 48,010,003 | 48,346,758 | 46,112,033 | 46,006,702 |
| 20,408,893 | 12,328,195 | 9,619,037 | 18,935,341 | 30,045,955 | 12,612,490 |
| 10,636,959 | 10,772,901 | 10,693,616 | 11,016,739 | 11,211,293 | 10,638,087 |
| 241,151,977 | 228,808,528 | 223,921,787 | 230,336,259 | 247,070,125 | 226,231,021 |
| 175,521,208 | 169,721,060 | 174,736,464 | 170,233,127 | 170,641,076 | 168,128,975 |
| 42,397,393 | 40,360,430 | 40,788,424 | 37,780,597 | 39,269,816 | 37,041,452 |
| 17,910,384 | 15,715,102 | 4,566,423 | 17,152,423 | 27,516,170 | 13,331,553 |
| 939,033 | 364,806 | 1,219,079 | 681,563 | 1,528,025 | 1,223,115 |
| - | - | - | - | - | 1,716 |
| 2,689,114 | 1,620,907 | 1,675,740 | 2,004,788 | 2,018,632 | 2,429,514 |
| 239,457,132 | 227,782,305 | 222,986,130 | 227,852,498 | 240,973,719 | 222,156,325 |
| 1,694,845 | 1,026,223 | 935,657 | 2,483,761 | 6,096,406 | 4,074,696 |
| 1,520,517 | 1,579,248 | 1,889,683 | 990,352 | 519,334 | 2,001,722 |
| (1,640,764) | (1,685,145) | (1,978,704) | (1,152,429) | (605,924) | (2,088,012) |
| 1,276,510 | - | 1,203,106 | 256,116 | 1,816,328 | 397,683 |
| 18,822 | 56,274 | 47,095 | 9,316 | 50,343 | 45,754 |
| 1,175,085 | (49,623) | 1,161,180 | 103,355 | 1,780,081 | 357,147 |
| 54,062 | (14,446) | (18,972) | 71,494 | (22,535) | (110,445) |
| \$ 2,923,992 | \$ 962,154 | \$ 2,077,865 | \$ 2,658,610 | \$ 7,853,952 | \$ 4,321,398 |

0.44%

0.17%

0.57%

0.33%

0.74%

0.60%

BUNCOMBE COUNTY BOARD OF EDUCATION
 ASSESSED VALUE OF TAXABLE PROPERTY FOR BUNCOMBE COUNTY
 Last Ten Fiscal Years
 (amounts expressed in thousands)

| <u>Fiscal Year</u> | <u>Real Property</u> | | | |
|--------------------|-----------------------------|----------------------------|-----------------------|----------------------------|
| | <u>Residential Property</u> | <u>Commercial Property</u> | <u>Use Value Farm</u> | <u>Historical Property</u> |
| 2010 | 19,278,789 | 5,608,552 | 1,209,375 | 96,685 |
| 2011 | 19,693,086 | 5,598,080 | 1,209,847 | 97,799 |
| 2012 | 19,823,205 | 5,672,300 | 1,206,920 | 96,645 |
| 2013 | 19,980,840 | 5,765,143 | 1,202,337 | 100,086 |
| 2014 | 18,671,008 | 5,784,047 | 1,007,838 | 96,053 |
| 2015 | 18,895,973 | 5,995,685 | 1,015,256 | 96,185 |
| 2016 | 19,122,947 | 6,143,178 | 1,034,999 | 97,419 |
| 2017 | 19,416,142 | 6,445,705 | 1,014,952 | 97,091 |
| 2018 | 23,644,415 | 7,987,749 | 1,281,038 | 118,491 |
| 2019 | 24,468,024 | 8,110,475 | 1,272,935 | 150,588 |

Source: Buncombe County Tax Department.

Note: Property in the County can be reassessed every four years. The County assesses property at approximately 100 percent of actual value. Tax rates are per \$100 of assessed value. Property was reassessed in fiscal year 2014 as well as fiscal year 2018.

*Tax exempt real property includes: elderly exclusion, use value deferred, and classified historic exempt property.

Revenue Capacity
Schedule 6

| Personal Property | | Public Service | | Total Taxable | Total |
|-------------------|-----------|---------------------------------|----------------|----------------|-----------------|
| Motor Vehicles | Other | Less: Tax Exempt Real Property* | Assessed Value | Assessed Value | Direct Tax Rate |
| 1,628,826 | 1,627,503 | 1,125,844 | 517,281 | 28,841,167 | 0.525 |
| 1,576,012 | 1,546,946 | 1,148,428 | 513,573 | 29,086,915 | 0.525 |
| 1,693,881 | 1,477,741 | 1,181,347 | 525,644 | 29,314,988 | 0.525 |
| 1,765,488 | 1,528,991 | 1,192,171 | 529,268 | 29,679,981 | 0.525 |
| 1,342,270 | 1,595,537 | 968,969 | 529,435 | 28,057,219 | 0.604 |
| 1,952,226 | 1,653,573 | 1,263,593 | 532,418 | 28,877,723 | 0.604 |
| 2,100,032 | 1,726,624 | 1,268,909 | 588,226 | 29,544,516 | 0.604 |
| 2,215,126 | 1,902,707 | 1,260,614 | 585,936 | 30,417,045 | 0.539 |
| 2,320,683 | 1,893,655 | 1,595,053 | 613,635 | 36,264,613 | 0.529 |
| 2,429,053 | 1,975,798 | 1,588,701 | 709,941 | 37,528,113 | 0.529 |

BUNCOMBE COUNTY BOARD OF EDUCATION
PROPERTY TAX RATES--DIRECT AND ALL OVERLAPPING GOVERNMENTS
 Last Ten Fiscal Years
 (Per \$100 of Assessed Value)

| | Fiscal Year | | | | |
|--|-------------|----------|----------|----------|----------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| County of Buncombe Direct Rates | | | | | |
| General County-wide Rate | \$ 0.529 | \$ 0.539 | \$ 0.604 | \$ 0.604 | \$ 0.604 |
| Fire Districts | 0.127 | 0.127 | 0.118 | 0.118 | 0.118 |
| Total average direct rate | 0.656 | 0.666 | 0.722 | 0.722 | 0.722 |
| City | | | | | |
| City of Asheville | 0.429 | 0.429 | 0.475 | 0.475 | 0.475 |
| Towns | | | | | |
| Biltmore Forest | 0.330 | 0.330 | 0.395 | 0.395 | 0.385 |
| Weaverville | 0.380 | 0.380 | 0.440 | 0.440 | 0.420 |
| Black Mountain | 0.333 | 0.333 | 0.375 | 0.375 | 0.375 |
| Woodfin | 0.280 | 0.280 | 0.305 | 0.305 | 0.305 |
| Districts | | | | | |
| Asheville School | 0.120 | 0.120 | 0.150 | 0.150 | 0.150 |

Source: Buncombe County Tax Department

Note: Property was reassessed in fiscal year 2014 as well as fiscal year 2018. All taxable property is subject to the county-wide tax. Most property in unincorporated areas are also subject to fire district taxes.

Revenue Capacity
Schedule 7

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|-------|-------|----------|----------|----------|----------|
| \$ | 0.604 | \$ 0.525 | \$ 0.525 | \$ 0.525 | \$ 0.525 |
| | 0.118 | 0.113 | 0.113 | 0.113 | 0.113 |
| | 0.722 | 0.638 | 0.638 | 0.638 | 0.638 |
| | 0.460 | 0.420 | 0.420 | 0.420 | 0.420 |
| 0.385 | 0.330 | 0.320 | 0.320 | 0.300 | |
| 0.420 | 0.375 | 0.375 | 0.355 | 0.355 | |
| 0.375 | 0.365 | 0.365 | 0.365 | 0.320 | |
| 0.305 | 0.265 | 0.265 | 0.265 | 0.265 | |
| 0.150 | 0.150 | 0.150 | 0.150 | 0.150 | |

BUNCOMBE COUNTY BOARD OF EDUCATION
 PRINCIPAL PROPERTY TAXPAYERS FOR BUNCOMBE COUNTY
 Current Year and Nine Years Ago

| Taxpayer | 2019 | | |
|--|------------------------------|------|--|
| | Taxable Assessed | Rank | Percentage of Total Taxable Assessed |
| Duke Energy Progress Inc | \$ 465,871,066 | 1 | 1.24% |
| Ingles Markets Inc | 317,331,449 | 2 | 0.85% |
| Biltmore Company | 225,565,830 | 3 | 0.60% |
| GPI Resort Holdings LLC | 121,525,900 | 4 | 0.32% |
| New Belgium Brewing Company Inc | 120,922,844 | 5 | 0.32% |
| Asheville Mall CMBS LLC | 95,656,800 | 6 | 0.25% |
| Jacob Holm Industries | 91,176,593 | 7 | 0.24% |
| Town Square West LLC | 86,185,759 | 8 | 0.23% |
| Linamar North Carolina Inc. | 70,206,984 | 9 | 0.19% |
| Southeastern Container Inc | 69,082,219 | 10 | 0.18% |
| The Cliffs at Walnut Cove LLC | | | |
| Arvato Digital Services (Sonopress) | | | |
| Bellsouth Tel Co - AT & T North Carolina | | | |
| Totals | <u>\$ 1,663,525,444</u> | | <u>4.43%</u> |
| Total Overall Valuation | <u>\$ 37,528,113,413</u> | | |

Source: Buncombe County Tax Department

Revenue Capacity
Schedule 8

| 2010 | | |
|---------------------------------|------|--|
| Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| \$ 299,025,926 | 1 | 1.06% |
| 189,762,544 | 2 | 0.67% |
| 96,333,481 | 7 | 0.34% |
| 102,511,800 | 6 | 0.36% |
| 78,472,240 | 9 | 0.28% |
| 106,661,700 | 5 | 0.38% |
| 73,941,910 | 10 | 0.26% |
| 135,844,200 | 3 | 0.48% |
| 109,242,880 | 4 | 0.39% |
| 86,012,740 | 8 | 0.30% |
| <u>\$ 1,277,809,421</u> | | <u>4.53%</u> |
| <u>\$ 28,230,299,496</u> | | |

Revenue Capacity
Schedule 9

BUNCOMBE COUNTY BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS FOR BUNCOMBE COUNTY
Last Ten Fiscal Years
(amounts expressed in thousands)

| Fiscal Year | Collected Within the Fiscal Year of the Levy | | | Total Collections to Date | | |
|-------------|---|---------|------------|---------------------------------------|---------|-----------------------|
| | Total Levy for Fiscal Year | Amount | Percentage | Collections in Subsequent Years | Amount | Percentage of Levy |
| 2010 | 151,681 | 149,601 | 98.63% | 3 | 149,662 | 98.67% |
| 2011 | 153,044 | 151,007 | 98.67% | 6 | 151,036 | 98.69% |
| 2012 | 154,046 | 152,262 | 98.84% | 24 | 152,284 | 98.86% |
| 2013 | 156,148 | 154,652 | 99.04% | 6 | 154,811 | 99.14% |
| 2014 | 167,069 | 166,098 | 99.42% | 106 | 166,161 | 99.46% |
| 2015 | 174,422 | 173,958 | 99.73% | 8 | 173,958 | 99.73% |
| 2016 | 178,618 | 178,338 | 99.84% | 29 | 178,557 | 99.97% |
| 2017 | 183,816 | 183,615 | 99.89% | 146 | 183,615 | 99.89% |
| 2018 | 195,601 | 195,331 | 99.86% | - | 195,331 | 99.86% |
| 2019 | 198,724 | 198,505 | 99.89% | - | 198,505 | 99.89% |

Source: Buncombe County Tax Department

Note: Property was revalued and effective in fiscal year 2014 as well as fiscal year 2018.

Debt Capacity
Schedule 10

BUNCOMBE COUNTY BOARD OF EDUCATION
RATIOS OF GENERAL BONDED DEBT OUTSTANDING FOR BUNCOMBE COUNTY
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

| Fiscal year | General Obligation Bonds | Percentage of Estimated Actual Taxable Value of | |
|-------------|-----------------------------|---|------------|
| | | Property | Per Capita |
| 2010 | 65,470 | 0.23% | 274 |
| 2011 | 58,823 | 0.20% | 241 |
| 2012 | 51,256 | 0.17% | 212 |
| 2013 | 44,717 | 0.15% | 180 |
| 2014 | 38,344 | 0.14% | 152 |
| 2015 | 30,124 | 0.11% | 111 |
| 2016 | 27,254 | 0.09% | 107 |
| 2017 | 24,373 | 0.08% | 94 |
| 2018 | 21,498 | 0.06% | 82 |
| 2019 | 18,623 | 0.05% | 70 |

Source: Buncombe County Comprehensive Annual Financial Reports.

See the Schedule of Assessed Value of Taxable Property on pages 80 and 81 for property value data.

Population data can be found in the Schedule of Demographic and Economic Statistics on page 94.

BUNCOMBE COUNTY BOARD OF EDUCATION
 RATIO OF OUTSTANDING DEBT BY TYPE FOR BUNCOMBE COUNTY
 Last Ten Fiscal Years
 (amounts expressed in thousands, except per capita amount)

| Fiscal Year | Governmental Activities | | | Project Development Financing Bonds | Business-type Activities | | |
|-------------|-------------------------|---------|----------------------|--|--------------------------------|----------------------|--|
| | General Obligation | | Installment Notes | | Special Obligation Bonds | Installment Notes | |
| | Bonds | Notes | | | | | |
| 2010 | 65,470 | 127,153 | | 12,803 | 7,536 | 13,825 | |
| 2011 | 58,823 | 172,049 | | 12,812 | 5,530 | 13,224 | |
| 2012 | 51,256 | 170,913 | | 12,960 | 4,218 | - | |
| 2013 | 44,717 | 225,725 | | 12,960 | 2,867 | 3,450 | |
| 2014 | 38,344 | 395,806 | | - | 1,462 | 3,156 | |
| 2015 | 30,124 | 476,157 | | - | - | 2,860 | |
| 2016 | 27,248 | 447,545 | | - | - | 2,559 | |
| 2017 | 24,373 | 420,856 | | - | - | 2,254 | |
| 2018 | 21,498 | 450,948 | | - | - | 1,944 | |
| 2019 | 18,623 | 419,925 | | - | - | 1,702 | |

N/A = Not available

Source: Buncombe County Comprehensive Annual Financial Reports.

See the Schedule of Demographic and Economic Statistics on page 94 for personal income and population data.

Debt Capacity
Schedule 11

| Total Primary Government | Percentage of Personal Income | Per Capita |
|--------------------------|-------------------------------|------------|
| 226,787 | 2.80% | 949 |
| 262,438 | 3.15% | 1,099 |
| 239,347 | 2.69% | 975 |
| 289,719 | 3.12% | 1,164 |
| 438,768 | 4.59% | 1,751 |
| 509,141 | 4.91% | 2,026 |
| 477,352 | 4.31% | 1,877 |
| 447,483 | 3.77% | 1,735 |
| 474,390 | N/A | 1,814 |
| 440,250 | N/A | 1,658 |

Debt Capacity
Schedule 12

BUNCOMBE COUNTY BOARD OF EDUCATION
OUTSTANDING DEBT
Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | | Percentage of Personal Income | Per Capita |
|-------------|-------------------------|--------------------------------|-----------|-------------------------------|------------|
| | Capital Leases | Installment Purchase Contracts | Total | | |
| 2010 | 2,678 | 819,519 | 822,197 | 0.01% | 3 |
| 2011 | - | 1,107,010 | 1,107,010 | 0.01% | 5 |
| 2012 | - | 681,563 | 681,563 | 0.01% | 3 |
| 2013 | - | 665,590 | 665,590 | 0.01% | 3 |
| 2014 | - | 300,784 | 300,784 | 0.00% | 1 |
| 2015 | - | 638,261 | 638,261 | 0.01% | 3 |
| 2016 | - | 1,301,201 | 1,301,201 | 0.01% | 5 |
| 2017 | - | 1,722,568 | 1,722,568 | 0.01% | 7 |
| 2018 | - | 1,127,490 | 1,127,490 | N/A | 4 |
| 2019 | - | 555,728 | 555,728 | N/A | 2 |

N/A = Not available

Source: Buncombe County Board of Education, Comprehensive Annual Financial Reports,
Years Ended June 30, 2010 through June 30, 2019

See the Schedule of Demographic and Economic Statistics on page 94 for personal income and population data.

Debt Capacity
Schedule 13

BUNCOMBE COUNTY BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT FOR BUNCOMBE COUNTY
As of June 30, 2019

| | Debt Outstanding | Percentage Applicable to County (1) | Estimated share of Direct and Overlapping debt (2) |
|------------------------------------|---------------------|---|--|
| Government Unit | | | |
| Net general obligation bonded debt | | | |
| City of Asheville | \$ 12,475,384 | 100% | \$ 12,475,384 |
| Town of Weaverville | 1,989,000 | 100% | 1,989,000 |
| Installment debt | | | |
| City of Asheville | 71,538,825 | 100% | 71,538,825 |
| Town of Biltmore Forest | 1,114,932 | 100% | 1,114,932 |
| Town of Black Mountain | 1,134,000 | 100% | 1,134,000 |
| Town of Weaverville | 769,837 | 100% | 769,837 |
| Town of Woodfin | 602,666 | 100% | <u>602,666</u> |
| Subtotal, overlapping debt | | | 89,624,644 |
| County direct debt | | 100% | <u>435,278,753</u> |
| Total direct and overlapping debt | | | <u>\$ 524,903,397</u> |

Source: Buncombe County Comprehensive Annual Financial Report

(1) The percentage of overlap is based on assessed property values

(2) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County of Buncombe.

BUNCOMBE COUNTY BOARD OF EDUCATION
LEGAL DEBT MARGIN FOR BUNCOMBE COUNTY
 Last Ten Fiscal Years
 (amounts expressed in thousands)

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|---------------------|---------------------|
| Debt limit | \$ 3,002,249 | \$ 2,901,169 | \$ 2,433,364 | \$ 2,363,561 |
| Total net debt applicable limit | <u>400,014</u> | <u>432,220</u> | <u>406,791</u> | <u>431,485</u> |
| Legal debt margin | <u>\$ 2,602,235</u> | <u>\$ 2,468,949</u> | <u>\$ 2,026,573</u> | <u>\$ 1,932,076</u> |
| Total net debt applicable to the limit as a percentage of debt limit | <u>13.32%</u> | <u>14.90%</u> | <u>16.72%</u> | <u>18.26%</u> |

Legal Debt Margin Calculation for Fiscal Year 2019

| | |
|--|----------------------|
| Assessed value of taxable property | <u>\$ 37,528,113</u> |
| Debt Limit - Eight Percent (8%) of assessed value | 3,002,249 |
| Gross Debt: | |
| Total Bonded Debt | 18,623 |
| Installment Purchase Agreements | <u>381,391</u> |
| Gross Debt | <u>400,014</u> |
| Total amount of debt applicable to debt limit (net debt) | <u>\$ 400,014</u> |
| Legal debt margin | <u>\$ 2,602,235</u> |

Source: Buncombe County Comprehensive Annual Financial Reports.

Note: Under state finance law, Buncombe County's outstanding general obligation debt should not exceed 8% of total assessed property value.

Debt Capacity
Schedule 14

| Fiscal Year | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | \$ 2,154,040 | \$ 2,210,098 | \$ 2,374,398 | \$ 2,345,199 | \$ 2,326,953 | \$ 2,307,293 |
| | 454,994 | 402,098 | 257,377 | 219,141 | 240,305 | 190,738 |
| | <u>\$ 1,699,046</u> | <u>\$ 1,808,000</u> | <u>\$ 2,117,021</u> | <u>\$ 2,126,058</u> | <u>\$ 2,086,648</u> | <u>\$ 2,116,555</u> |
| | <u>21.12%</u> | <u>18.19%</u> | <u>10.84%</u> | <u>9.34%</u> | <u>10.33%</u> | <u>8.27%</u> |

Demographic and Economic
Schedule 15

BUNCOMBE COUNTY BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

| Fiscal Year | Population | Personal Income (amounts expressed in thousands) | Per Capita | | School Enrollment | Unemployment Rate |
|-------------|------------|--|--------------------|------------|----------------------|----------------------|
| | | | Personal Income | Median Age | | |
| 2010 | 238,884 | 8,100,049 | 33,908 | 40.7 | 25,286 | 8.3% |
| 2011 | 243,673 | 8,459,317 | 34,716 | 40.7 | 25,258 | 8.2% |
| 2012 | 241,419 | 8,884,892 | 36,803 | 40.7 | 25,260 | 7.9% |
| 2013 | 248,929 | 9,282,566 | 37,290 | 40.7 | 25,370 | 7.1% |
| 2014 | 251,995 | 9,552,676 | 37,908 | 40.8 | 25,341 | 6.3% |
| 2015 | 251,271 | 10,378,772 | 41,305 | 40.1 | 24,761 | 4.8% |
| 2016 | 254,344 | 11,071,174 | 43,232 | 41.0 | 24,305 | 3.5% |
| 2017 | 257,931 | 11,876,263 | 46,044 | 41.1 | 24,148 | 4.1% |
| 2018 | 261,532 | N/A | N/A | 41.7 | 23,801 | 4.1% |
| 2019 | 265,586 | N/A | N/A | 41.9 | 23,460 | 4.2% |

N/A = Not available

Note: Population estimates come from the North Carolina Office of State Budget and Management.
Personal income information is a total for the year. Unemployment information is as of the month ending June 30th. School enrollment is based on the census at the start of the school year.

Demographic and Economic
Schedule 16

BUNCOMBE COUNTY BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

MANUFACTURING

| Employer | 2019 | | | 2010 | | |
|---|-------------------------|------|---|-----------|------|---|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Eaton Corporation - Electrical Division | 1000+ | 1 | 0.72% | 1,010 | 1 | 0.81% |
| Borgwarner Turbo & Emissions Systems | 500-999 | 2 | 0.36-0.72% | 834 | 2 | 0.67% |
| Thermo Fisher Scientific, Inc. | 500-999 | 3 | 0.36-0.72% | 550 | 4 | 0.44% |
| GE Aviation | 500-999 | 4 | 0.36-0.72% | | | |
| Unison Engine Components | 500-999 | 5 | 0.36-0.72% | 325 | 7 | 0.26% |
| Kearfott Guidance & Navigation Corp. | 400-499 | 6 | 0.29-0.36% | 420 | 5 | 0.34% |
| Medical Action Industries | 300-399 | 7 | 0.22-0.29% | 250 | 9 | 0.20% |
| Plasticard-Locktech International | 300-399 | 8 | 0.22-0.29% | | | |
| Nypro Asheville | 300-399 | 9 | 0.22-0.29% | | | |
| Flint Group (Day International) | 300-399 | 10 | 0.22-0.29% | 380 | 6 | 0.30% |
| Arvato Digital Services | | | | 650 | 3 | 0.52% |
| Milkco, Inc. | | | | 270 | 8 | 0.22% |
| Biltmore Estate Winery | | | | 235 | 10 | 0.19% |
| | | | | | | |
| Total | <u><u>3950-5390</u></u> | | <u><u>2.82%-3.85%</u></u> | | | |

Continued on Next Page

BUNCOMBE COUNTY BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

NON-MANUFACTURING

| Employer | 2019 | | | 2010 | | |
|--|----------------------|------|---|-----------|------|---|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Mission Health System and Hospital | 3,000+ | 1 | 2.15% | 6,994 | 1 | 5.61% |
| Buncombe County Public Schools | 3,000+ | 2 | 2.15% | 4,000 | 2 | 3.21% |
| Asheville-Buncombe Technical Community College | 1,000-2,999 | 3 | 0.72%-2.15% | | | |
| The Biltmore Company | 1,000-2,999 | 4 | 0.72%-2.15% | 1,583 | 5 | 1.27% |
| Buncombe County Government | 1,000-2,999 | 5 | 0.72%-2.15% | 1,673 | 4 | 1.34% |
| City of Asheville | 1,000-2,999 | 6 | 0.72%-2.15% | 1,000 | 8 | 0.80% |
| Ingles Markets, Inc. | 1,000-2,999 | 7 | 0.72%-2.15% | 1,137 | 3 | 0.91% |
| Omni Grove Park Inn | 1,000-2,999 | 8 | 0.72%-2.15% | 1,100 | 7 | 0.88% |
| VA Medical Center - Asheville | 1,000-2,999 | 9 | 0.72%-2.15% | 1,139 | 6 | 0.91% |
| CarePartners | 500-999 | 10 | 0.54%-0.72% | 917 | 9 | 0.74% |
| Asheville City Schools | | | | 728 | 10 | 0.58% |
| Total | <u>13,500-27,992</u> | | <u>9.9%-20.1%</u> | | | |

* Labor Force Estimate for 2018 per NC Employment Security Commission: 139,319

Labor Force Estimate for 2010 per NC Employment Security Commission: 124,694

SOURCE: Asheville Chamber of Commerce

NOTE: Many of the top employers for manufacturing have changed in the past 10 years. Therefore, many companies that were top employers in 2010 are not in business in 2019 and many companies that are top employers in 2019 were not here in 2010.

*Labor Force Estimate was not available at the date of this report. Therefore, the 2018 estimate was used for this table.

Operating
Schedule 17

BUNCOMBE COUNTY BOARD OF EDUCATION
NUMBER OF PERSONNEL
Last Ten Fiscal Years

| Year Ended June 30: | Certified | Other | Total | Final Average | Ratio of Pupils |
|---------------------|-----------|---------------------|-------|------------------|------------------------|
| | Personnel | Operating Personnel | | Daily Membership | to Certified Personnel |
| 2019 | 1,958 | 953 | 2,911 | 23,460 | 12.0 |
| 2018 | 1,958 | 937 | 2,895 | 23,801 | 12.2 |
| 2017 | 1,940 | 967 | 2,907 | 24,148 | 12.4 |
| 2016 | 1,941 | 956 | 2,897 | 24,305 | 12.5 |
| 2015 | 1,926 | 1,034 | 2,960 | 24,564 | 12.8 |
| 2014 | 1,923 | 1,104 | 3,027 | 25,035 | 13.0 |
| 2013 | 1,945 | 1,143 | 3,088 | 25,370 | 13.0 |
| 2012 | 1,966 | 1,144 | 3,110 | 25,260 | 12.8 |
| 2011 | 1,977 | 1,158 | 3,135 | 25,286 | 12.8 |
| 2010 | 1,947 | 1,186 | 3,133 | 25,399 | 13.0 |

Source: Statistical Profile, Public Schools of North Carolina, published annually by State Board of Education, Department of Public Instructions, 2010 through 2019.

Operating
Schedule 18

BUNCOMBE COUNTY BOARD OF EDUCATION
OPERATING STATISTICS
Last Ten Fiscal Years

| Fiscal Year | Student Racial/Ethnic Composition | | | | | | | | | |
|-------------|-----------------------------------|------------|--------------------------------|--|-----------------------|--------------------------------------|--------|--|----------|-------|
| | Final Average Daily Membership | | Final Average Daily Attendance | | Per Pupil Expenditure | North Carolina Per Pupil Expenditure | Rank | Students Receiving Free or Reduced Price Meals | | |
| | Membership | Attendance | Expenditure | | | | | Black | Hispanic | White |
| 2019 | 23,460 | 22,257 | \$ 9,977 | | 50th | 50.67% | 6.77% | 17.31% | 69.43% | 6.49% |
| 2018 | 23,801 | 21,943 | 9,408 | | 57th | 52.16% | 6.67% | 16.92% | 69.77% | 6.64% |
| 2017 | 24,148 | 22,933 | 8,914 | | 65th | 54.20% | 6.83% | 16.11% | 70.76% | 6.30% |
| 2016 | 24,305 | 23,151 | 8,579 | | 71st | 56.58% | 6.71% | 15.74% | 71.46% | 6.09% |
| 2015 | 24,564 | 24,576 | 8,386 | | 68th | 55.86% | 6.65% | 14.54% | 72.84% | 5.97% |
| 2014 | 25,035 | 23,753 | 7,856 | | 80th | 55.58% | 6.47% | 13.80% | 73.62% | 6.11% |
| 2013 | 25,370 | 24,152 | 7,992 | | 81st | 55.63% | 6.21% | 12.96% | 75.79% | 5.04% |
| 2012 | 25,260 | 24,147 | 7,823 | | 84th | 55.06% | 5.95% | 11.95% | 75.56% | 6.54% |
| 2011 | 25,258 | 24,017 | 7,873 | | 81st | 53.20% | 5.96% | 11.38% | 76.39% | 6.27% |
| 2010 | 25,286 | 23,952 | 7,876 | | 77th | 48.09% | 10.80% | 9.07% | 78.17% | 1.96% |

Source:

Free and Reduced Price Meals: Buncombe County Board of Education Child Nutrition Department.

Information other than Free and Reduced Price Meals: Statistical Profile, Public Schools of North Carolina, published annually by State Board of Education, Department of Public Instructions, 2010 through 2019.

Table on Per Pupil Expenditures, Child Nutrition Excluded.

Note 1: The amounts shown for per pupil expenditures represent the per pupil expenditures as computed and reported by the North Carolina Department of Public Instruction (NCDPI). NCDPI computes this statistic by dividing current expense expenditures by average daily membership. Consequently, capital expense expenditures and certain other expenditures (community services, Head Start, and inter/intra fund transfers) are excluded to improve the comparability of per pupil expenditures between fiscal years and between other North Carolina school districts. The computation is considered the official per pupil expenditure reported for the Buncombe County Board of Education.

Note 2: Prior to the fiscal year ended June 30, 2011, NCDPI included the students who reported themselves as belonging to two or more ethnic groups in the category labeled "Black". Beginning in the fiscal year ended June 30, 2011, NCDPI no longer consolidates students reporting themselves as belonging to two or more ethnic groups with any other group; they are therefore now included in the "Other" category on the chart above.

BUNCOMBE COUNTY BOARD OF EDUCATION
TEACHERS' SALARIES
Last Ten Fiscal Years

| <u>Year Ended June 30:</u> | <u>Minimum</u> | <u>Maximum</u> | <u>Average</u> |
|----------------------------|----------------|----------------|----------------|
| 2019 | \$ 37,975 | \$ 97,201 | \$ 52,992 |
| 2018 | 37,975 | 87,125 | 49,469 |
| 2017 | 37,975 | 84,872 | 45,858 |
| 2016 | 37,205 | 92,678 | 47,109 |
| 2015 | 35,079 | 92,685 | 46,828 |
| 2014 | 32,740 | 82,645 | 44,380 |
| 2013 | 32,740 | 76,134 | 44,168 |
| 2012 | 32,347 | 75,152 | 45,468 |
| 2011 | 32,347 | 75,152 | 46,077 |
| 2010 | 32,347 | 75,152 | 45,933 |

Source: Buncombe County Board of Education, Office of the Chief Financial Officer

Note: Reflects salary earned during 10 months of regular school year only and includes both salary amount certified by the State of North Carolina and a local supplement paid by the Buncombe County Board of Education.

BUNCOMBE COUNTY BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
Last Ten Fiscal Years

Operating
Schedule 20

| School Name Special Schools | Fiscal Year | | | | | | | | | |
|---------------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Buncombe Early College | | | | | | | | | | |
| Square Feet | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Capacity | 244 | 244 | 244 | 244 | 244 | 244 | 244 | 244 | N/A | N/A |
| Best 1 of first 2 months membership | 272 | 278 | 278 | 269 | 266 | 253 | 253 | 242 | 243 | 245 |
| Buncombe Middle College | | | | | | | | | | |
| Square Feet | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Capacity | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | N/A | N/A |
| Best 1 of first 2 months membership | 64 | 74 | 61 | 70 | 74 | 81 | 81 | 84 | 57 | 75 |
| Buncombe Community High | | | | | | | | | | |
| Square Feet | 46,664 | 46,664 | 46,664 | 46,664 | 46,664 | 46,664 | 46,664 | 46,664 | 46,664 | 46,664 |
| Capacity | 205 | 205 | 205 | 205 | 205 | 205 | 205 | 205 | 205 | 205 |
| Best 1 of first 2 months membership | 132 | 143 | 163 | 140 | 119 | 136 | 136 | 191 | 199 | 172 |
| Career Education Center | | | | | | | | | | |
| Square Feet | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 74,254 | 74,254 |
| Capacity | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 300 | 300 |
| Best 1 of first 2 months membership | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Nesbitt Discovery Academy | | | | | | | | | | |
| Square Feet | 59,174 | 59,174 | 59,174 | 44,174 | 44,174 | N/A | N/A | N/A | N/A | N/A |
| Capacity | 310 | 310 | 310 | 210 | 210 | N/A | N/A | N/A | N/A | N/A |
| Best 1 of first 2 months membership | 388 | 389 | 296 | 199 | 100 | N/A | N/A | N/A | N/A | N/A |

Continued on Next Page

BUNCOMBE COUNTY BOARD OF EDUCATION
 SCHOOL BUILDING INFORMATION
 Last Ten Fiscal Years

Operating
 Schedule 20

| School Name High Schools | Fiscal Year | | | | | | | | | |
|-------------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| A.C. Reynolds High | | | | | | | | | | |
| Square Feet | 257,184 | 257,184 | 257,184 | 257,184 | 257,184 | 257,184 | 257,184 | 257,184 | 257,184 | 257,184 |
| Capacity | 1,660 | 1,660 | 1,660 | 1,660 | 1,660 | 1,660 | 1,660 | 1,660 | 1,660 | 1,655 |
| Best 1 of first 2 months membership | 1,219 | 1,208 | 1,299 | 1,309 | 1,348 | 1,409 | 1,409 | 1,409 | 1,372 | 1,365 |
| Charles D. Owen High | | | | | | | | | | |
| Square Feet | 190,159 | 190,159 | 190,159 | 190,159 | 190,159 | 190,159 | 190,159 | 190,159 | 190,159 | 190,159 |
| Capacity | 1,090 | 1,090 | 1,090 | 1,090 | 1,090 | 1,090 | 1,090 | 1,090 | 1,335 | 1,155 |
| Best 1 of first 2 months membership | 738 | 766 | 782 | 775 | 780 | 816 | 816 | 844 | 887 | 870 |
| Clyde A. Erwin High | | | | | | | | | | |
| Square Feet | 250,419 | 250,419 | 250,419 | 250,419 | 250,419 | 250,419 | 250,419 | 250,419 | 250,419 | 250,419 |
| Capacity | 1,342 | 1,342 | 1,342 | 1,342 | 1,342 | 1,342 | 1,342 | 1,342 | 1,342 | 1,480 |
| Best 1 of first 2 months membership | 1,148 | 1,245 | 1,310 | 1,320 | 1,323 | 1,324 | 1,324 | 1,326 | 1,374 | 1,235 |
| Enka High | | | | | | | | | | |
| Square Feet | 238,304 | 238,304 | 238,304 | 238,304 | 238,304 | 238,304 | 238,304 | 238,304 | 238,304 | 238,304 |
| Capacity | 1,430 | 1,430 | 1,430 | 1,430 | 1,430 | 1,430 | 1,430 | 1,430 | 1,430 | 1,430 |
| Best 1 of first 2 months membership | 1,069 | 1,081 | 1,126 | 1,217 | 1,227 | 1,252 | 1,252 | 1,250 | 1,275 | 1,262 |
| North Buncombe High | | | | | | | | | | |
| Square Feet | 202,307 | 202,307 | 202,307 | 202,307 | 202,307 | 202,307 | 202,307 | 202,307 | 202,307 | 202,307 |
| Capacity | 1,128 | 1,128 | 1,128 | 1,128 | 1,128 | 1,128 | 1,128 | 1,128 | 1,128 | 1,195 |
| Best 1 of first 2 months membership | 1,046 | 1,074 | 1,124 | 1,131 | 1,111 | 1,091 | 1,091 | 1,092 | 1,154 | 1,140 |
| T. C. Roberson High | | | | | | | | | | |
| Square Feet | 293,284 | 293,284 | 293,284 | 293,284 | 293,284 | 293,284 | 293,284 | 293,284 | 293,284 | 293,284 |
| Aquatics Center - Square Feet | 17,380 | N/A |
| Capacity - Regular School Facility | 1,675 | 1,675 | 1,675 | 1,675 | 1,675 | 1,675 | 1,675 | 1,675 | 1,675 | 1,675 |
| Capacity - PEP Facility | 126 | 126 | 126 | 126 | 126 | 126 | 126 | 126 | 126 | 126 |
| Best 1 of first 2 months membership | 1,481 | 1,570 | 1,614 | 1,588 | 1,587 | 1,482 | 1,482 | 1,500 | 1,491 | 1,594 |

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BUNCOMBE COUNTY BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
Last Ten Fiscal Years

Operating
Schedule 20

| School Name | Fiscal Year | | | | | | | | | |
|-------------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Middle Schools | | | | | | | | | | |
| Square Feet | 117,544 | 117,544 | 117,544 | 117,544 | 117,544 | 117,544 | 117,544 | 117,544 | 117,544 | 117,544 |
| Capacity | 748 | 748 | 748 | 748 | 748 | 748 | 117,544 | 117,544 | 117,544 | 117,544 |
| Best 1 of first 2 months membership | 523 | 519 | 508 | 528 | 554 | 622 | 748 | 748 | 748 | 748 |
| Cane Creek Middle | | | | | | | | | | |
| Square Feet | 127,989 | 127,989 | 127,989 | 127,989 | 127,989 | 127,989 | 127,989 | 127,989 | 127,989 | 127,989 |
| Capacity | 826 | 826 | 826 | 826 | 826 | 826 | 826 | 826 | 826 | 826 |
| Best 1 of first 2 months membership | 572 | 556 | 578 | 617 | 657 | 676 | 826 | 826 | 826 | 826 |
| Charles D. Owen Middle | | | | | | | | | | |
| Square Feet | 110,430 | 110,430 | 110,430 | 110,430 | 110,430 | 110,430 | 110,430 | 110,430 | 110,430 | 110,430 |
| Capacity | 732 | 732 | 732 | 732 | 732 | 732 | 732 | 732 | 775 | 775 |
| Best 1 of first 2 months membership | 539 | 522 | 529 | 549 | 585 | 589 | 589 | 596 | 606 | 639 |
| Clyde A. Erwin Middle | | | | | | | | | | |
| Square Feet | 121,787 | 121,787 | 121,787 | 121,787 | 121,787 | 121,787 | 121,787 | 121,787 | 121,787 | 121,787 |
| Capacity | 1,139 | 1,139 | 1,139 | 1,139 | 1,139 | 1,139 | 1,139 | 1,139 | 1,139 | 1,035 |
| Best 1 of first 2 months membership | 707 | 670 | 687 | 778 | 830 | 841 | 841 | 753 | 1,115 | 1,063 |
| Enka Middle | | | | | | | | | | |
| Square Feet | 146,172 | 146,172 | 146,172 | 146,172 | 146,172 | 146,172 | 146,172 | 146,172 | 146,172 | 146,172 |
| Capacity | 1,190 | 1,190 | 1,190 | 1,190 | 1,190 | 1,190 | 1,190 | 1,190 | 1,044 | 1,063 |
| Best 1 of first 2 months membership | 586 | 593 | 595 | 910 | 978 | 1,068 | 1,068 | 1,066 | 1,081 | 1,061 |
| North Buncombe Middle | | | | | | | | | | |
| Square Feet | 108,776 | 108,776 | 108,776 | 108,776 | 108,776 | 108,776 | 108,776 | 108,776 | 108,776 | 108,776 |
| Capacity | 687 | 687 | 687 | 687 | 687 | 687 | 687 | 687 | 701 | 687 |
| Best 1 of first 2 months membership | 587 | 557 | 574 | 600 | 604 | 662 | 662 | 615 | 561 | 581 |
| Valley Springs Middle | | | | | | | | | | |
| Square Feet | 144,035 | 144,035 | 144,035 | 144,035 | 144,035 | 144,035 | 144,035 | 144,035 | 144,035 | 144,035 |
| Capacity - Regular School Facility | 1,032 | 1,032 | 1,032 | 1,032 | 1,032 | 1,032 | 1,032 | 1,032 | 949 | 949 |
| Capacity - PEP Facility | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 42 | 42 |
| Best 1 of first 2 months membership | 583 | 600 | 622 | 621 | 670 | 547 | 547 | 495 | 780 | 790 |

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BUNCOMBE COUNTY BOARD OF EDUCATION
 SCHOOL BUILDING INFORMATION
 Last Ten Fiscal Years

Operating
 Schedule 20

| School Name | Fiscal Year | | | | | | | | | |
|-------------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|--------|--------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Intermediate Schools | | | | | | | | | | |
| North Windy Ridge | | | | | | | | | | |
| Square Feet | 94,253 | 94,253 | 94,253 | 94,253 | 94,253 | 94,253 | 94,253 | 94,253 | 94,253 | 94,253 |
| Capacity | 826 | 826 | 826 | 826 | 826 | 826 | 826 | 826 | 714 | 714 |
| Best 1 of first 2 months membership | 567 | 607 | 593 | 573 | 577 | 600 | 600 | 848 | 642 | 605 |
| Koontz Intermediate | | | | | | | | | | |
| Square Feet | 106,918 | 106,918 | 106,918 | 106,918 | 106,918 | 106,918 | 106,918 | 106,918 | N/A | N/A |
| Capacity | 894 | 894 | 894 | 894 | 894 | 894 | 894 | 894 | N/A | N/A |
| Best 1 of first 2 months membership | 744 | 740 | 709 | 675 | 683 | 814 | 814 | 693 | N/A | N/A |
| Eblen Intermediate | | | | | | | | | | |
| Square Feet | 106,918 | 106,918 | 106,918 | 106,918 | 106,918 | 106,918 | 106,918 | 106,918 | N/A | N/A |
| Capacity | 878 | 878 | 878 | 878 | 878 | 878 | 878 | 878 | N/A | N/A |
| Best 1 of first 2 months membership | 728 | 703 | 730 | 712 | 730 | 844 | 844 | 858 | N/A | N/A |
| Enka Intermediate | | | | | | | | | | |
| Square Feet | 111,169 | 111,169 | 111,169 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Capacity | 990 | 990 | 990 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Best 1 of first 2 months membership | 668 | 638 | 631 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Elementary Schools | | | | | | | | | | |
| Barnardsville | | | | | | | | | | |
| Square Feet | 39,596 | 39,596 | 39,596 | 39,596 | 39,596 | 39,596 | 39,596 | 39,596 | 39,596 | 39,596 |
| Capacity | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 241 | 241 |
| Best 1 of first 2 months membership | 166 | 148 | 146 | 156 | 153 | 174 | 174 | 175 | 173 | 187 |
| Black Mountain Elem. | | | | | | | | | | |
| Square Feet | 40,378 | 40,378 | 40,378 | 40,378 | 40,378 | 40,378 | 40,378 | 40,378 | 40,378 | 40,378 |
| Capacity | 374 | 374 | 374 | 374 | 374 | 374 | 374 | 374 | 332 | 332 |
| Best 1 of first 2 months membership | 205 | 225 | 216 | 209 | 212 | 236 | 236 | 240 | 232 | 230 |
| Black Mountain Prim. | | | | | | | | | | |
| Square Feet | 69,134 | 69,134 | 69,134 | 69,134 | 69,134 | 69,134 | 69,134 | 69,134 | 69,134 | 69,134 |
| Capacity | 703 | 703 | 703 | 703 | 703 | 703 | 703 | 703 | 566 | 566 |
| Best 1 of first 2 months membership | 416 | 400 | 402 | 426 | 442 | 495 | 495 | 491 | 492 | 502 |

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BUNCOMBE COUNTY BOARD OF EDUCATION
 SCHOOL BUILDING INFORMATION
 Last Ten Fiscal Years

Operating
 Schedule 20

| School Name | Fiscal Year | | | | | | | | | |
|-------------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Candler | | | | | | | | | | |
| Square Feet | 78,424 | 78,424 | 78,424 | 78,424 | 78,424 | 78,424 | 78,424 | 78,424 | 78,424 | 78,424 |
| Capacity | 696 | 696 | 696 | 696 | 696 | 696 | 696 | 696 | 654 | 654 |
| Best 1 of first 2 months membership | 416 | 439 | 425 | 550 | 576 | 597 | 597 | 635 | 632 | 604 |
| Charles C. Bell | | | | | | | | | | |
| Square Feet | 49,826 | 49,826 | 49,826 | 49,826 | 49,826 | 49,826 | 49,826 | 49,826 | 49,826 | 49,826 |
| Capacity | 471 | 471 | 471 | 471 | 471 | 471 | 471 | 471 | 450 | 450 |
| Best 1 of first 2 months membership | 301 | 296 | 275 | 287 | 303 | 301 | 301 | 316 | 303 | 300 |
| Emma | | | | | | | | | | |
| Square Feet | 70,595 | 70,595 | 70,595 | 70,595 | 70,595 | 70,595 | 70,595 | 70,595 | 70,595 | 70,595 |
| Capacity | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 514 | 514 |
| Best 1 of first 2 months membership | 341 | 363 | 354 | 383 | 428 | 423 | 423 | 439 | 535 | 527 |
| Fairview | | | | | | | | | | |
| Square Feet | 98,403 | 98,403 | 98,403 | 98,403 | 98,403 | 98,403 | 98,403 | 98,403 | 98,403 | 98,403 |
| Capacity | 851 | 851 | 851 | 851 | 851 | 851 | 851 | 851 | 828 | 828 |
| Best 1 of first 2 months membership | 722 | 740 | 681 | 672 | 699 | 749 | 749 | 747 | 737 | 768 |
| Glen Arden | | | | | | | | | | |
| Square Feet | 95,813 | 95,813 | 95,813 | 95,813 | 95,813 | 95,813 | 95,813 | 95,813 | 95,813 | 95,813 |
| Capacity | 695 | 695 | 695 | 695 | 695 | 695 | 695 | 695 | 690 | 690 |
| Best 1 of first 2 months membership | 564 | 573 | 542 | 492 | 476 | 488 | 488 | 476 | 622 | 672 |
| Haw Creek | | | | | | | | | | |
| Square Feet | 71,873 | 71,873 | 71,873 | 71,873 | 71,873 | 71,873 | 71,873 | 71,873 | 71,873 | 71,873 |
| Capacity | 628 | 628 | 628 | 628 | 628 | 628 | 628 | 628 | 541 | 541 |
| Best 1 of first 2 months membership | 390 | 401 | 382 | 390 | 399 | 414 | 414 | 416 | 440 | 443 |

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BUNCOMBE COUNTY BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
Last Ten Fiscal Years

Operating
Schedule 20

| School Name | Fiscal Year | | | | | | | | | |
|-------------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Hominy Valley | | | | | | | | | | |
| Square Feet | 80,254 | 80,254 | 80,254 | 80,254 | 80,254 | 80,254 | 80,254 | 80,254 | 80,254 | 80,254 |
| Capacity | 670 | 670 | 670 | 670 | 670 | 670 | 670 | 670 | 597 | 597 |
| Best 1 of first 2 months membership | 409 | 400 | 381 | 459 | 482 | 483 | 483 | 493 | 503 | 524 |
| Johnston | | | | | | | | | | |
| Square Feet | 71,125 | 71,125 | 71,125 | 71,125 | 71,125 | 71,125 | 71,125 | 71,125 | 71,125 | 71,125 |
| Capacity | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 336 | 336 |
| Best 1 of first 2 months membership | 245 | 281 | 299 | 298 | 319 | 339 | 339 | 325 | 379 | 400 |
| Leicester | | | | | | | | | | |
| Square Feet | 80,774 | 80,774 | 80,774 | 80,774 | 80,774 | 80,774 | 80,774 | 80,774 | 80,774 | 80,774 |
| Capacity | 644 | 644 | 644 | 644 | 644 | 644 | 644 | 644 | 576 | 576 |
| Best 1 of first 2 months membership | 420 | 426 | 461 | 475 | 477 | 504 | 504 | 515 | 621 | 626 |
| North Buncombe Elem. | | | | | | | | | | |
| Square Feet | 95,400 | 95,400 | 95,400 | 95,400 | 95,400 | 95,400 | 95,400 | 95,400 | 95,400 | 95,400 |
| Capacity | 716 | 716 | 716 | 716 | 716 | 716 | 716 | 716 | 687 | 701 |
| Best 1 of first 2 months membership | 556 | 581 | 630 | 646 | 668 | 709 | 709 | 713 | 731 | 757 |
| Oakley | | | | | | | | | | |
| Square Feet | 74,472 | 74,472 | 74,472 | 74,472 | 74,472 | 74,472 | 74,472 | 74,472 | 74,472 | 74,472 |
| Capacity | 722 | 722 | 722 | 722 | 722 | 722 | 722 | 722 | 581 | 581 |
| Best 1 of first 2 months membership | 441 | 450 | 465 | 452 | 468 | 471 | 471 | 474 | 497 | 448 |
| Pisgah | | | | | | | | | | |
| Square Feet | 32,566 | 32,566 | 32,566 | 32,566 | 32,566 | 32,566 | 32,566 | 32,566 | 32,566 | 32,566 |
| Capacity | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 251 | 251 |
| Best 1 of first 2 months membership | 164 | 168 | 178 | 230 | 237 | 244 | 244 | 245 | 225 | 228 |

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BUNCOMBE COUNTY BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
Last Ten Fiscal Years

Operating
Schedule 20

| School Name | Fiscal Year | | | | | | | | | |
|-------------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Sand Hill/Venable | | | | | | | | | | |
| Square Feet | 112,376 | 112,376 | 112,376 | 112,376 | 112,376 | 112,376 | 112,376 | 112,376 | 112,376 | 112,376 |
| Capacity | 836 | 836 | 836 | 836 | 836 | 836 | 836 | 836 | 893 | 893 |
| Best 1 of first 2 months membership | 557 | 573 | 634 | 729 | 726 | 733 | 733 | 746 | 749 | 764 |
| Avery's Creek | | | | | | | | | | |
| Square Feet | 72,844 | 86,287 | 86,287 | 86,287 | 86,287 | 86,287 | 86,287 | 86,287 | 86,287 | 86,287 |
| Capacity | 765 | 765 | 765 | 765 | 765 | 765 | 765 | 765 | 722 | 722 |
| Best 1 of first 2 months membership | 547 | 591 | 586 | 602 | 641 | 668 | 668 | 652 | 756 | 748 |
| W. D. Williams | | | | | | | | | | |
| Square Feet | 89,475 | 89,475 | 89,475 | 89,475 | 89,475 | 89,475 | 89,475 | 89,475 | 89,475 | 89,475 |
| Capacity | 675 | 675 | 675 | 675 | 675 | 675 | 675 | 675 | 628 | 628 |
| Best 1 of first 2 months membership | 454 | 450 | 459 | 439 | 443 | 440 | 440 | 458 | 454 | 487 |
| W. W. Estes | | | | | | | | | | |
| Square Feet | 115,153 | 115,153 | 115,153 | 115,153 | 115,153 | 115,153 | 115,153 | 115,153 | 115,153 | 115,153 |
| Capacity - Regular School Facility | 896 | 896 | 896 | 896 | 896 | 896 | 896 | 896 | 841 | 841 |
| Capacity - PEP Facility | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 42 | 42 |
| Best 1 of first 2 months membership | 724 | 756 | 761 | 751 | 730 | 745 | 745 | 697 | 817 | 808 |
| Weaverville Elementary | | | | | | | | | | |
| Square Feet | 66,844 | 66,844 | 66,844 | 66,844 | 66,844 | 66,844 | 66,844 | 66,844 | 66,844 | 66,844 |
| Capacity | 518 | 518 | 518 | 518 | 518 | 518 | 518 | 518 | 501 | 501 |
| Best 1 of first 2 months membership | 352 | 351 | 360 | 366 | 375 | 324 | 324 | 325 | 328 | 357 |
| Weaverville Primary | | | | | | | | | | |
| Square Feet | 40,173 | 40,173 | 40,173 | 40,173 | 40,173 | 40,173 | 40,173 | 40,173 | 40,173 | 40,173 |
| Capacity | 294 | 294 | 294 | 294 | 294 | 294 | 294 | 294 | 248 | 248 |
| Best 1 of first 2 months membership | 230 | 240 | 241 | 207 | 223 | 265 | 265 | 247 | 236 | 225 |

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BUNCOMBE COUNTY BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
Last Ten Fiscal Years

Operating
Schedule 20

| School Name | Fiscal Year | | | | | | | | | |
|---------------------------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| West Buncombe | | | | | | | | | | |
| Square Feet | 101,027 | 101,027 | 101,027 | 101,027 | 101,027 | 101,027 | 101,027 | 101,027 | 101,027 | 101,027 |
| Capacity | 836 | 836 | 836 | 836 | 836 | 836 | 836 | 763 | 763 | 763 |
| Best 1 of first 2 months membership | 570 | 561 | 628 | 617 | 625 | 625 | 610 | 745 | 772 | 805 |
| Woodfin | | | | | | | | | | |
| Square Feet | 42,762 | 42,762 | 42,762 | 42,762 | 42,762 | 42,762 | 42,762 | 42,762 | 42,762 | 42,762 |
| Capacity | 251 | 251 | 251 | 251 | 251 | 251 | 251 | 251 | 267 | 267 |
| Best 1 of first 2 months membership | 133 | 138 | 141 | 157 | 147 | 143 | 143 | 153 | 188 | 172 |
| Total Schools | | | | | | | | | | |
| Square Feet | 4,540,153 | 4,536,216 | 4,536,216 | 4,410,047 | 4,410,047 | 4,365,873 | 4,365,873 | 4,365,873 | 4,226,291 | 4,226,291 |
| Capacity | 33,155 | 33,155 | 33,155 | 32,065 | 32,065 | 31,855 | 31,855 | 31,855 | 28,888 | 28,823 |
| Best 1 of first 2 months membership | 23,684 | 24,071 | 24,389 | 24,585 | 25,044 | 25,677 | 25,677 | 25,805 | 25,641 | 25,678 |
| Administrative Facilities | 129,643 | 129,463 | 129,463 | 129,463 | 129,463 | 129,463 | 129,463 | 129,463 | 129,463 | 129,463 |
| Grand total Facilities Square Footage | 4,669,796 | 4,665,679 | 4,495,336 | 4,495,336 | 4,495,336 | 4,495,336 | 4,495,336 | 4,495,336 | 4,355,754 | 4,355,754 |

Source: Building square footages from Buncombe County Board of Education Maintenance Department records.

Capacity calculations from Buncombe County Board of Education Facilities Planning Department reports. Theoretical capacity is reported in this spreadsheet. This methodology calculates the maximum capacity to accommodate only NC Core requirements in regular classrooms and also includes Self Contained classrooms. Facilities for itinerant teachers and all non-core educational programs (such as art and music) as well as pull-out programs like ESL, Resource, and AIG funded by the Buncombe County Board of Education are displaced with the assumption that a Regular classroom can be in its place.

Membership from North Carolina Department of Public Instruction's Best 1 of 2 Months Actual Average Daily Membership (ADM) Report for listed fiscal year (this ADM is used as the basis for allotting funds to school districts within the State of North Carolina).

Notes:

- Over the past ten years, Buncombe County Board of Education created and/or closed several schools. The Career Education Center closed at the end of 2010-11. The Koontz and Eblen Intermediate Schools opened in 2011-12. Nesbitt Discovery Academy opened in 2014-15. Enka Intermediate opened in 2016-17.

BUNCOMBE COUNTY BOARD OF EDUCATION

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