

**ASHEVILLE CITY SCHOOLS  
ASHEVILLE, NORTH CAROLINA**

**COMPLIANCE REPORT**

**JUNE 30, 2022**

# ASHEVILLE CITY SCHOOLS

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

**INDEPENDENT AUDITORS' REPORT**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Asheville City Board of Education, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Asheville City Board of Education, North Carolina's basic financial statements and have issued our report thereon dated October 19, 2022.

***Report on Internal Control over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Asheville City Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

***Purpose of this Report***

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

*Anderson Smith & Wike PLLC*

***October 19, 2022  
Elon, North Carolina***



ANDERSON SMITH & WIKE PLLC

*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

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

To the Asheville City Board of Education  
Asheville, North Carolina

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Asheville City Board of Education's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Asheville City Board of Education's major federal programs for the year ended June 30, 2022. Asheville City Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Asheville City Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

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

#### ***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### ***Report on Internal Control Over Compliance***

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

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

that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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

***Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Asheville City Schools as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Asheville City Schools' basic financial statements. We issued our report thereon dated October 19, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Asheville City Schools' basic financial statements. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and State awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Anderson Smith & Wike PLLC*

***October 19, 2022  
Elon, North Carolina***



**INDEPENDENT AUDITORS' REPORT**

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

To the Asheville City Board of Education  
Asheville, North Carolina

***Report on Compliance for Each Major State Program***

***Opinion on Each Major State Program***

We have audited the Asheville City Board of Education's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Asheville City Board of Education's major state programs for the year ended June 30, 2022. The Asheville City Board of Education's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Asheville City Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major State Program***

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

***Responsibilities of Management for Compliance***

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



## ***Auditor's Responsibilities for the Audit of Compliance***

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- Exercise professional judgment and maintain professional skepticism throughout the audit.
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***Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Asheville City Schools as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Asheville City Schools' basic financial statements. We issued our report thereon dated October 19, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Asheville City Schools' basic financial statements. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Anderson Smith & Wike PLLC*

***October 19, 2022  
Elon, North Carolina***

**ASHEVILLE CITY SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Section I. Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_yes Xno
- Significant deficiency(ies) identified that are not considered to be material weaknesses: \_\_\_yes Xnone reported

Noncompliance material to financial statements noted \_\_\_yes Xno

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_yes Xno
- Significant deficiency(ies) identified that are not considered to be material weaknesses: \_\_\_yes Xnone reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_yes Xno

Identification of major federal programs:

<u>AL Numbers</u>	<u>Names of Federal Program or Cluster</u>
84.027	Special Education Cluster
84.173	Individuals with Disabilities
	Individuals with Disabilities - Preschool
84.425	COVID 19 – Education Stabilization Fund
21.027	State and Local Fiscal Recovery Fund

**ASHEVILLE CITY SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Dollar threshold used to distinguish between  
Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee?  yes  no

State Awards

Internal control over major State program:

• Material weakness(es) identified?  yes  no

• Significant deficiency(ies) identified  
that are not considered to be  
material weaknesses:  yes  none reported

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

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

Identification of major State programs:

Program Name

State Public School Fund

**ASHEVILLE CITY SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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Section II. Financial Statement Findings

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Finding: None Reported

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Section III. Federal Award Findings and Questioned Costs

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Finding: None Reported

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Section IV. State Award Findings and Questioned Costs

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Finding: None Reported

**ASHEVILLE CITY SCHOOLS  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2022**

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Section II. Financial Statement Findings

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Finding: None reported

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Section III. Federal Award Findings and Questioned Costs

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Finding: None reported

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Section IV. State Award Findings and Questioned Costs

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Finding: None reported

**ASHEVILLE CITY SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

There were no audit findings reported in the prior year.

**ASHEVILLE CITY SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2022**

Grantor/Pass-through Grantor/Program Title	Federal AL Number		Expenditures
<b>Federal Grants:</b>			
<b>Cash Assistance:</b>			
<u>U.S. Department of Agriculture</u>			
Food and Nutrition Service			
Passed-through the N.C. Department of Public Instruction:			
School Food Service Cluster:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555		\$ 214,050
Cash Assistance:			
Seamless Summer Program	10.555		1,884,088
Supply Chain Assistance Grant	10.555		87,071
Healthy Meals Grant	10.555		25,841
After School Snack Program	10.555		12,903
Summer Food Service Program for Children	10.559		156,823
Cash Assistance Subtotal			<u>2,166,726</u>
Total School Food Service Cluster			<u>2,380,776</u>
<u>U.S. Department of Education</u>			
Office of Elementary and Secondary Education			
Passed-through the N.C. Department of Public Instruction:			
Education Consolidation and Improvement Act of 1981			
Improving America School Act of 1994 (IASA)			
Title I, Grants to Local Educational Agencies			
Educationally Deprived Children	84.010	PRC 050 & 115	858,757
Student Support and Academic Enrichment Program	84.424	PRC 108	58,576
Education for Homeless Children and Youth	84.196	PRC 026	40,981
Supporting Effective Instruction State Grants	84.367	PRC 103	147,421
Twenty-first Century Community Learning Center	84.287	PRC 110	227,517
COVID-19 Education Stabilization Fund			
CARES Act - K-12 Emergency Relief Fund - ESSER I	84.425D	PRC 163	356,869
CARES Act - K-12 Digital Curricula	84.425D	PRC 165	30,868
CARES Act - ESSER I - Learning Management System	84.425D	PRC 166	11,968
CARES Act - ESSER I - Exceptional Children Grants	84.425D	PRC 167	23,021
CARES Act - GREER I - Specialized Instructional Support Personnel for COVID-19 Response	84.425C	PRC 169	135,626
CARES Act - GREER I - Supplemental Instructional Services	84.425C	PRC 170	51,198
CRRSA - K-12 Emergency Relief Fund - ESSER II	84.425D	PRC 171	988,303
CRRSA - ESSER II - School Nutrition COVID Support	84.425D	PRC 174	30,152
CRRSA - ESSER II - Learning Loss Funding	84.425D	PRC 176	6,715
CRRSA - ESSER II - Summer Career Accelerator Program	84.425D	PRC 177	7,912
Competency-Based Assessment	84.425D	PRC 178	8,771
ARP - ESSER III - K-12 Emergency Relief Fund	84.425U	PRC 181	3,763,442
ARP - ESSER III - Homeless I	84.425W	PRC 183	22,096
ARP - ESSER III - Homeless II	84.425W	PRC 184	16,604
ARP - ESSER III - Cyberbullying & Suicide Prevention	84.425U	PRC 192	47,110
ARP - ESSER III - Gaggle Grants	84.425U	PRC 193	14,722
ARP-ESSER III - Teacher Bonuses	84.425U	PRC 203	412,544
ARP-ESSER III - Driver Training	84.425U	PRC 205	1,419
Total COVID-19 Education Stabilization Fund			<u>5,929,340</u>



**ASHEVILLE CITY SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2022**

Grantor/Pass-through Grantor/Program Title	Federal AL Number		Expenditures
Office of Special Education and Rehabilitative Services			
Passed-through the N.C. Department of Public Instruction:			
Special Education Cluster:			
Individuals with Disabilities Education Act			
Special Education - Grants to States	84.027	PRC 060	618,473
Special Education - Targeted Assistance	84.027	PRC 118	4,734
Special Education - Targeted Assistance for Preschool	84.027	PRC 119	2,735
Special Education - Early Intervening Services	84.173	PRC 070	123,496
Special Education - Preschool Grants	84.173	PRC 049	32,767
ESSER III - ARP IDEA Grant to States	84.027X	PRC 185	251,881
ESSER III - ARP IDEA Preschool Grants	84.173X	PRC 186	35,246
Total Special Education Cluster			<u>1,069,332</u>
Passed-through the N.C. Department of Public Instruction:			
Carl D. Perkins Vocational and Applied Technology			
Education Act Amendments of 1990			
Basic Grants to States			
Program Development	84.048	PRC 017	64,379
Total U.S. Department of Education			<u>8,396,303</u>
<b>Other Federal Assistance:</b>			
<u>U.S. Federal Communications Commission</u>			
Direct Program:			
Emergency Connectivity Fund	32.009		223,200
<u>U.S. Department of the Treasury</u>			
Passed-through the N.C. Office of State Management and Budget			
N.C. Pandemic Recovery Office			
Passed-through the N.C. Department of Public Instruction:			
State and Local Fiscal Recovery Fund			
ARP - Employee Bonuses	21.027	PRC 141	1,080,926
<b>Total Federal Assistance</b>			<b><u>12,081,205</u></b>
<b>State Grants:</b>			
<b>Cash Assistance:</b>			
<u>N.C. Department of Public Instruction:</u>			
State Public School Fund			27,726,720
Career Technical Education			
State Months of Employment		PRC 013	1,399,489
Program Support Funds		PRC 014	506,339
Driver Training		PRC 012	95,265
K-12 Athletic Facilities Grant		PRC 440	110,166
School Technology Fund		PRC 015	53,255
Passed-through Buncombe County			
Public School Capital Fund - Lottery			26,122
Total N.C. Department of Public Instruction			<u>29,917,356</u>

**ASHEVILLE CITY SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2022**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Expenditures</u>
<u>Non-cash from N.C Department of Public Instruction</u>		
Buses		22,002
<u>N.C. Department of Health and Human Services</u>		
Passed through Buncombe County Partnership for Children:		
Division of Child Development		
Smart Start		236,591
NC Pre-Kindergarten Program		386,900
Total N.C. Department of Health and Human Services		623,491
<b>Total State Assistance</b>		<u>30,562,849</u>
<b>Total Federal and State Assistance</b>		<b><u>\$ 42,644,054</u></b>

Notes to the Schedule of Expenditures of Federal and State Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Asheville City Schools under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Asheville City Schools, it is not intended to and does not present the financial position, changes in net assets or cash flows of Asheville City Schools.

Note 2. Summary of Significant Accounting Policies

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

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

Note 3. Cluster of Programs

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