

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
PITT COUNTY BOARD OF EDUCATION,
NORTH CAROLINA
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Ethan Lenker, Ed.D.
Superintendent

Prepared by
Debra Baggett
Chief Financial Officer



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INTRODUCTORY SECTION



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December 16, 2016

To the Members of the Pitt County
Board of Education and the Citizens
of Pitt County, North Carolina:

In compliance with local ordinances and the Public Schools Laws of North Carolina, the Comprehensive Annual Financial Report of the Pitt County Board of Education (Board) for the fiscal year ended June 30, 2016, is herewith submitted. These ordinances and statutes require that the Board issue annually a report on its financial position and activity and that an independent firm of certified public accountants will audit this report. Responsibility for the accuracy, completeness, and clarity of this report rests with the Superintendent and the Chief Financial Officer.

Carr, Riggs, & Ingram, LLC, following the requirements and guidelines promulgated by the Governmental Accounting Standards Board (GASB), assisted in the preparation of the report. We believe the data presented is accurate in all material respects and that it is presented in a manner designed to fairly reflect the financial position and results of operations of the Board. All disclosures necessary to enable the reader to gain the maximum understanding of the Board's financial activity have been included.

In addition, Carr, Riggs, & Ingram, LLC (Certified Public Accountants) have audited the Board's financial statements for the fiscal year ended June 30, 2016. The goal of the audit was to provide reasonable assurance that the financial statements of Board for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Board's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP).

The independent audit of the financial statements of the Board was part of broader federal and state mandates; which require "Single Audits". These audits are designed to meet the special needs of the federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are included in this document. The Board understands the importance of quality internal control structure and places emphasis on ensuring compliance with grant requirements. The Board's fiscal year end June 30, 2016 Single Audits reported no instances of reportable conditions or material weaknesses within its internal control structure.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Board's MD&A can be found immediately following the report of the independent auditors.

REPORTING ENTITY

The Board consists of nine citizens elected on a non-partisan basis, who serve four-year staggered terms. The Superintendent of Schools is appointed by the Board and serves as secretary to the Board. The Board has no tax levying authority or borrowing authority and is required to maintain accounting records according to a uniform

state format. The Board receives local, state, and federal government funding and must comply with the legal requirements of each source entity. North Carolina General Statute 115C-140 empowers the Pitt County Board of Education with general control and supervision of all matters pertaining to the schools in the system.

The school system consists of 36 K-12 schools with varying configurations including 16 K-5 elementary schools, six K-8 schools, seven 6-8 middle schools, and seven high schools. The second month average daily membership for the 2015-2016 school year was 23,477 students. The total operating budget for all governmental activities for the 2015-16 school year was \$220,023,499 with a per-pupil expenditure of \$8,703 including Child Nutrition.

The Board operates a very diverse system with 1,842 National Origin Minority Students enrolled for the 2014-15 school year, representing 43 different native languages. Out of these students, 968 were identified as Limited English Proficient and served in the English as a Second Language Program. The ethnic distribution of students in 2015-16 is: African American – 48.2%; White – 35.6%; Hispanic – 11.0%; Multi racial – 3.5%; Asian – 1.4%; and other – 0.3%.

A principal charged with the responsibility of the total school operations administers each individual school. Appropriate instructional and support personnel based on pupil enrollment staff the schools. The school principal and faculty work cooperatively with instructional specialists and central administrative staff in developing and implementing effective instructional programs.

The graduating class of 2016 was offered \$25,887,690 in scholarships which includes 303 NC Scholars along with East Carolina University Honors College Scholarships, North Carolina State University Park Scholarships, a University of North Carolina-Chapel Hill Morehead-Cain Scholarship, Campbell University Presidential Scholarships, a Meredith College Legacy Scholarship, the University of South Carolina McKissick Scholars Scholarship, a Webb Institute Scholarship, a University of Alabama Presidential Scholarship, a Georgia Tech Gold Scholarship, a University of Texas at Dallas National Merit Scholarship, a University of Oklahoma National Merit Scholarship, an Arizona State University National Merit Scholarship, a Vanderbilt University National Merit Scholarship, a Wingate University Irwin Belk Scholarship, a California Institute of Technology Scholarship, a Harvard Faculty Scholarship, a Columbia University Scholarship, a Duke University Engineering Scholarship, several athletic scholarships, and scholarships for the United States Military Academy, United States Marine Corps., and the United States Naval Academy among many others. The scholarship total was the highest ever for the district.

The system, accredited by the North Carolina Department of Public Instruction and Advance ED, participates in a state performance-based accountability plan. Both district-level and school-based teams (comprised of teachers, parents, and administrators) annually develop School Improvement Plans to meet state guidelines as well as the unique needs of their students.

The quantity and quality of the instructional programs of the school system are directly dependent on the funding provided and on effective management and efficient use of those funds. We recognize the important trust and responsibility we are given in the management of public resources and continue to be vigilant and trustworthy in fulfilling that responsibility. During the last several years the Board has pursued ways to reduce costs and improve efficiency by implementing a more aggressive risk management program and a self-insured dental plan for the Board's employees. The Board has managed costs by adjusting formulas for personnel and non-personnel resources supporting schools and departments. We believe that continuation of these financial management practices coupled with effective planning provides fiscal accountability to the public and continued improvement of programs and outcomes for our students.

LOCAL ECONOMIC CONDITION AND OUTLOOK

The information provided in this year's financial report is best understood when it is explained in relation to the local economy.

Local Economy: A snapshot of Pitt County. As a university community with a strong business/manufacturing base, the area is characterized by an expanding, highly productive, multi-skilled labor force, a diversified economic base, a low cost of living, an excellent educational system, a large regional health care complex, abundant cultural and recreational opportunities, financially sound, progressive, and pro-business local government, and a mild climate.

The Pitt County/Greenville area is a leading retail center in eastern North Carolina and ranks as one of only a dozen billion dollar retail markets in NC. The local economy is well diversified with wholesale/retail trade and manufacturing, government and health care/social services accounting for the majority of the total employment. Agriculture is also a strong contributor to the economy; tobacco, corn, soybeans, wheat, peanuts, eggs, livestock, poultry and vegetables are the primary agricultural products. Major employers include: East Carolina University (education), University Health Systems of Eastern Carolina (health care), Pitt County Schools (education), DSM Pharmaceuticals, NACCO (lift trucks), Pitt County (local government), Pitt Community College (education), City of Greenville (local government), ASMO (electric motors), Grady-White (boats), Karastan- A Division of Mohawk (carpet yarn), Mestek (steam unit heaters), and TRC, Inc. (metal fabrication).

Access is provided by an east-west Interstate-quality freeway, a north-south four-lane highway, two railroads, and two commercial airports. An international airport is within two hours' drive. More than thirty freight carriers, including several special commodity companies, provide regular service.

The area's educational system is the pride of eastern North Carolina. **Pitt County Schools** receives extensive local support, reflected in a wide range of extra-curricular activities, and student performance above state and national averages on standardized achievement tests. **Pitt Community College**, eighth largest in North Carolina's 58 campus community college system, offers a wide variety of business/industrial curriculum programs (machining, electronic servicing, industrial maintenance, and information systems). **East Carolina University**, the state's third largest institution of higher education, offers 97 undergraduate and 79 graduate degree programs in its professional schools and colleges. The Brody School of Medicine at ECU also offers a four year Medical Doctor degree as well as six PhD programs. The University also operates several service and research centers or institutes to assist local government, business, and industry in resolving technical production problems, developing market strategies, or improving the quality of management skills.

The creation of the Brody School of Medicine at ECU stimulated the emergence of Vidant Health Systems as a regional health care referral center. The medical center serves a 29-county referral area with a multitude of services that include organ transplant, a Level I Trauma Center, air ambulance service, neonatal intensive care and centers for rehabilitation, diabetes, cancer, and cardiac care.

One of the most unique characteristics of the area is the wide assortment of leisure and cultural activities. Parks, rivers, golf courses, historic old towns, coastal sounds, and the famous beaches of the Outer Banks offer many recreational outlets in addition to organized activities sponsored by local recreation departments. The mild climate allows residents the opportunity to enjoy outdoor recreational activities throughout the year. The presence of the College of Fine Arts at ECU with its schools of Music, Theatre, and Art provides the cultural diversity of a major metropolitan area. Amateur musical, theatrical, and dance groups offer more than 200 free performances annually to fill nights and weekends. World-class, professional entertainers perform regularly in clubs and concert facilities. The Wellington B. Gray Gallery (on campus) and the Greenville Museum of Art house excellent permanent exhibits as well as hosting traveling exhibitions.

Most of all, the quality of the business environment and the quality of life are reflections of the caliber of the people who have chosen to live, serve, work, raise families, or retire here, combining the hardiness and charm of Southerners with the vitality of new ideas brought by newcomers from around the world. Whether they are residents of Ayden, Bethel, Farmville, Grifton, or Greenville, the people of Pitt County fulfill the expectations of their employers, their communities, and their fellow citizens.

Long-term Planning. The Board employs several initiatives to ensure the improvement and maintenance of the system's sites, facilities, and equipment. The preparation of an annual budget, a Long Range Facility Plan, and a Strategic Technology plan are tools employed to secure resources.

The Board completed a "Long Range Education Plan" ("plan") conducted by Smith Sinnett Associates that provided the basis for determining the immediate, short, and long-range facility needs of the school system. Through partnership with the County of Pitt, the Board was successful in having a portion of the immediate and short-term needs funded through Local Obligation Bonds along with supplemental resources from within the system.

Funding under the current phase will fund the following projects: 1) A new education wing including 12 classrooms, a media center, a gymnasium, and an administration area at Chicod School. 2) The addition of eight classrooms, with restroom modifications and a secure lobby corridor to Lakeforest Elementary School. 3) The construction of a new gymnasium and restroom renovations at Elmhurst Elementary School. 4) The renovation of the current gymnasium and restrooms, in partnership with the City of Greenville, at South Greenville Elementary School. 5) The relocation and replacement of the existing transportation facility to include new offices, maintenance bays and parking storage capacity for the current fleet. 6) Other projects to add STEM labs, renovate restroom facilities, and repair gymnasium floors at various schools throughout the District.

The Board is also working with the County of Pitt to move forward with a second phase of borrowing that would fund an extensive renovation at AG Cox Middle School to update two wings which were built in 1936 and 1958. The additional borrowing will also support such projects as necessary electricals repairs, replacement of HVAC units, and repair of pavement issues in various schools throughout the District.

Together both boards are looking to other funding sources to meet future needs. Lottery receipts allocated to Pitt County Schools by State statute as part of the N.C. Education Lottery and a ¼ cent local sales tax dedicated to education construction are two sources of revenue that will be very influential to funding future school construction projects needed to meet the Board's growing student population.

Pitt County Schools "Strategic Technology Plan" provides a vision to provide all students, teachers, administrators, and staff with equitable access to essential tools to facilitate learning, teaching, monitoring, and communicating in an efficient and productive manner. The plan embraces emerging technologies for their usefulness in engaging learners and helping students evolve as critical thinkers.

MAJOR INITIATIVES

The Board has adopted a mission and vision and adopted system-wide goals to sustain academic growth for Pitt County's elementary, middle, and high school students.

The mission states, "Pitt County Schools will ensure that all students are provided a rigorous and personalized education that prepares them for the ever-changing challenges of the 21st Century."

The vision states, "A system of excellence partnering with family and community to prepare students to function effectively in a rapidly changing world by developing global citizens through academic excellence."

The motto states, "Celebrating every child, challenging every learner."

The Board's system-wide goals are:

- Every student graduates from high school prepared for work, further education, and citizenship.
- Every student has a personalized education.
- Every student has an excellent educator every day.
- Every school has up-to-date financial, business, and technology systems to serve its students, parents and educators.
- Every student is healthy, safe, and responsible.

The goals are a reflection of the Board's top priority to increase academic achievement for all students of Pitt County Schools. The graduation rate serves as an example of this priority. The district's four-year cohort graduation rate, which measures the percentage of students who complete high school within four years, grew from 80.8% to 83.0%. Additionally, grade level proficiency rose from 50.7% in 2014-2015 to 52.4% in 2015-2016.

According to the READY Accountability Model data presented to the North Carolina State Board of Education today, Pitt County Schools saw improvements in test scores and graduation rates in 2015-2016. In terms of the state's growth model, 26 out of 34 schools tested in Pitt County met or exceeded growth standards during the 2015-16 school year. This measurement uses current and previous student test data to determine whether schools are maintaining or increasing student achievement from one year to the next.

Public schools in North Carolina are assigned a letter grade by the State Board of Education based upon the school's achievement score (80%) and the students' academic growth (20%). With the release of the 2015-2016 accountability results, Pitt County Schools had 33 out of 34 schools receive a passing grade, the most ever since the inception of this measure of school success in 2013-2014. Additionally, the Pitt County Early College earned a grade of A based upon the results of its first year since opening.

Increased academic performance and expansion of programs intended to build 21st century learning skills is of primary focus for the Board's Superintendent, Dr. Ethan Lenker. Dr. Lenker joined Pitt County Schools in August of 2013 and from day one set out to meet with parents, students, employees, elected officials, and members of the public to tap into the uniqueness of each community and the instructional needs of all students. Over a period encompassing several months a vision of 21st century learning has been established with the creation and expansion of instructional programming intended to meet diverse needs. Future endeavors include the availability of a summer extension program and themed Schools within the district.

FINANCIAL AND BUDGETARY CONTROLS

Accrual Accounting. With the implementation of *GASB Statement No. 34, Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments*, the Board displays information about the government-wide entity as a whole. The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenue, expense, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Fund Accounting. The Board also reports its financial activities through the use of fund accounting. This is a system wherein transactions are reported in self-balancing sets of accounts to reflect the results of activities. (See *Note 1 in the Notes to Financial Statements for a summary of significant accounting policies and a description of fund types*).

The Board's financial management staff is responsible for establishing and maintaining an internal control structure through its financial policies designed to ensure that the assets of the school system are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management. The Board has implemented an internal auditing function with the employment of a full time internal auditor in order to ensure that financial policies are maintained and adhered to at the individual school and central services levels.

As a recipient of federal, state, and local financial assistance, the school system is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with all applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management.

The largest component of the Board's financial operations is the investment in human resources. The Board relies heavily on teachers, teacher assistants, counselors, and various other instructional support positions to meet the instructional needs of all students. The Board employs over 3,000 individuals with the cost of salaries and benefits comprising approximately 75% of the boards operating funds.

The cost of public school education in North Carolina is financed primarily by the State, which establishes minimum programs. Local funds, in varying amounts by district, supplement the basic program and are generated from the general tax levies of the county. Local boards of education have no direct tax levying and limited borrowing authority.

North Carolina state law requires a uniform accounting system for all local school administrative units. Significant modifications were made to the uniform accounting system by the North Carolina Department of Public Instruction (NCDPI) that went into effect at the beginning of the 2007-08 fiscal year. On a monthly basis, the Board submits reports of transactions of state and federal funds and details of disbursements from these funds to NCDPI for review.

North Carolina General Statutes require all governmental units in the state to adopt a balanced budget by July 1 of each year. The Board has the final approval over the budget and primary accountability for fiscal matters (including any deficits). 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 detailed and compared to expenditures and encumbrances by line item within each function and project. The budget amount reflected in the accompanying financial statements represents the final budget as amended for the fiscal year. The Board also uses a purchase order encumbrance system that records and shows 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 transferred at the end of the year to appropriations in future years.

Financial activities throughout the year are controlled in accordance with the **North Carolina School Budget and Fiscal Control Act** which requires a pre-audit procedure to ensure availability of funds prior to issuance of purchase order or payment of claims. We believe that the Board's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

AWARDS AND ACKNOWLEDGMENTS

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Pitt County Board of Education for its CAFR for the fiscal year ended June 30, 2015. The ASBO awarded a Certificate of Excellence in Financial Reporting to the Pitt County Board of Education for its CAFR for the fiscal year ended June 30, 2015. This was the thirteenth year that the Board received these prestigious awards. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

These awards are only valid for a period of one year. We believe that our current CAFR continues to meet both GFOA and ASBO requirements and we are submitting it to both organizations to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report in a timely manner could not have been accomplished without the efforts and dedication of the Superintendent's staff, Finance Department, and our independent audit firm. We would like to express our appreciation to all the staff members who helped in the preparation of this report.

Respectfully submitted,



Ethan Lenker, Ed. D.
Superintendent



Debra W. Baggett
Chief Financial Officer



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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Pitt County Board of Education
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CBO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Pitt County Board of Education

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2015.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



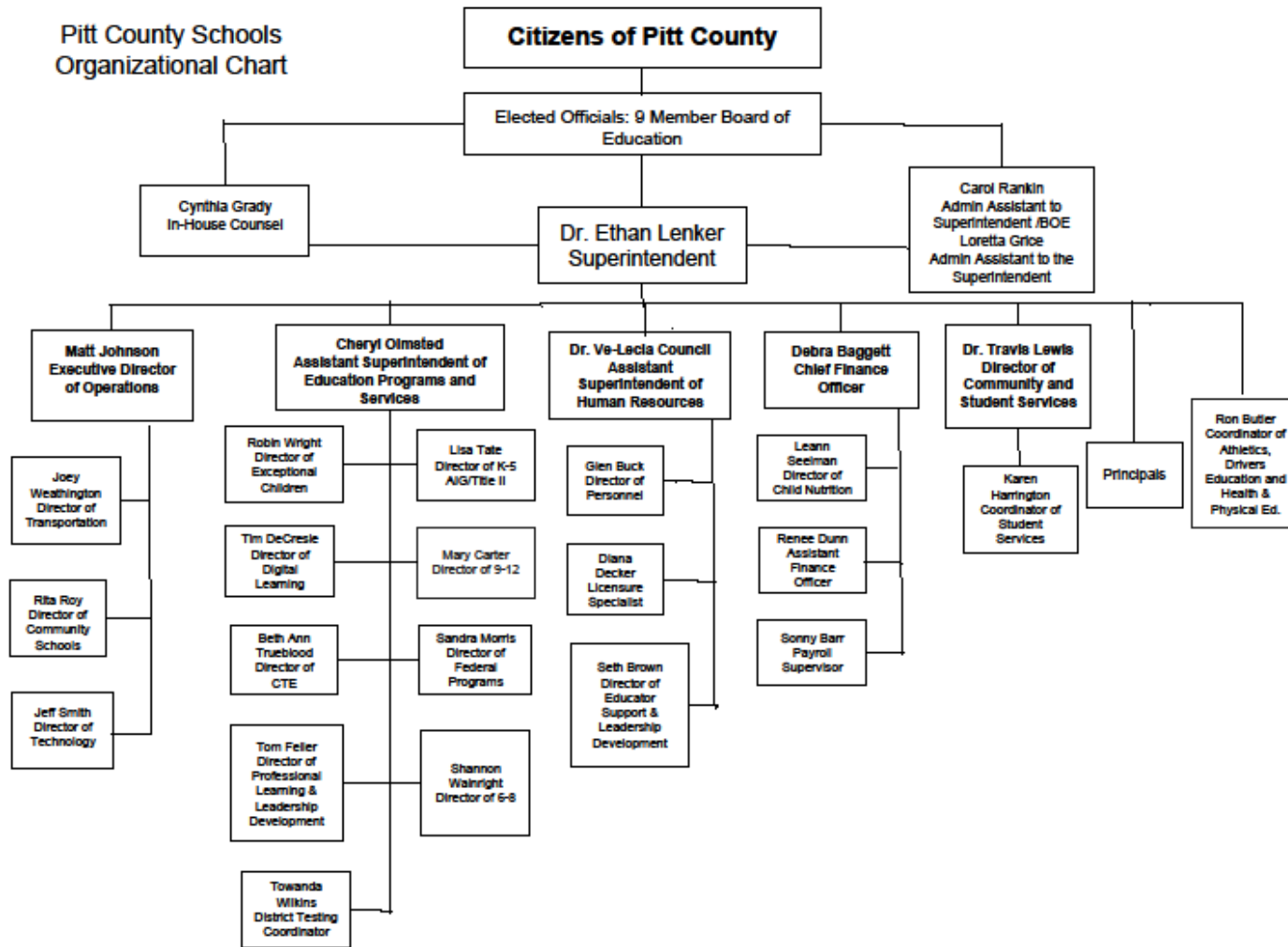
Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

Pitt County Schools
Organizational Chart



2015 – 2016 PITT COUNTY BOARD OF EDUCATION
BOARD MEMEBERS



Benjie Forest
Chair



Mary Blount-Williams
Vice Chair



Caroline Doherty



Mildred A. Council



Marc Whichard



Sean Kenny



Walter Gaskins



Billy Peaden



Worth Forbes



FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Pitt County, 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 Pitt County Board of Education, North Carolina, as of and for the year then ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Pitt County Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Pitt County Board of Education, North Carolina as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, State Public School Fund, Federal Grants Fund, and the Special Revenue 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 28 through 40 and the Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of Board Contributions on pages 86 and 87, 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 opinions on the financial statements that collectively comprise the Pitt County Board of Education's basic financial statements. The introductory section, individual fund schedules, statistical section, as well as the accompanying schedule of expenditures of federal and State awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary schedules and the accompanying schedule of expenditures of federal and State awards 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 fund budgetary schedules and the schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2016 on our consideration of Pitt County Board of Education's internal control over financial reporting and on 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 Pitt County Board of Education's internal control over financial reporting and compliance.

Carri Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
December 16, 2016



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Management's Discussion and Analysis

Pitt County Board of Education Management's Discussion and Analysis

This section of the Pitt 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, 2016. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- At the governmental fund level, the assets of the Board exceeded its liabilities and deferred inflows of resources for the fiscal year ended June 30, 2016 by \$14,476,384 (fund balance). Of this amount, \$1,745,546 is restricted for use by the local schools, \$1,093,983 is restricted by grantors, \$1,599,170 is restricted for capital outlay, and \$339,657 is restricted for stabilization by state statute, \$1,543,000 is committed for capital projects, \$7,362,207 is assigned for local schools and subsequent years expenditures and \$792,821 may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$792,821 or 2.11% of total general fund expenditures and 0.39% of total government-wide expenditures.

Overview of the Financial Statements

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

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

The Basic Financial Statements include two types of statements that present different views of the Board's finances. The first is the government-wide statements. These 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 assets, deferred outflows, liabilities, and deferred inflows of resources of the Board. Assets and liabilities are classified in the order of relative liquidity for assets and due dates for liabilities. This statement provides a summary of the Board's investment in assets, deferred 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 current year revenues and expenses for the Board. 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 fund is 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, a reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statement provides information about the Board as an economic unit while the fund financial statements provide information on the financial resources of the Board's major funds.

Pitt County Board of Education Management's Discussion and Analysis

Government-wide Statements

The government-wide financial statements report information about the Board as a whole, using the accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Board's assets deferred outflows, 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.

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

- Over time, an increase or decrease in the Board's net position is an indicator of whether its financial position is improving or deteriorating.
- To assess the Board's overall financial health, one needs to consider 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.

The Board's activities are divided into two categories on 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 cover the costs of certain services it provides. School food service is included here.

The government wide statements are shown on 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 funds or "major" funds and not the district 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 established other funds to control and manage money for a particular purpose or to show that it is accounting for financial resources properly, such as the Federal Grants Fund.

The Board 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 flows in and out and the balances remaining 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 determine whether there are more or fewer financial resources that can be spent in the near term 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 them. The

Pitt County Board of Education Management's Discussion and Analysis

Board has several governmental funds: the General Fund, the State Public School Fund, the Federal Grants Fund, the Special Revenue Fund, the Individual Schools Fund, and the Capital Outlay Fund. The governmental fund statements are shown as Exhibits 3 through 5 of this report.

Proprietary fund: Services for which the Board charges a fee are generally reported in the proprietary fund. The proprietary fund statements are reported on the same basis of accounting as the government-wide statements – full accrual. The Board has one proprietary fund – the School Food Service Fund. The proprietary fund statements are shown as Exhibits 6, 7 and 8 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in this document following the financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes supplementary information concerning the Board's individual fund statements. This information can be found after the notes beginning on page 90 of this report.

Interdependence with Other Entities

The Board depends on the financial resources flowing from, or associated with, the Federal Government, the State of North Carolina, and the County of Pitt. Because of this dependency the Board is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal, State, and County appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and holders of publicly held U.S. Treasury Securities.

Financial Analysis of the Board as a Whole

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities and deferred inflows of resources by \$168,091,925 as of June 30, 2016. The largest component of net position is net investment in capital assets of \$191,468,044 which comprises 113.91% of the total net position.

Pitt County Board of Education Management's Discussion and Analysis

The following table shows the net position for the Board:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 21,187,474	\$ 21,433,811	\$ 4,766,522	\$ 5,043,031	\$ 25,953,996	\$ 26,476,842
Capital assets	191,725,879	195,011,178	427,325	352,833	192,153,204	195,364,011
Total assets	212,913,353	216,444,989	5,193,847	5,395,864	218,107,200	221,840,853
Deferred outflows of resources	10,535,158	10,629,377	649,680	180,827	11,184,838	10,810,204
Current liabilities	6,661,787	6,019,477	91,040	91,815	6,752,827	6,111,292
Long-term liabilities	44,807,532	22,213,573	1,206,345	424,800	46,013,877	22,638,373
Total liabilities	51,469,319	28,233,050	1,297,385	516,615	52,766,704	28,749,665
Deferred inflows of resources	8,310,360	38,311,346	123,049	651,091	8,433,409	38,962,437
Net investment in capital assets	191,040,719	194,348,779	427,325	352,833	191,468,044	194,701,612
Restricted net position	4,778,356	4,147,485	-	-	4,778,356	4,147,485
Unrestricted net position	(32,150,243)	(37,966,294)	3,995,768	4,056,152	(28,154,475)	(33,910,142)
Total net position	\$ 163,668,832	\$ 160,529,970	\$ 4,423,093	\$ 4,408,985	\$ 168,091,925	\$ 164,938,955

The Board's net position increased during the current fiscal year by \$3,152,970. In part, the increase is the net result of:

- A decrease of \$30,529,028 in deferred inflows of resources
- A decrease of \$3,233,568 in net investment in capital assets
- An increase of \$630,871 in restricted net position

The decrease in net investment in capital assets of \$3,233,568 was the net result of a decrease of \$3,308,060 in net investment in capital assets in governmental activities and an increase of \$74,492 in net investment in capital assets in business-type activities.

The following factors contributed to the decrease in net investment in capital assets in governmental activities:

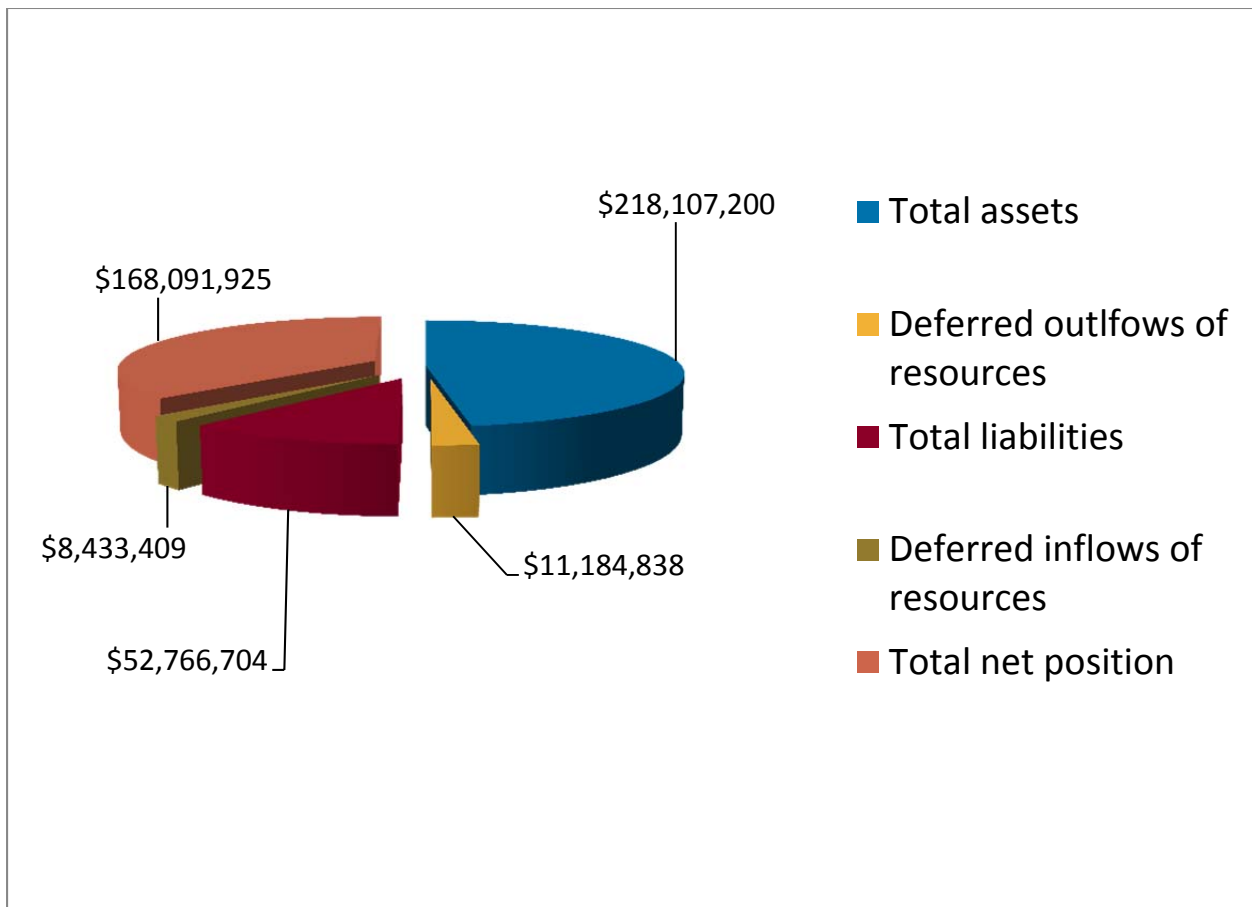
- The decrease is the net result of a decrease in capital assets, net of accumulated depreciation of approximately \$3,210,807.
- Long-term debt related to the installment purchase of school buses and a capital lease increased approximately \$22,760.

Pitt County Board of Education Management's Discussion and Analysis

The following factors contributed to the increase of \$630,871 in restricted net position:

- Net position restricted for individual school use increased approximately \$88,675. Contributions and donations at the individual school level were approximately \$6,246,105 for fiscal year ended June 30, 2016 while co-curricular expenditures at the school level totaled approximately \$6,157,430.
- Net position restricted by grantor requirements in the Special Revenue fund decreased approximately \$51,051.
- Net position restricted for future capital projects increased approximately \$83,602.
- Net position restricted by state statute to cover outstanding encumbrances and accounts receivable decreased approximately \$19,191 from June 30, 2015 to June 30, 2016. Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

The following chart shows the net position components at the government-wide level as of June 30, 2016



Pitt County Board of Education Management's Discussion and Analysis

The following table shows revenue and expenses for the Board:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 1,788,677	\$ 2,089,961	\$ 1,788,677	\$ 2,089,961
Operating grants and contributions	158,180,232	158,439,127	9,563,820	9,069,675	167,744,052	167,508,802
Capital grants and contributions	3,448,614	2,079,246	-	-	3,448,614	2,079,246
General revenues:						
Other revenues	43,964,541	39,483,435	25,181	19,757	43,989,722	39,503,192
Total revenues	205,593,387	200,001,808	11,377,678	11,179,393	216,971,065	211,181,201
Expenses:						
Governmental activities:						
Instructional services	158,877,916	161,385,312	-	-	158,877,916	161,385,312
System-wide support services	35,116,216	32,963,558	-	-	35,116,216	32,963,558
Ancillary services and non-program	1,479,239	1,120,066	-	-	1,479,239	1,120,066
Repayment of County debt issuance	1,600,000	2,174,016	-	-	1,600,000	2,174,016
Interest Expense	1,134	-	-	-	1,134	-
Depreciation	5,310,942	1,025,378	-	-	5,310,942	1,025,378
Business-type activities:						
Food service	-	-	11,432,648	11,352,684	11,432,648	11,352,684
Total expense	202,385,447	198,668,330	11,432,648	11,352,684	213,818,095	210,021,014
Excess revenues over (under) expenses before transfers	3,207,940	1,333,478	(54,970)	(173,291)	3,152,970	1,160,187
Transfers in (out)	(69,078)	(120,547)	69,078	120,547	-	-
Increase in net position	3,138,862	1,212,931	14,108	(52,744)	3,152,970	1,160,187
Net position, beginning	160,529,970	159,317,039	4,408,985	4,461,729	164,938,955	163,778,768
Net position, ending	\$ 163,668,832	\$ 160,529,970	\$ 4,423,093	\$ 4,408,985	\$ 168,091,925	\$ 164,938,955

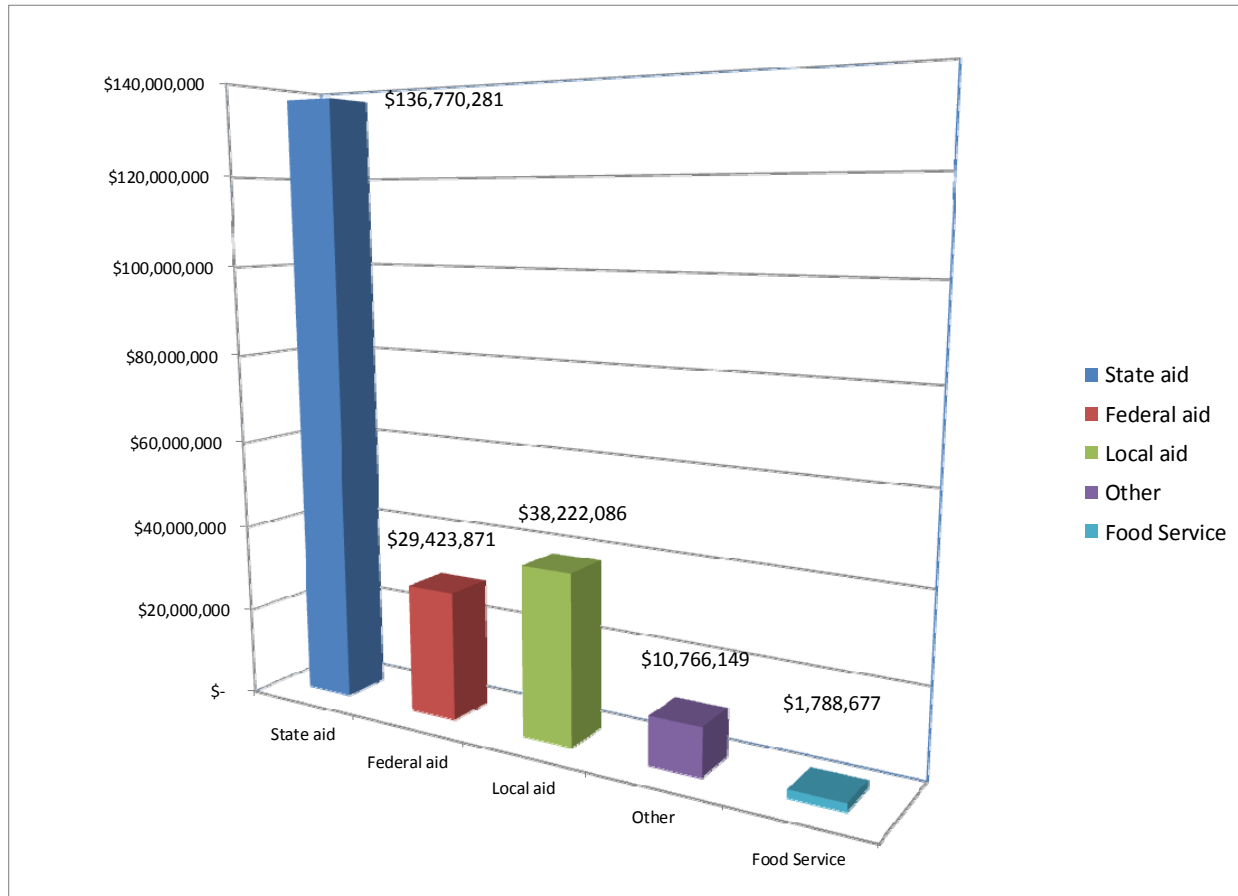
For fiscal years ended June 30, 2016 and 2015, total governmental activities earned revenues of \$205,593,387 and \$200,001,808, respectively, which is a net increase of \$5,591,579. The following factors contributed to the net increase in governmental activities earned revenues from fiscal year ended June 30, 2015 to fiscal year ended June 30, 2016:

- General and special operating revenues increased \$1,001,437 and \$1,938,643 respectively. The increase was primarily due to an increase in county appropriations and E-Rate.
- Revenues appropriated from the Federal government through the North Carolina Department of Public Instruction and State allocations increased \$313,865 and \$1,076,153, respectively
- Contributions and donations to individual schools decreased \$150,394.

Pitt County Board of Education Management's Discussion and Analysis

For fiscal years ended June 30, 2016 and 2015, business-type activities related to the Board's food service program earned revenue of \$11,377,678 and \$11,179,393, respectively which is an increase of \$198,285. Federal and state reimbursements for meals served to qualifying students increased \$494,145 while food sales decreased approximately \$301,284.

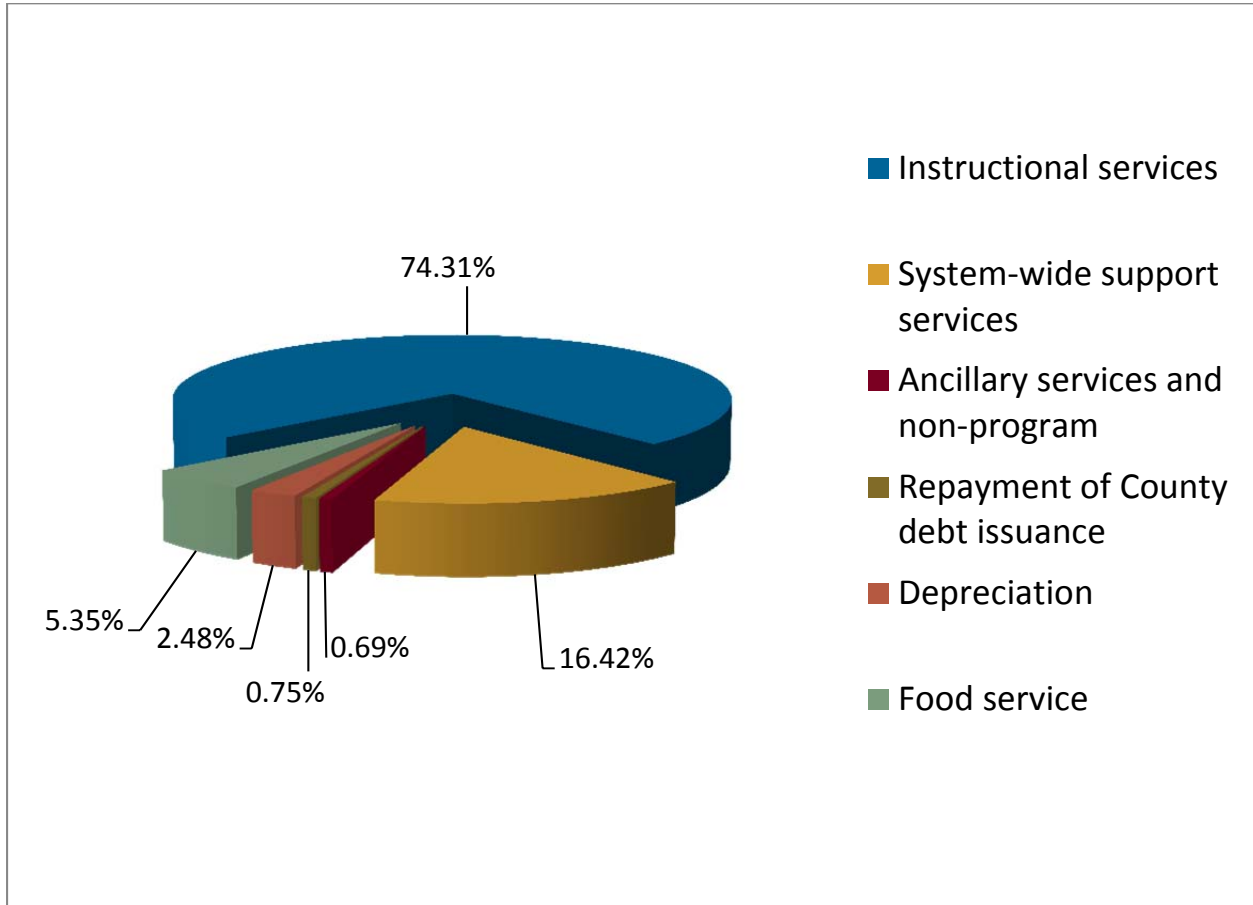
The following chart shows, by revenue source, the government-wide revenues presented on the accrual basis of accounting for fiscal years ended June 30, 2016:



Total governmental activities expenses for fiscal years ended June 30, 2016 and 2015 were \$202,385,447 and \$198,668,330, respectively, which is an increase of approximately \$3,717,117.

Pitt County Board of Education Management's Discussion and Analysis

The following chart show the percentage composition of governmental activities expenses by expense purpose for fiscal year ended June 30, 2016:



The following factors contributed to the increase in governmental activities expenses from fiscal year ended June 30, 2015 to fiscal year ended June 30, 2016:

- Instructional programs expenses decreased \$2,507,396 due primarily to reductions in spending for alternative programs.
- Supporting programs expense increased \$2,152,658 due primarily to an increase in the technology and operational support services.
- Ancillary service expense related to the Board's operation of community recreational programs and after school programs increased \$359,173.

Instructional programs expense comprised 78.50% of total governmental-type expenses while supporting services made up 17.35% of those expenses for 2016.

Pitt County Board of Education Management's Discussion and Analysis

Business-type activities expense related to the Board's food service program ended June 30, 2016 and 2015 at \$11,432,648 and \$11,352,684, respectively, which is an increase of \$79,964. The increase in expense is primarily the net result of the following:

- Increase of \$61,229 in food purchases for the program.
- Increase of \$150,449 in employee salaries and benefits predominantly based on state legislated bonuses.
- Increase of approximately \$100,407 in indirect cost reimbursements to the Board's general fund for program support.
- Increase of approximately \$88,838 in other operating expenses associated with purchased services, repairs and maintenance, and supplies and materials.

The Board's business-type revenues related to the food service program were below expenses by \$54,970 and \$173,291, respectively, for fiscal years ended June 30, 2016 and 2015.

For fiscal years ended June 30, 2016 and 2015, net position of the governmental activities increased by \$3,138,862 and \$1,212,931, respectively. Net position of the business-type activities increased by \$14,108 for fiscal year ended June 30, 2016, and decreased by \$52,744, for fiscal year ended June 30, 2015.

Financial Analysis of the Board's Funds

For fiscal year ended June 30, 2016, the Board's governmental funds reported combined ending fund balances of \$14,476,384 which is a decrease of \$900,082 from the prior year. This amount is comprised of ending fund balances in the general fund, special revenue fund, individual schools fund, and the capital outlay fund. The following is an analysis of the change in fund balance of each respective fund and a summary of the factors that impacted the change:

General Fund

The general fund comprised the second largest component of the Board's governmental funds combined fund balances ending the year with a fund balance of \$3,440,107 which is a decrease of \$395,179 from the prior year. General fund expenses exceeded revenues by \$395,179.

To better account for financial resources from many granting agencies and to comply with NC case law, the Board has segregated monies between the General Fund Special Revenue Fund.

At June 30, 2016 the ending fund balance of the general fund is comprised of \$792,821 which represents unassigned fund balance available for spending at the government's discretion. The general fund's remaining fund balance of \$2,647,286 is comprised of the following:

- \$38,815 that is restricted based on North Carolina state statute.
- \$490,455 which is restricted by grantors to school capital outlay projects.
- \$1,543,000 that has been committed by the Board to fund future school capital projects.
- \$274,178 that is assigned to individual schools for various projects.
- \$300,838 that is assigned to fund subsequent year's expenditures.

Special Revenue Fund

The special revenue fund was established in the Board's adopted budget ordinance to account for other programs and grants provided by other state, local, and federal sources to the local administrative unit. The special revenue fund is used to account for reimbursements for services and fees, sales tax refunds,

Pitt County Board of Education Management's Discussion and Analysis

gifts and grants restricted to use, and federal appropriations made directly to the local administrative unit. The special revenue fund is also used to account for funds received for pre-kindergarten programs and special programs.

At June 30, 2016 the special revenue fund ended the year with a fund balance of \$8,182,016 which is a decrease of \$677,185 from the fiscal year ended June 30, 2015. The ending fund balance is comprised of \$300,842 which is restricted based on North Carolina state statute. The remaining fund balance of \$7,881,174 is comprised of the following:

- \$1,093,983 that is restricted based on the requirements of grantors
- \$6,787,191 that is assigned to fund subsequent year's expenditures.

Individual Schools Fund

For fiscal year ended June 30, 2016 the individual schools fund balance was \$1,745,546 which was restricted for individual school use. The individual schools fund balance increased \$88,675 from fiscal year ended June 30, 2015 due primarily to management vigilance in spending related to contributions and donations at the school level intended to fund co-curricular activities of the Board's students. Individual schools contributions and donations were \$6,245,918 and \$6,095,524, respectively, for fiscal years ended June 30, 2016 and 2015 which is an increase of \$150,394. Individual schools co-curricular expenditures were \$6,157,430 and \$6,004,044, respectively, for fiscal years ended June 30, 2016 and 2015 which is an increase of \$153,386.

Capital Fund

The capital fund ending fund balance was \$1,108,715 which was restricted to school capital outlay projects. The capital fund balance increased \$83,607 from fiscal year ended June 30, 2015 to fiscal year ended June 30, 2016 due primarily to the timing of various minor capital projects in operation at the end of the fiscal year.

Proprietary Fund

For fiscal year ended June 30, 2016 the Board's business-type fund balance stood at \$4,423,093 which is an increase of \$14,108 from the fiscal year ended June 30, 2015. The increased cost of implementing new federal school food standards coupled with an environment of significant increases in the cost of food and food supply products has impacted the food service program's short term ability to maintain the Board's business-type fund balance. The business-type unrestricted fund balance of approximately \$3,995,768 represents 35.12% of total operating and non-operating revenues.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the general fund budget several times at the functional level through formal budget amendment to account for changes in expense utilization. The change in the final amended budget from original at the functional level was due primarily to changes in expectation throughout the year of the required resources needed to serve special education and economically disadvantaged students through community services compared to the resources needed to serve regular instructional students.

Pitt County Board of Education Management's Discussion and Analysis

For fiscal year ended June 30, 2016, actual general fund revenues came in \$177,943 below the final amended budget. The reduction in general fund revenues compared to the final amended budget was the net result of the following:

- Interest earnings were less than anticipated.
- Pitt County Government fines and forfeitures distributions dedicated to the Board by state statute were approximately \$133,000 less than anticipated.

General fund expenditures ended the fiscal year \$2,404,772 below the final amended budget. The variance in general fund expenditures from the final amended budget represented fund balance committed by the Board to cover various projects during the next fiscal year.

Capital Asset Administration

The Board's capital assets (net of accumulated depreciation) for its governmental and business-type activities stood at approximately \$191,725,879 and \$195,011,170, respectively, as of June 30, 2016 and 2015. This investment in capital assets includes land, buildings, vehicles, and equipment.

The following table outlines the Board's capital assets as of June 30, 2016 and 2015:

Table 3
Condensed Summary of Capital Assets (net of depreciation)
As of June 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Land	\$ 5,145,694	\$ 5,145,694	\$ -	\$ -	\$ 5,145,694	\$ 5,145,694
Construction in progress	-	134,410	-	-	-	134,410
Buildings and improvements	182,767,668	186,369,587	-	-	182,767,668	186,369,587
Equipment and furniture	1,893,433	1,207,936	414,939	333,368	2,308,372	1,541,304
Vehicles	1,919,084	2,153,543	12,386	19,464	1,931,470	2,173,007
Total capital assets	\$ 191,725,879	\$ 195,011,170	\$ 427,325	\$ 352,832	\$ 192,153,204	\$ 195,364,002

For fiscal year ended June 30, 2016 the Board had an overall decrease in net capital assets of \$3,210,798 from the previous year.

Additional information on the Board's capital assets can be found in the Capital Asset section of footnote II, Detail Notes on All Funds, on page 69 of the financial statements.

Debt Outstanding

During the year the Board's long-term liabilities, excluding compensated absences and the net pension liability, in governmental activities increased \$22,760. The increase is the net result of acquiring capital assets through financing arrangements and payments made on those arrangements.

Pitt County Board of Education Management's Discussion and Analysis

The following table outlines the Board's long-term debt as of June 30, 2016 and 2015:

Table 4
Condensed Summary of Long-term Debt
As of June 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Installment purchases	\$ 520,023	\$ 414,325	\$ -	\$ -	\$ 520,023	\$ 414,325
Capital lease	165,137	248,075	-	-	165,137	248,075
Compensated absences	11,146,022	11,140,905	246,441	247,705	11,392,463	11,388,610
Net pension liability	32,976,347	10,410,270	959,904	177,095	33,936,251	10,587,365
Total long-term debt	\$ 44,807,529	\$ 22,213,575	\$ 1,206,345	\$ 424,800	\$ 46,013,874	\$ 22,638,375

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. Pitt County Government holds virtually all debt issued for school capital construction.

Additional information on the Board's long-term obligations can be found in the Long-term obligations section of footnote II, Detail Notes on All funds, starting on page 79 of the financial statements.

Economic Factors

The population of Pitt County is 175,532 and has increased over 30% from 2000 to 2015. Consistent with the overall growth in the population of Pitt County, the Board's student population has grown over the past ten years; however, the increasing number of students attending charter schools has caused enrollment to drop in recent years. During the upcoming 2016-17 school year, the Board once again anticipates students transferring to another charter school opening in Pitt County. Since both State and local funding follow student enrollment, the District anticipates a reduction in average daily membership will impact revenue streams. The Board has enacted policies such as open enrollment in several schools and specialized programming as a mean of attracting students to return to the District.

County funding is a major source of income for the Board; therefore, the County's economic outlook directly affects that of the schools. The following factors have affected the economic outlook of Pitt County:

- The unemployment rate for Pitt County in June 2016 was 5.9%. This is slightly higher than the State of North Carolina's June 2016 unemployment rate of 5.1%.
- The labor force expanded 21% and employment grew by 13.2% between 2000 and 2010.
- The County continues to serve as the hub of eastern North Carolina in the healthcare, retail, and education sectors. Moderate growth and expansion are expected in these areas.

The current economic environment will continue to be most challenging for North Carolina legislation with respect to the state budget and the State Public School Fund. Local Education Agencies (LEAs) are dependent upon state revenue allocations to fund the primary operations of the school system, as set forth within State law. Future legislation will be geared towards continuing to recover from the reductions to the education budgets witnessed from 2009 through 2012. The focus will include evaluation of the pay structure for instructional teachers within the State of North Carolina so as to allow the State to recruit and retain great teachers.

Pitt County Board of Education Management's Discussion and Analysis

This will also be a focus at a local level within Pitt County as we strive to not only attract great teachers but also compete with surrounding counties for human resources. With additional funding provided by the County Commissioners, the Board was able to increase teacher supplements for the first time since 2003. Beginning teachers supplement was increased from 2% to 3% and teacher supplement was increased from 5% to 5.25%.

The ability to attract new business to the local Pitt County community will also be vital to increase skill sets and expand the tax base needed to assist in meeting the instructional need of the Board's students. The increased cost of instructional supplies, equipment, and the integration of technology into our learning curriculum stand as challenges that the local budget of all Boards will face for the 2016-17 budget year.

Requests for Information

This financial report is designed to provide a general overview of the Pitt County Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Debra Baggett
Chief Financial Officer
Pitt County Board of Education
1717 West Fifth Street
Greenville, NC 27834
www.pitt.k12.nc.us



Basic Financial Statements



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Pitt County Board of Education, North Carolina
Statement of Net Position
June 30, 2016
Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 15,891,402	\$ 4,202,621	\$ 20,094,023
Receivables (net)	110,851	83,539	194,390
Due from other governments	5,135,026	264,042	5,399,068
Internal balances	50,195	(50,195)	-
Inventories	-	266,515	266,515
Capital assets (See Note I)			
Land and construction in process	5,145,694	-	5,145,694
Other capital assets, net of depreciation	186,580,185	427,325	187,007,510
Total capital assets	191,725,879	427,325	192,153,204
Total assets	212,913,353	5,193,847	218,107,200
DEFERRED OUTFLOWS OF RESOURCES	10,535,158	649,680	11,184,838
LIABILITIES			
Accounts payable and accrued liabilities	6,661,787	37,577	6,699,364
Unearned revenues	-	53,463	53,463
Long-term liabilities:			
Net pension liability	32,976,347	959,904	33,936,251
Due within one year	3,264,778	61,610	3,326,388
Due in more than one year	8,566,407	184,831	8,751,238
Total liabilities	51,469,319	1,297,385	52,766,704
DEFERRED INFLOWS OF RESOURCES	8,310,360	123,049	8,433,409
NET POSITION			
Net investment in capital assets	191,040,719	427,325	191,468,044
Restricted for:			
Individual schools	1,745,546	-	1,745,546
Requirements by grantors	1,093,983	-	1,093,983
School capital outlay	1,599,170	-	1,599,170
Stabilization by state statute	339,657	-	339,657
Unrestricted	(32,150,243)	3,995,768	(28,154,475)
Total net position	\$ 163,668,832	\$ 4,423,093	\$ 168,091,925

The accompanying notes are an integral part of these financial statements.

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
Instructional programs				
Regular	\$ 87,777,464	\$ -	\$ 76,745,397	\$ -
Special	24,969,188	-	26,527,272	-
Alternative programs	18,614,643	-	17,767,470	34,650
School leadership	11,140,457	-	5,345,833	-
Co-curricular	7,029,421	-	6,246,433	-
School based support	9,346,743	-	8,990,189	-
Supporting services				
Support and development	1,278,445	-	708,270	-
Special populations	197,807	-	191,125	-
Alternative programs	675,865	-	681,709	-
Technology support	1,811,430	-	626,208	1,813,964
Operational support	26,257,979	-	12,327,406	-
Financial and human resources	3,315,805	-	283,666	-
Accountability services	21,791	-	606	-
System wide pupil support	236,677	-	56,453	-
Leadership services	1,320,417	-	474,746	-
Ancillary services	1,099,274	-	813,269	-
Non-program charges	379,965	-	394,180	-
On-behalf payment to County for for repayment of debt	1,600,000	-	-	1,600,000
Interest on long-term debt	1,134	-	-	-
Unallocated depreciation expense	5,310,942	-	-	-
Total governmental activities	202,385,447	-	158,180,232	3,448,614
Business-type activities:				
School food services	11,432,648	1,788,677	9,563,820	-
Total business-type activities	11,432,648	1,788,677	9,563,820	-
Total board of education	\$ 213,818,095	\$ 1,788,677	\$ 167,744,052	\$ 3,448,614

The accompanying notes are an integral part of these financial statements.

Pitt County Board of Education, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2016
Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Functions	Governmental Activities	Business-type Activities	Total
Primary Government:			
Governmental activities:			
Instructional programs			
Regular	\$ (11,032,067)	\$ -	\$ (11,032,067)
Special	1,558,084	-	1,558,084
Alternative programs	(812,523)	-	(812,523)
School leadership	(5,794,624)	-	(5,794,624)
Co-curricular	(782,988)	-	(782,988)
School based support	(356,554)	-	(356,554)
Supporting services			
Support and development	(570,175)	-	(570,175)
Special populations	(6,682)	-	(6,682)
Alternative programs	5,844	-	5,844
Technology support	628,742	-	628,742
Operational support	(13,930,573)	-	(13,930,573)
Financial and human resources	(3,032,139)	-	(3,032,139)
Accountability services	(21,185)	-	(21,185)
System wide pupil support	(180,224)	-	(180,224)
Leadership services	(845,671)	-	(845,671)
Ancillary services	(286,005)	-	(286,005)
Non-program charges	14,215	-	14,215
On-behalf payment to County for for repayment of debt	-	-	-
Interest on long-term debt	(1,134)	-	(1,134)
Unallocated depreciation expense	(5,310,942)	-	(5,310,942)
Total governmental activities	(40,756,601)	-	(40,756,601)
Business-type activities:			
School food services	-	(80,151)	(80,151)
Total business-type activities	-	(80,151)	(80,151)
Total board of education	(40,756,601)	(80,151)	(40,836,752)
General revenues:			
Unrestricted county appropriation - operating	37,143,578	-	37,143,578
Unrestricted county appropriation - capital	1,777,799	-	1,777,799
Unrestricted State appropriation - capital	2,016,258	-	2,016,258
Interest earnings, unrestricted	60,026	25,181	85,207
Miscellaneous, unrestricted	2,966,880	-	2,966,880
Transfers	(69,078)	69,078	-
Total general revenues and transfers	43,895,463	94,259	43,989,722
Change in net position	3,138,862	14,108	3,152,970
Net position, beginning	160,529,970	4,408,985	164,938,955
Net position, ending	\$ 163,668,832	\$ 4,423,093	\$ 168,091,925



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Pitt County Board of Education, North Carolina
Balance Sheet – Governmental Funds
June 30, 2016
Exhibit 3

	General	State Public School	Federal Grants	Special Revenue	Individual Schools	Capital Outlay	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 4,659,310	\$ 336,596	\$ -	\$ 7,967,935	\$ 1,745,546	\$ 1,182,013	\$ 15,891,400
Accounts receivable	38,815	-	-	72,036	-	-	110,851
Due from other funds	-	-	-	50,195	-	-	50,195
Due from other governments	-	4,515,471	430,938	178,611	-	10,004	5,135,024
Total assets	\$ 4,698,125	\$ 4,852,067	\$ 430,938	\$ 8,268,777	\$ 1,745,546	\$ 1,192,017	\$ 21,187,470
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 467,514	\$ -	\$ -	\$ -	\$ -	\$ 83,302	\$ 550,816
Temporary bank overdraft	-	-	1,046	-	-	-	1,046
Accrued salaries and wages payable	790,504	4,843,853	388,807	86,761	-	-	6,109,925
Total liabilities	1,258,018	4,843,853	389,853	86,761	-	83,302	6,661,787
Deferred inflows of resources	-	8,214	41,085	-	-	-	49,300
Fund balances:							
Restricted:							
Stabilization by State Statute	38,815	-	-	300,842	-	-	339,657
Requirements by Grantors	-	-	-	1,093,983	-	-	1,093,983
School capital outlay	490,455	-	-	-	-	1,108,715	1,599,170
Individual schools	-	-	-	-	1,745,546	-	1,745,546
Committed:							
Capital projects	1,543,000	-	-	-	-	-	1,543,000
Assigned:							
Individual schools	274,178	-	-	-	-	-	274,178
Subsequent years expenditures	300,838	-	-	6,787,191	-	-	7,088,029
Unassigned:	792,821	-	-	-	-	-	792,821
Total fund balances	3,440,107	-	-	8,182,016	1,745,546	1,108,715	14,476,384
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,698,125	\$ 4,852,067	\$ 430,938	\$ 8,268,777	\$ 1,745,546	\$ 1,192,017	

Amounts reported for governmental activities in the Statement of Net Position (Exhibit I) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	191,725,879
Deferred outflows related to pensions	10,535,158
Some liabilities, including notes payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds.	(11,831,182)
Net pension liability	(32,976,347)
Deferred inflows of resources related to pensions	(8,261,060)
Net position of governmental activities	\$ 163,668,832

The accompanying notes are an integral part of these financial statements.

Pitt County Board of Education, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds
For the Fiscal Year Ended June 30, 2016
Exhibit 4

	General	State Public School	Federal Grants	Special Revenue	Individual Schools	Capital Outlay	Total Governmental Funds
REVENUES							
State aid	\$ -	\$ 130,494,970	\$ -	\$ 2,666,434	\$ -	\$ 1,995,333	\$ 135,156,737
Federal aid	-	-	16,940,037	2,933,558	-	-	19,873,595
Local aid	36,576,287	-	-	-	-	1,645,799	38,222,086
Other local sources	-	-	-	968,835	-	132,000	1,100,835
Contributions and donations	-	-	-	-	6,245,918	-	6,245,918
Interest earnings	4,903	-	-	48,824	187	6,112	60,026
Fines and forfeitures	567,290	-	-	-	-	-	567,290
Indirect costs	-	-	-	1,137,206	-	-	1,137,206
Sales tax	-	3,362	31,689	178,611	-	10,004	223,666
Tuition and fees	-	-	-	868,013	-	-	868,013
Miscellaneous	62,135	-	-	475,879	-	-	538,014
Total revenues	37,210,615	130,498,332	16,971,726	9,277,360	6,246,105	3,789,248	203,993,386
EXPENDITURES							
Current:							
Instructional programs							
Regular	11,880,901	75,515,632	890,966	3,557,611	-	-	91,845,110
Special	839,142	19,284,664	5,471,416	790,677	-	-	26,385,899
Alternative programs	266,544	7,707,419	8,882,146	2,713,696	-	-	19,569,805
School leadership	5,378,531	5,322,439	23,394	904,890	-	-	11,629,254
Co-curricular	941,816	-	-	-	6,157,430	-	7,099,246
School based support	733,492	8,354,795	198,830	297,478	-	-	9,584,595
System wide support services							
Support and development	582,800	310,017	377,303	49,195	-	-	1,319,315
Special populations	4,262	84,736	106,389	-	-	-	195,387
Alternative programs	14,981	459,959	188,520	33,230	-	-	696,690
Technology support	952,980	172,440	447,800	-	-	-	1,573,220
Operational support	12,079,509	12,315,095	12,311	513,805	-	-	24,920,720
Financial and human resources	2,905,977	283,666	-	56,345	-	4,749	3,250,737
Accountability Services	1,500	606	-	18,190	-	-	20,296
System wide pupil support	167,761	56,453	-	-	-	-	224,214
Leadership services	833,780	474,746	-	-	-	-	1,308,526
Ancillary services							
Community	14,306	53,376	-	1,018,932	-	-	1,086,614
Nutritional	-	16,867	-	496	-	-	17,363
Non-program charges	2,327	21,529	372,651	-	-	-	396,507
On-behalf payment to County for repayment of debt	-	-	-	-	-	1,600,000	1,600,000
Debt Service							
Principal	-	-	-	-	-	478,272	478,272
Interest	-	-	-	-	-	1,134	1,134
Capital outlay							
Real property and buildings	-	-	-	-	-	986,536	986,536
Furniture and equipment	-	-	-	-	-	634,950	634,950
Buses and motor vehicles	-	-	-	-	-	501,032	501,032
Total expenditures	37,600,609	130,434,439	16,971,726	9,954,545	6,157,430	4,206,673	205,325,422
Excess revenues over expenditures	(389,994)	63,893	-	(677,185)	88,675	(417,425)	(1,332,036)
OTHER FINANCING SOURCES (USES)							
Installment purchase obligations issued	-	-	-	-	-	501,032	501,032
Transfers to other funds	(5,185)	(63,893)	-	-	-	-	(69,078)
Total other financing uses	(5,185)	(63,893)	-	-	-	501,032	431,954
Net change in fund balances	(395,179)	-	-	(677,185)	88,675	83,607	(900,082)
Fund balances - beginning	3,835,286	-	-	8,859,201	1,656,871	1,025,108	15,376,466
Fund balances - ending	\$ 3,440,107	\$ -	\$ -	\$ 8,182,016	\$ 1,745,546	\$ 1,108,715	\$ 14,476,384

The accompanying notes are an integral part of these financial statements.

Pitt County Board of Education, North Carolina
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to Statement of Activities
For the Fiscal Year Ended June 30, 2016
Exhibit 4 (continued)

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

Net changes in fund balances - total governmental funds	\$ (900,082)
<p>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.</p>	
Capital outlay	3,284,540
Depreciation expense	(6,435,420)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	10,397,629
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 - it affects only the government-wide Statement of Net Assets.	(501,032)
<p>Some expenses reported in the Statement of Activities (Exhibit 2) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Pension expense	(3,190,162)
Debt service	478,272
Compensated absences	5,117
Total changes in net position of governmental activities	\$ 3,138,862

The accompanying notes are an integral part of these financial statements.

Pitt County Board of Education, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and
Actual
For the Fiscal Year Ended June 30, 2016
Exhibit 5

General Fund				
Budgeted Amounts				
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
State aid	\$ -	\$ -	\$ -	\$ -
Federal aid	-	-	-	-
Local aid	39,666,568	36,576,287	36,576,287	-
Other local sources	-	-	-	-
Interest earnings	-	112,271	4,903	(107,368)
Fines and forfeitures	-	700,000	567,290	(132,710)
Indirect costs	-	-	-	-
Sales tax	-	-	-	-
Tuition and fees	-	-	-	-
Miscellaneous	-	-	62,135	62,135
Total revenues	39,666,568	37,388,558	37,210,615	(177,943)
EXPENDITURES				
Current:				
Instructional programs				
Regular	12,492,371	12,204,317	11,880,901	323,416
Special	703,329	849,214	839,142	10,072
Alternative programs	255,496	268,438	266,544	1,894
School leadership	5,342,019	5,397,012	5,378,531	18,481
Co-curricular	922,702	940,041	941,816	(1,775)
School based support	802,270	753,352	733,492	19,860
System wide support services				
Support and development	578,351	586,036	582,800	3,236
Special populations	14,543	4,921	4,262	659
Alternative program	14,640	15,779	14,981	798
Technology support	945,506	953,336	952,980	356
Operational support	14,276,123	14,066,345	12,079,509	1,986,836
Financial and human resources	2,751,854	2,935,288	2,905,977	29,311
Accountability services	-	1,500	1,500	-
System wide pupil support	166,567	167,850	167,761	89
Leadership services	712,256	833,370	833,780	(410)
Ancillary services				
Community	24,050	19,783	14,306	5,477
Nutritional	3,308	6,508	-	6,508
Non-program charges	-	2,291	2,327	(36)
Total expenditures	40,005,385	40,005,381	37,600,609	2,404,772
Revenues over expenditures	(338,817)	(2,616,823)	(389,994)	2,226,829
Other financing sources (uses)				
Transfers to other funds	(5,183)	(5,187)	(5,185)	(2)
Fund balance appropriated	344,000	2,622,010	-	(2,622,010)
Total other financing sources (uses)	338,817	2,616,823	(5,185)	(2,622,012)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	(395,179)	\$ (395,179)
Fund balances - beginning			3,835,286	
Fund balances - ending			<u>\$ 3,440,107</u>	

The accompanying notes are an integral part of these financial statements.

Pitt County Board of Education, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and
Actual
For the Fiscal Year Ended June 30, 2016
Exhibit 5

State Public School Fund				
Budgeted Amounts				
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
State aid	\$ 132,432,720	\$ 136,268,000	\$ 130,494,970	\$ (5,773,030)
Federal aid	-	-	-	-
Local aid	-	-	-	-
Other local sources	-	-	-	-
Interest earnings	-	-	-	-
Fines and forfeitures	-	-	-	-
Indirect costs	-	-	-	-
Sales tax	-	-	3,362	3,362
Tuition and fees	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	132,432,720	136,268,000	130,498,332	(5,769,668)
EXPENDITURES				
Current:				
Instructional programs				
Regular	77,868,549	78,443,349	75,515,632	2,927,717
Special	20,163,785	20,110,507	19,284,664	825,843
Alternative programs	7,830,467	8,645,196	7,707,419	937,777
School leadership	5,527,384	5,593,392	5,322,439	270,953
Co-curricular	-	-	-	-
School based support	8,617,704	8,602,664	8,354,795	247,869
System wide support services				
Support and development	359,693	312,653	310,017	2,636
Special populations	76,889	105,678	84,736	20,942
Alternative program	466,508	474,109	459,959	14,150
Technology support	2,037	174,477	172,440	2,037
Operational support	10,546,939	12,788,785	12,315,095	473,690
Financial and human resources	421,396	313,980	283,666	30,314
Accountability services	100	715	606	109
System wide pupil support	10,150	57,104	56,453	651
Leadership services	401,093	482,205	474,746	7,459
Ancillary services				
Community	53,797	54,225	53,376	849
Nutritional	22,731	23,539	16,867	6,672
Non-program charges	-	21,529	21,529	-
Total expenditures	132,369,222	136,204,107	130,434,439	5,769,668
Revenues over expenditures	63,498	63,893	63,893	-
Other financing sources (uses)				
Transfers to other funds	(63,498)	(63,893)	(63,893)	-
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	(63,498)	(63,893)	(63,893)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	-	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	-	-	\$ -	-

The accompanying notes are an integral part of these financial statements.

Pitt County Board of Education, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and
Actual
For the Fiscal Year Ended June 30, 2016
Exhibit 5

Federal Grants Fund				
Budgeted Amounts				
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
State aid	\$ -	\$ -	\$ -	\$ -
Federal aid	20,498,475	21,664,038	16,940,037	(4,724,001)
Local aid	-	-	-	-
Other local sources	-	-	-	-
Interest earnings	-	-	-	-
Fines and forfeitures	-	-	-	-
Indirect costs	-	-	-	-
Sales tax	-	31,689	31,689	-
Tuition and fees	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	20,498,475	21,695,727	16,971,726	(4,724,001)
EXPENDITURES				
Current:				
Instructional programs				
Regular	1,004,365	1,026,920	890,966	135,954
Special	6,181,231	6,590,287	5,471,416	1,118,871
Alternative programs	10,212,143	11,136,105	8,882,146	2,253,959
School leadership	-	23,875	23,394	481
Co-curricular	-	-	-	-
School based support	211,915	271,369	198,830	72,539
System wide support services				
Support and development	276,664	452,040	377,303	74,737
Special populations	110,211	113,854	106,389	7,465
Alternative program	194,465	201,403	188,520	12,883
Technology support	453,545	447,800	447,800	-
Operational support	64,162	66,133	12,311	53,822
Financial and human resources	-	-	-	-
Accountability services	-	-	-	-
System wide pupil support	-	-	-	-
Leadership services	-	-	-	-
Ancillary services				
Community	-	-	-	-
Nutritional	-	-	-	-
Non-program charges	1,789,774	1,365,941	372,651	993,290
Total expenditures	20,498,475	21,695,727	16,971,726	4,724,001
Revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	-	\$ -
Fund balances - beginning			-	
Fund balances - ending			\$ -	

The accompanying notes are an integral part of these financial statements.

Pitt County Board of Education, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and
Actual
For the Fiscal Year Ended June 30, 2016
Exhibit 5

Special Revenue Fund				
Budgeted Amounts				
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
State aid	\$ 2,600,000	\$ 2,600,000	\$ 2,666,434	\$ 66,434
Federal aid	-	1,015,000	2,933,558	1,918,558
Local aid	-	-	-	-
Other local sources	-	1,911,304	968,835	(942,469)
Interest earnings	-	31,493	48,824	17,331
Fines and forfeitures	-	-	-	-
Indirect costs	-	850,000	1,137,206	287,206
Sales tax	200,000	200,000	178,611	(21,389)
Tuition and fees	-	854,150	868,013	13,863
Miscellaneous	4,435,063	550,000	475,879	(74,121)
Total revenues	7,235,063	8,011,947	9,277,360	1,265,413
EXPENDITURES				
Current:				
Instructional programs				
Regular	6,349,409	7,104,054	3,557,611	3,546,443
Special	1,365,244	831,826	790,677	41,149
Alternative programs	3,520,973	3,563,726	2,713,696	850,030
School leadership	882,146	902,406	904,890	(2,484)
Co-curricular	-	-	-	-
School based support	294,696	386,858	297,478	89,380
System wide support services				
Support and development	-	49,221	49,195	26
Special populations	-	-	-	-
Alternative program	39,800	39,800	33,230	6,570
Technology support	-	-	-	-
Operational support	-	577,214	513,805	63,409
Financial and human resources	-	56,354	56,345	9
Accountability services	36,677	18,190	18,190	-
System wide pupil support	-	-	-	-
Leadership services	-	-	-	-
Ancillary services				
Community	1,002,150	1,022,750	1,018,932	3,818
Nutritional	496	496	496	-
Non-program charges	-	-	-	-
Total expenditures	13,491,591	14,552,895	9,954,545	4,598,350
Revenues over expenditures	(6,256,528)	(6,540,948)	(677,185)	5,863,763
Other financing sources (uses)				
Transfers to other funds	-	-	-	-
Fund balance appropriated	6,256,528	6,540,948	-	(6,540,948)
Total other financing sources (uses)	6,256,528	6,540,948	-	(6,540,948)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	(677,185)	\$ (677,185)
Fund balances - beginning			8,859,201	
Fund balances - ending			\$ 8,182,016	

The accompanying notes are an integral part of these financial statements.

Pitt County Board of Education, North Carolina
Statement of Net Position
Proprietary Fund
June 30, 2016
Exhibit 6

	School Food Service
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,202,621
Accounts receivables	83,539
Due from other governments	264,042
Inventories	266,515
Total current assets	4,816,717
Noncurrent assets:	
Capital assets (net of accumulated depreciation)	427,325
Total noncurrent assets	427,325
Total assets	5,244,042
DEFERRED OUTFLOWS OF RESOURCES	649,680
LIABILITIES	
Current liabilities:	
Accounts payable	37,577
Due to other funds	50,195
Compensated absences payable, current	61,610
Unearned revenues	53,463
Total current liabilities	202,845
Noncurrent liabilities:	
Net pension liability	959,904
Compensated absences payable, noncurrent	184,831
Total noncurrent liabilities	1,144,735
Total liabilities	1,347,580
DEFERRED INFLOWS OF RESOURCES	123,049
NET POSITION	
Net investment in capital assets	427,325
Unrestricted	3,995,768
Total net position	\$ 4,423,093

The accompanying notes are an integral part of these financial statements.

Pitt County Board of Education, North Carolina
Statement of Revenue, Expenses and Changes in Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2016
Exhibit 7

School Food Service	
OPERATING REVENUES	
Food sales	\$ 1,788,677
Total operating revenues	1,788,677
OPERATING EXPENSES	
Purchase of food	5,257,172
Salaries and benefits	5,057,755
Indirect costs	742,881
Purchased services	90,086
Repairs and maintenance	67,812
Materials and supplies	87,830
Depreciation	129,112
Total operating expenses	11,432,648
Operating loss	(9,643,971)
NONOPERATING REVENUES (EXPENSES)	
Federal reimbursements	8,834,777
Federal commodities	715,499
State reimbursements	13,544
Investment earnings	25,181
Total nonoperating revenues	9,589,001
Income (loss) before transfers	(54,970)
Transfers in (out)	
State Public School Fund	69,078
Total transfers	69,078
Change in net position	14,108
Total net position - beginning	4,408,985
Total net position - ending	\$ 4,423,093

The accompanying notes are an integral part of these financial statements.

	School Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	\$ 1,785,090
Cash paid for goods and services	(5,484,554)
Cash paid to employees for services	(5,204,027)
Net cash used in operating activities	(8,903,491)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal and state reimbursements	8,946,505
Net cash provided by noncapital financing activities	8,946,505
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(203,605)
Net cash used in capital and related financing activities	(203,605)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	25,181
Net cash provided by investing activities	25,181
Net decrease in cash and cash equivalents	(135,410)
Cash and cash equivalents, July 1	4,338,031
Cash and cash equivalents, June 30	\$ 4,202,621

The accompanying notes are an integral part of these financial statements.

Pitt County Board of Education, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2016
Exhibit 8

Reconciliation of operating loss to net cash used in operating activities:

Operating loss	\$	(9,643,971)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation		129,112
Donated commodities consumed		715,499
Salaries paid by special revenue fund		69,078
Change in assets, deferred outflows of resources and liabilities		
(Decrease) in due from other governments		(3,586)
Increase in inventory		14,965
(Increase) in accounts payable		(906)
Increase in due to other funds		31,537
(Decrease) in compensated absences		(1,264)
Increase in deferred revenues		132
Increase in net pension liability		782,808
(increase) in deferred outflows		(468,853)
(Decrease) in deferred inflows		(528,042)
Net cash used in operating activities	\$	(8,903,491)

Noncash operating activities and noncapital financing activities:

The State and General Funds paid salaries and benefits of \$69,078 to administrative personnel of the School Food Service Fund during the fiscal year. The payment is reflected as an transfer in and an operating expense on Exhibit 7. The State Fund paid salaries and benefits of \$63,893 and the General Fund paid salaries and benefits of \$5,185, respectively.

The School Food Service Fund received donated commodities with a value of \$715,499 during the fiscal year. The receipt of the commodities is recognized as a non-operating revenue. The Fund recorded the consumption of \$715,499 worth of donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit 7.

Pitt County Board of Education, North Carolina

Notes to Financial Statements

I. Summary of Significant Accounting Policies

The accounting policies of Pitt County Board of Education, North Carolina conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

A. Reporting Entity

The Pitt County Board of Education, North Carolina (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 Pitt County, North Carolina. The Board receives state, local, and federal government funding and must adhere to the legal requirements of each funding entity.

B. 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 primary government. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. Interfund 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.

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 of which is displayed in a separate column.

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

Pitt County Board of Education, North Carolina Notes to Financial Statements

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. The General Fund is the “Local Current Expense Fund,” which is mandated by State law [G.S. 115C-426].

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

Federal Grants Fund. The Federal Grants Fund is used to account for various programs and grants, which the federal government provided to the local administrative unit.

Special Revenue Fund. The Special Revenue Fund is used to account for other programs and grants provided by other State, Local, and Federal sources to the local administrative unit. The Special Revenue Fund is used to account for reimbursements for services and fees, sales tax refunds, gifts and grants restricted to use, and Federal appropriations made directly to the local administrative unit. The Special Revenue Fund is also used to account for funds received for pre-kindergarten programs and special programs.

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 Schools Fund is reported as a special revenue fund.

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 the proprietary fund) and is reported as a capital projects fund. It is mandated by State law [G.S.115C-426]. Capital projects are funded by Pitt County appropriations, restricted sales tax moneys, proceeds of Pitt County bonds issued for public school construction, lottery proceeds, as well as certain State assistance.

The Board reports the following major enterprise fund:

School Food Service Fund. The Child Nutrition Fund is used to account for the food service program within the school system and is reported as an enterprise fund.

C. 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,

Pitt County Board of Education, North Carolina Notes to Financial Statements

revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State, and county grants, and some charges for services.

Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

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

D. 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. Per State law no budget is required for Individual School Funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose level for all annually budgeted funds. The Board has authorized the Superintendent to move monies from one function to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund or that change purpose appropriations. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity

1. 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).

Pitt County Board of Education, North Carolina Notes to Financial Statements

The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. The STIF 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 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 of 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. 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.

2. 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.

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

4. Capital Assets

Donated assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1950 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 \$3,000 with an estimated useful life of two or more years. In addition, other items that are purchased and used in large quantities such as student desks are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Pitt 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 give the school system full use of the facilities and full responsibility for maintenance of the facilities. Agreements further provide 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.

Pitt County Board of Education, North Carolina
Notes to Financial Statements

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

	<u>Years</u>
Buildings	50
Improvements	10
Equipment and furniture	3 - 12
Vehicles	6

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

5. 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 so will not be recognized as an expense or expenditure until then. The Board has two items that meet this criterion – a pension related deferral and contributions made to the pension plan in the current fiscal year. 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 so will not be recognized as revenue until then. The Board has several items that meet this criterion - sales tax refunds receivable in the State Public School and Federal Grants funds and pension related deferrals.

6. 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.

7. 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. The Board’s liability for accumulated earned vacation and the salary-related payments as of June 30, 2016 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.

Pitt County Board of Education, North Carolina Notes to Financial Statements

8. Net Position/Fund Balances

Net Position

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

Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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

Restricted for School Capital Outlay – the portion of fund balance that can only be used for School Capital Outlay. [G.S. 159-18 through 22]

Restricted for Requirements by Grantors – the portion of fund balance that can only be used for the specific purposes as specified by the grantors.

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

Committed for Capital Projects – the portion of fund balance committed by the Board that can only be used for future capital projects.

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

Individual Schools – the portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The Board body approves the appropriation; however, per Board policy 3.101, the budget ordinance authorizes the Superintendent to transfer the appropriations between sub-functions and objects or expenditures within a function.

Pitt County Board of Education, North Carolina Notes to Financial Statements

Subsequent year's expenditures – the portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The Board body approves the appropriation; however, per Board policy 3.101, the budget ordinance authorizes the Superintendent to transfer the appropriations between sub-functions and objects or expenditures within a function.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The general fund is the only fund that reports a positive unassigned fund balance.

The Board has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Assistant Superintendent of Finance will use resources in the following hierarchy in conjunction with and within the confines of all applicable state, federal, and local fiscal policies, laws, and regulations: state funds, federal funds, special revenue funds, Board of Education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

Pitt County Board of Education, North Carolina
Notes to Financial Statements

9. Reconciliation of Government-wide and Fund Financial Statements

1. 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 total fund balance of the governmental funds and net position of the governmental activities as reported in the government-wide Statement of Net Position. The net adjustment of \$149,192,448 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds (total capital assets on government-wide statements in governmental column (Exhibit 1)).	\$ 293,553,609
Less accumulated depreciation	(101,827,730)
Net capital assets	191,725,879
Pension related deferred outflows of resources	
Differences between contributions and proportional share of contributions and changes in proportion	137,527
Contributions made to the pension plan in current fiscal year	10,397,631
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	(520,023)
Capital lease	(165,137)
Compensated absences	(11,146,022)
Net pension liability	(32,976,347)
Deferred inflows of resources related to pensions	
Differences between contributions and proportional share of contributions and changes in proportion	(490,640)
Differences between expected and actual experience	(3,749,746)
Differences between projected and actual earnings on plan investments	(4,020,674)
Total adjustments	\$ 149,192,448

Pitt County Board of Education, North Carolina
Notes to Financial Statements

2. Explanation of certain differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities.

The governmental fund Statement of Revenues, Expenditures, and Changes in Funds 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 \$4,038,944 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 3,284,540
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(6,435,420)
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 - it affects only the government-wide statement of net assets.	(501,032)
Principal payments on debt owed are recorded as a use of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position.	478,272
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	10,397,629
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expense in the fund statements.	
Pension expense	(3,190,162)
Compensated absences are accrued in the government-wide statements but not the fund statements because they do not use current resources	5,117
Total adjustments	\$ 4,038,944

10. 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.

Pitt County Board of Education, North Carolina
Notes to Financial Statements

II. Detail Notes on All Funds

A. Assets

1. Deposits

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

At June 30, 2016, the Board had deposits with banks and savings and loans with a carrying amount of \$8,297,496 and with the State Treasurer of \$336,597. The bank balances with the financial institutions and the State Treasurer were \$8,808,821 and \$1,345,236, respectively. Of these balances, \$1,374,275 was covered by federal depository insurance and \$7,409,408 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2016, the Board of Education had \$11,459,930 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.5 years at June 30, 2016. The Board has no policy for managing interest rate risk or credit risk.

Pitt County Board of Education, North Carolina
Notes to Financial Statements

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2016, were as follows:

	Due From Other Funds (Internal Balances)	Due from other governments	Other	Total
Governmental activities:				
General	\$ -	\$ -	\$ 38,815	\$ 38,815
Other governmental activities	50,195	5,135,026	72,036	5,257,257
Total governmental activities	\$ 50,195	\$ 5,135,026	\$ 110,851	\$ 5,296,072
Business-type activities				
Food Service Fund	\$ (50,195)	\$ 264,042	\$ 83,539	\$ 297,386
Total business-type activities	\$ (50,195)	\$ 264,042	\$ 83,539	\$ 297,386

Internal balances consist of administrative costs due to the Special Revenue Fund from the School Food Service Fund.

Due from other governments consists of the following:

State Public School	\$ 4,515,472	Operating fund from DPI
Federal Grants	430,939	Operating fund from DPI
Special Revenue	178,611	Miscellaneous revenues from state and county
Capital Outlay	10,004	Miscellaneous revenues from the state
Total	\$ 5,135,026	

Food Service Fund	<u>\$ 264,042</u>	Federal reimbursements
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Pitt County Board of Education, North Carolina
Notes to Financial Statements

4. Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,145,694	\$ -	\$ -	\$ 5,145,694
Construction in progress	134,410	-	134,410	-
Total capital assets not being depreciated	5,280,104	-	134,410	5,145,694
Capital assets being depreciated:				
Buildings and improvements	258,841,744	1,386,336	4,300	260,223,780
Equipment and furniture	7,334,058	1,337,192	418,687	8,252,563
Vehicles	19,409,188	561,011	38,627	19,931,572
Total capital assets being depreciated	285,584,990	3,284,539	461,614	288,407,915
Less accumulated depreciation for:				
Buildings and improvements	72,472,157	4,988,255	4,300	77,456,112
Equipment and furniture	6,126,122	651,695	418,687	6,359,130
Vehicles	17,255,645	795,470	38,627	18,012,488
Total accumulated depreciation	95,853,924	6,435,420	461,614	101,827,730
Total capital assets being depreciated, net	189,731,066			186,580,185
Governmental activities capital assets, net	\$ 195,011,170			\$ 191,725,879

Depreciation expense was charged to governmental functions as follows:

Regular instructional	\$ 108,079
Special instructional	31,050
Alternative programs	23,029
School leadership	13,685
Co-curricular	8,387
School based support services	11,279
Support and development services	35,154
Special populations	5,206
Alternative programs	18,563
Technology support	41,919
Operational support services	664,016
Financial and human resources services	86,493
Accountability services	1,495
System-wide pupil support	5,020
Leadership services	34,866
Community services	31,256
Non-programmed charges	4,986
Unallocated depreciation	5,310,937
Total	\$ 6,435,420

Pitt County Board of Education, North Carolina
Notes to Financial Statements

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 3,586,534	\$ 203,605	\$ 35,029	\$ 3,755,110
Vehicles	96,632	-	-	96,632
Total capital assets being depreciated	3,683,166	203,605	35,029	3,851,742
Less accumulated depreciation for:				
Equipment	3,253,166	122,034	35,029	3,340,171
Vehicles	77,168	7,078	-	84,246
Total accumulated depreciation	3,330,334	129,112	35,029	3,424,417
Business-type activities capital assets, net	\$ 352,832			\$ 427,325

B. Liabilities

1. Pension Plan and Other Employment and Postemployment 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 as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), 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 (or 10 years of creditable service for members joining TSERS on or after August 1, 2011). 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 (10 years for members joining on or after August 1, 2011). Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

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The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2016, was 9.15% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$10,699,353 for the year ended June 30, 2016.

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, 2016, the Board reported a liability of \$33,936,251 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2015 and at June 30, 2014, the Board's proportion was 0.92% and 0.90%, respectively.

Pitt County Board of Education, North Carolina
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For the year ended June 30, 2016, the Board recognized pension expense of \$3,164,985. At June 30, 2016, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 3,858,557
Net difference between projected and actual earnings on pension plan investments	-	3,676,707
Changes in proportion and differences between employer contributions and proportionate share of contributions	137,528	504,878
Employer contributions subsequent to the measurement date	10,699,352	-
Total	\$ 10,836,880	\$ 8,040,142

\$10,699,353 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2017	\$ (4,560,475)
2018	(4,560,475)
2019	(4,383,030)
2020	5,601,366
Total	\$ (7,902,614)

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 9.10 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

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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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 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 3.19%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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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 7.25 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Board's proportionate share of the net pension liability (asset)	\$ 102,138,751	\$ 33,936,251	\$ (23,941,434)

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 Postemployment Benefits

1. Healthcare Benefits

Plan Description. The postemployment healthcare benefits are provided through a cost-sharing multiple-employer defined benefit plan administered by the Executive Administrator and the Board of Trustees of the Comprehensive Major Medical Plan (the Plan). The Executive Administrator and the Board of Trustees of the Plan establishes premium rates except as may be established by the General Assembly in an appropriation act. The Plan's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3 of the General Statutes and may be amended only by the North Carolina General Assembly. By General Statute, the Plan accumulates contributions from employers and any earnings on those contributions in the Retiree Health Benefit Fund. These assets shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. These contributions are irrevocable. Also by law, these assets are not subject to the claims of creditors of the employers making contributions to the Plan.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the State's Comprehensive Major Medical Plan (also, referred to as the State Health Plan). An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

Funding Policy. The Comprehensive Major Medical Plan is administered by the Executive Administrator and Board of Trustees of the Plan, which establish premium rates except as may be established by the General Assembly in an appropriation act. The healthcare benefits for retired and disabled employees are the same as for active employees, except that the coverage becomes secondary when former employees become eligible for Medicare. For employees first hired on and after October 1, 2006, future coverage as retired employees 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

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first hired on and after October 1, 2006 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 total noncontributory premium. For employees hired before October 1, 2006, healthcare benefits are provided to retirees (at no charge to the retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, 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 fiscal years ended June 30, 2016, 2015, and 2014, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$6,548,241, \$6,511,772, and \$6,079,794, respectively. These contributions represented 5.60%, 5.49%, and 5.40% of covered payroll, respectively.

2. Long-term 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. The DIPNC is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System. Long-term disability benefits are payable as an other postemployment benefit 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. 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 accumulates contributions from employers and any earnings on those contributions in the Disability Income Plan Trust Fund. The plan does not provide for automatic post-retirement benefit increases.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the DIPNC. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981- 5454.

Funding Policy. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in the Teachers' and State Employees' Retirement System of North Carolina, 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 the Retirement System; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement

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System after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

The monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one twelfth of the annual longevity payment to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled. The monthly benefit shall be further reduced by the amount of any monthly payments from the Department of Veterans Affairs, any other federal agency or any payments made under the provisions of G.S.127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided in any event, the benefits payable shall be no less than \$10 a month. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS. For members who obtain five years of membership service on or after August 1, 2007, the monthly long-term disability benefit is reduced by the primary Social Security retirement benefit to which you might be entitled should you become age 62 during the first 36 months. After 36 months of long-term disability, there will be no further payments from the DIPNC unless the member is approved for and are in receipt of primary Social Security disability benefits. It is payable so long as the member remains disabled and is in receipt of a primary Social Security disability benefit until eligible for an unreduced service retirement benefit. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS.

The Board's contributions are established in the Appropriations Bill by the General Assembly. 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 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. For the fiscal years ended June 30, 2016, 2015, and 2014, the Board paid all annual required contributions to the DIPNC for disability benefits of \$479,425, \$486,307, and \$495,391, respectively. These contributions represented .41%, .41%, and .44% of covered payroll, respectively.

c. Other Employment Benefits

In addition to providing pension and other postemployment benefits, the Board provides death benefits, in accordance with State statutes, to certain employees. Death benefits are provided through the Benefit Plan for members of the Teachers' and State Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. Employees who die in active service after one year of contributing membership service in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits.

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Lump sum death benefit payments to beneficiaries are equal to the employee's highest 12 months salary in a row during the 24 months prior to his/her death, with a minimum benefit of \$25,000 and a maximum of \$50,000.

2. Accounts Payable

Accounts payable as of June 30, 2016, were as follows:

	Vendors	Temporary Bank Overdraft	Salaries and Benefits	Total
Governmental activities:				
General	\$ 467,514	\$ -	\$ 790,504	\$ 1,258,018
Other governmental activities	83,302	1,046	5,319,421	5,403,769
Total governmental activities	\$ 550,816	\$ 1,046	\$ 6,109,925	\$ 6,661,787
Business-type activities:				
Food Service Fund	\$ 37,577	\$ -	\$ -	\$ 37,577
Total business-type activities	\$ 37,577	\$ -	\$ -	\$ 37,577

3. Unearned Revenues

The balance in unearned revenues as of June 30, 2016 for business-type activities is composed of the following:

	Unearned Revenue
Business-type activities:	
Prepaid meals	\$ 53,463
Total	\$ 53,463

4. Deferred Outflows and Inflows of Resources

The balance in deferred outflows and inflows of resources as of June 30, 2016 is composed of the following elements:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental activities		
Sales tax refunds receivable (State Public School Fund)	\$ -	\$ 8,215
Sales tax refunds receivable (Federal Grants Fund)	-	41,085
Difference between expected and actual experience	-	3,749,746
Net difference between projected and actual earnings on pension plan investments	-	4,020,674
Changes in proportion and differences between employer contributions and proportionate share of contributions	137,528	490,640
Employer contributions subsequent to the measurement date	10,397,630	-
Total	\$ 10,535,158	\$ 8,310,360

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Business-type activities		
Difference between expected and actual experience	\$ -	\$ 108,811
Net difference between projected and actual earnings on pension plan investments	343,967	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,991	14,238
Employer contributions subsequent to the measurement date	301,722	-
Total	\$ 649,680	\$ 123,049

5. 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. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$1 million per claim. The Trust has an annual aggregate limit for general liability of \$2,550,000 and an annual aggregate limit of \$2,550,000 for errors and omissions claims. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability. Workers' Compensation coverage is purchased up to the statutory limits for employees to the extent they are paid from Federal and Local funds. The State of North Carolina provides workers' compensation for employees to the extent they are paid from State funds. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Public Instruction, insuring the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million.

Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on Flood, Earthquake, Business Interruption and Extra Expense. \$10 million per occurrence is provided on Increased Cost of Construction.

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. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits up to a \$5 million lifetime limit. 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 monies at any given time of the Board's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$175,000.

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 exceeded coverage in any of the past three fiscal years.

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Notes to Financial Statements

6. Contingent Liabilities

At June 30, 2016, the Board was a defendant to various lawsuits. In the opinion of the Board's management and the Board's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Board's financial position.

The Board entered into a lease with the County of Pitt at the beginning of the 2004-2005 fiscal year. The lease covers the central office space. The agreement is for one year with payments due monthly. Monthly payments will remain constant at \$28,333, yielding an annual lease expense of \$340,000 for the office space. The lease can be renewed annually at the discretion of the Board. Rent expense for the year ended June 30, 2016 was \$340,000.

7. Operating Lease

At June 30, 2016, the Board had a lease agreement for global positioning satellite systems for school buses. This agreement requires annual payments as outlined in the following table.

<u>Year Ending June 30,</u>	<u>Payment</u>
2017	\$ 123,564
2018	123,564
2019	30,891
<u>Total</u>	<u>\$ 278,019</u>

8. Long-Term Obligations

a. Installment Purchase

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 a special third party financing arrangement by Mercedes Benz Financial Services USA LLC at total payments less than the purchase price.

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The future minimum payments of all installment purchases as of June 30, 2016 are as follows:

	Initial contract year			Totals
	FYE 2014	FYE 2015	FYE 2016	
Total buses purchased	4	9	1	14
Total purchase price	\$ 331,612	\$ 748,692	\$ 83,696	\$ 1,164,000
Total payments 2013-2014	22,238	-	-	22,238
Total payments 2014-2015	143,568	82,839	-	226,407
Total payments 2015-2016	82,903	291,507	20,924	395,334
Total payments 2016-2017	82,903	187,174	20,924	291,001
Total payments 2017-2018	-	187,174	20,924	208,098
Total payments 2018-2019	-	-	20,924	20,924
Total payments	\$ 331,612	\$ 748,694	\$ 83,696	\$ 1,164,002

b. Capital Lease

As authorized by State law [G.S. 115C-528(a)], the Board has entered into a lease agreement for four activity buses. The leasing arrangement is for four years and at the conclusion of the lease, ownership is transferred to the Board. The lease agreement qualifies as a capital lease for accounting purposes; therefore, the obligation has been recorded at the present value of the future minimum lease payments as of the date of its inception.

At June 30, 2016, assets recorded under the capital lease arrangement were as follows:

Class of property	Cost	Accumulated Depreciation	Net Book Value
Activity buses	\$ 332,147	\$ 23,414	\$ 308,733

The following is a schedule of the future minimum lease payments and the net present value of the minimum lease payments as of June 30, 2016.

Year Ending June 30,	Payment
2017	\$ 84,072
2018	84,072
Total minimum lease payments	168,144
Less: amount representing interest	3,007
Present value of the minimum lease payments	\$ 165,137

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c. 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, 2016:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental activities:					
Installment purchases	\$ 414,325	\$ 501,032	\$ 395,334	\$ 520,023	\$ 395,334
Capital lease	248,075	-	82,938	165,137	82,938
Net pension liability	10,410,270	22,566,077	-	32,976,347	-
Compensated absences	11,140,905	11,146,022	11,140,905	11,146,022	2,786,506
Total	\$ 22,213,575	\$ 34,213,131	\$ 11,619,177	\$ 44,807,529	\$ 3,264,778
Business-type activities:					
Compensated absences	\$ 247,705	\$ 246,441	\$ 247,705	\$ 246,441	\$ 61,610
Net pension liability	177,095	782,809	-	959,904	-
Total	\$ 424,800	\$ 1,029,250	\$ 247,705	\$ 1,206,345	\$ 61,610

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

C. Lease Income

The Board's leasing operations consists principally of a land rental agreement with American Tower for the use of the Board's property to erect a cellular tower. The rental agreement outlines payments through a ten year term beginning July 1, 2014 and commencing June 30, 2024, as shown in the following table:

Year Ending June 30,	
2017	\$ 18,000
2018	18,000
2019	18,000
2020	18,000
2021	18,000
Thereafter	36,000
Total	\$ 126,000

In addition to the rent, the agreement with American Tower includes a one-time payment to the Board in the amount of \$100,000 upon erection of the cellular tower. Upon commencement of the lease at June 30, 2014 American Tower will have the right to extend the agreement for each of two five year Renewal Terms.

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D. Interfund Balances and Activity

The following internal balances represent amounts to be received by the Special Revenue Fund from the School Food Service Fund as indirect cost reimbursement:

Fund	Due from other funds	Due to other funds	Net
Special revenue fund	\$ 50,195	\$ -	\$ 50,195
School food service fund	-	50,195	(50,195)
Total	\$ 50,195	\$ 50,195	\$ -

The following interfund transfers represent transfers from the State Public School Fund and the General Fund to the School Food Service Fund for administrative costs:

Fund	Transfer from	Transfer to	Net
State fund	\$ 63,893	\$ -	\$ 63,893
General fund	5,185	-	5,185
School food service fund	-	69,078	(69,078)
Total	\$ 69,078	\$ 69,078	\$ -

E. Fund Balance

The Board has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Assistant Superintendent of Finance will use resources in the following hierarchy in conjunction with and within the confines of all applicable state, federal, and local fiscal policies, laws, and regulations: state funds, federal funds, special revenue funds, Board of Education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

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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	\$	3,440,107
Less:		
Stabilization by state statute:		
Accounts receivable		38,815
Total stabilization by state statute		38,815
Restricted for school capital projects		490,455
Committed for capital projects		1,543,000
Assigned for:		
Individual schools		274,178
Subsequent years expenditures		300,838
Total assigned fund balance		575,016
Remaining Fund Balance- Unassigned	\$	792,821

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

IV. Significant Effects of Subsequent Events

General Fund Revenues

The Board reimburses Charter Schools a portion of the general fund fines, forfeitures, and local county appropriation revenues based on the number of Pitt County students enrolled in those charter schools for the respective year. For the twelve months ended June 30, 2016, the Board reimbursed various charter schools \$1,171,488 in fines, forfeitures, and local county appropriation revenues from the general fund based on the Pitt County students enrolled in those charter schools for the 2015-16 school year.

In the case of Francine Delany New School for Children, Inc. v. Asheville Board of Education, the State Supreme Court ruled that the trial court had not erred in its summary judgment for the plaintiff (Delaney) which, as a charter school, sought additional funding from the school board in the form of an equal per pupil share from the board's supplemental school tax and penal fines and forfeitures revenue. Subsequently, the General Assembly, in the 2002 Technical Corrections bill (SB 1217), section 91.1, determined that payments would not begin until July 1, 2003, and that no retroactive payments would be made prior to that date. Therefore, beginning with the fiscal year 2003-2004, the Pitt County Board

Pitt County Board of Education, North Carolina

Notes to Financial Statements

of Education must distribute any supplemental school tax revenue and fines and forfeitures revenue on an equal per-pupil basis to any charter school that has a student or students registered that are residents of that county.

The Board may be required to disburse additional general fund revenues to various charter schools in its vicinity. These payments represent a portion of general fund revenues, exclusive of fines, forfeitures, and local county appropriations, which the Board has received over the past three years. If requested to do so by a charter school with at least one enrolled student from Pitt County, the Board must make these payments to the charter schools during the upcoming fiscal year.

Management has evaluated subsequent events through December 16, 2016, the date on which the financial statements were available to be issued.



Required Supplementary Information

Pitt County Board of Education, North Carolina
Schedule of Proportionate Share of Net Pension Liability for
Teachers' and State Employees' Retirement System*
Last Three Fiscal Years

	2016	2015	2014
Board's proportion of the net pension liability (asset)	0.921%	0.903%	0.837%
Board's proportionate share of the net pension liability (asset)	\$ 33,936,251	\$ 10,587,365	\$ 9,758,714
Board's covered-employee payroll	\$ 118,144,306	\$ 112,418,528	\$ 102,954,394
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	28.72%	9.42%	9.48%
Plan fiduciary net position as a percentage of the total pension liability	94.64%	98.24%	90.60%

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

This schedule is intended to show information for ten years, and the additional years' information will be displayed as it becomes available.

Pitt County Board of Education, North Carolina
Schedule of the Board Contributions
Teachers' and State Employees' Retirement System
Last Three Fiscal Years

	2016	2015	2014
Contractually required contribution	\$ 10,699,353	\$ 10,810,204	\$ 9,758,714
Contributions in relation to the contractually required contribution	<u>10,699,353</u>	<u>10,810,204</u>	<u>9,758,714</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's cover-employee payroll	\$ 116,932,875	\$ 118,144,306	\$ 112,418,528
Contributions as a percentage of covered-employee payroll	9.15%	9.15%	8.68%

This schedule is intended to show information for ten years, and the additional years' information will be displayed as it becomes available.



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Individual Fund Schedules

Pitt County Board of Education, North Carolina
General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
For the Fiscal Year Ended June 30, 2016
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015)

Schedule 1
Page 1 of 3

	2016 Budget	2016 Actual	Positive (Negative) Variance	2015 Actual
Revenues				
Pitt County:				
Appropriation from general revenues	\$ 36,576,287	\$ 36,576,287	\$ -	\$ 35,576,287
Total	36,576,287	36,576,287	-	35,576,287
Other				
Fines and forfeitures	700,000	567,289	(132,711)	594,746
Interest	112,271	4,903	(107,368)	3,191
Miscellaneous	-	62,138	62,138	259,897
Total	812,271	634,330	(177,941)	857,834
Total revenues	37,388,558	37,210,617	(177,941)	36,434,121
Expenditures				
Instructional programs				
Regular				
Salaries and employee benefits		7,631,174		6,968,157
Purchased services		1,975,529		1,085,159
Supplies and materials		2,211,231		2,342,355
Capital outlay		62,967		4,124
Total	12,204,317	11,880,901	323,416	10,399,795
Special				
Salaries and employee benefits		839,142		833,086
Supplies and materials		-		113,043
Total	849,214	839,142	10,072	946,129
Alternative programs				
Salaries and employee benefits		266,544		248,435
Total	268,438	266,544	1,894	248,435
School leadership				
Salaries and employee benefits		5,195,865		5,942,635
Purchased services		121,002		114,698
Supplies and materials		61,665		55,325
Total	5,397,013	5,378,532	18,481	6,112,658
Co-curricular				
Salaries and employee benefits		629,712		621,912
Purchased services		312,104		290,119
Total	940,041	941,816	(1,775)	912,031

Pitt County Board of Education, North Carolina
General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
For the Fiscal Year Ended June 30, 2016
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015)

Schedule 1
Page 2 of 3

	2016 Budget	2016 Actual	Positive (Negative) Variance	2015 Actual
School based support				
Salaries and employee benefits		490,398		361,815
Purchased services		210,565		182,457
Supplies and materials		32,529		8,129
Capital outlay		-		9,141
Total	753,353	733,492	19,861	561,542
Total instructional programs	20,412,376	20,040,427	371,949	19,180,590
System wide support services				
Support and development				
Salaries and employee benefits		516,916		474,077
Purchased services		65,882		54,117
Supplies and materials		2		-
Total	586,036	582,800	3,236	528,194
Special populations				
Salaries and employee benefits		4,262		14,916
Total	4,921	4,262	659	14,916
Alternative programs				
Salaries and employee benefits		14,981		15,768
Total	15,779	14,981	798	15,768
Technology support				
Salaries and employee benefits		874,955		875,528
Purchased services		77,190		62,057
Supplies and materials		836		2,785
Total	953,336	952,981	355	940,370
Operational support				
Salaries and employee benefits		3,616,657		3,596,808
Purchased services		5,353,172		5,472,808
Supplies and materials		3,069,693		3,436,828
Capital outlay		39,986		-
Total	14,066,345	12,079,508	1,986,837	12,506,444
Financial and human resources				
Salaries and employee benefits		1,445,109		1,531,549
Purchased services		1,366,435		1,238,752
Supplies and materials		94,434		73,030
Total	2,935,288	2,905,978	29,310	2,843,331
System wide pupil support				
Salaries and employee benefits		169,261		165,143
Total	169,350	169,261	89	165,143

Pitt County Board of Education, North Carolina
General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
For the Fiscal Year Ended June 30, 2016
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015)

Schedule 1
Page 3 of 3

	2016 Budget	2016 Actual	Positive (Negative) Variance	2015 Actual
Leadership services				
Salaries and employee benefits		581,635		414,313
Purchased services		108,119		278,420
Supplies and materials		144,026		69,764
Total	833,369	833,780	(411)	762,497
Total system wide support services	19,564,424	17,543,551	2,020,873	17,776,663
Ancillary services				
Community services				
Salaries and employee benefits		14,306		24,698
Nutritional services		-		3,464
Total ancillary services	26,291	14,306	11,985	28,162
Non-programmed charges		2,327		4,454
Total non-programmed charges	2,291	2,327	(36)	4,454
Total expenditures	40,005,382	37,600,611	2,404,771	36,989,869
Revenues over (under) expenditures	(2,616,824)	(389,994)	2,226,830	(555,748)
Other financing sources (uses)				
Transfers to other funds	(5,186)	(5,185)	1	(56,781)
Fund balance appropriated	2,622,010	-	(2,622,010)	-
Total other financing sources (uses)	2,616,824	(5,185)	(2,622,009)	(56,781)
Net change in fund balance	<u>\$ -</u>	(395,179)	<u>\$ (395,179)</u>	(612,529)
Fund balances - beginning		<u>3,835,286</u>		<u>4,447,815</u>
Fund balances - ending		<u>\$ 3,440,107</u>		<u>\$ 3,835,286</u>

Pitt County Board of Education, North Carolina
Special Revenue Schedule of Revenues, Expenditures, and Changes in Fund Balance
– Budget and Actual
For the Fiscal Year Ended June 30, 2016
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015)

Schedule 2
Page 1 of 2

	2016 Budget	2016 Actual	Positive (Negative) Variance	2015 Actual
Revenues				
US Government				
ROTC	\$ 365,000	\$ 338,799	\$ (26,201)	\$ 367,640
Medicaid Administration Outreach Program	650,000	780,795	130,795	1,099,864
Total	1,015,000	1,119,594	104,594	1,467,504
State of North Carolina:				
NC Pre-K Program	2,600,000	2,666,434	66,434	2,682,426
Total	2,600,000	2,666,434	66,434	2,682,426
Other				
Sales tax	200,000	178,611	(21,389)	164,264
Tuition and fees	854,150	868,013	13,863	833,911
Interest	31,493	48,824	17,331	33,785
Indirect costs	850,000	1,137,206	287,206	1,066,979
Other local sources	1,060,275	2,781,771	1,721,496	788,857
Miscellaneous	551,028	476,907	(74,121)	520,167
Total	3,546,946	5,491,332	1,944,386	3,407,963
Total revenues	7,161,946	9,277,360	2,115,414	7,557,893
Expenditures				
Instructional programs				
Regular				
Salaries and employee benefits		892,566		1,121,445
Purchased services		199,245		26,110
Supplies and materials		1,548,829		102,100
Capital outlay		916,971		-
Total	7,104,054	3,557,611	3,546,443	1,249,655
Special				
Salaries and employee benefits		226,555		794,605
Purchased services		223,782		483,355
Supplies and materials		340,340		227,253
Total	831,826	790,677	41,149	1,505,213
Alternative programs				
Salaries and employee benefits		1,874,768		1,971,215
Purchased services		652,671		865,328
Supplies and materials		186,257		120,108
Capital outlay		-		96,593
Total	3,563,726	2,713,696	850,030	3,053,244
School leadership				
Salaries and employee benefits		904,890		117,600
Total	902,406	904,890	(2,484)	117,600
School based support				
Salaries and employee benefits		124,314		74,114
Purchased services		158,164		-
Supplies and materials		15,000		-
Total	386,858	297,478	89,380	74,114

Pitt County Board of Education, North Carolina
Special Revenue Schedule of Revenues, Expenditures, and Changes in Fund Balance
– Budget and Actual
For the Fiscal Year Ended June 30, 2016
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015)
Schedule 2
Page 2 of 2

	2016 Budget	2016 Actual	Positive (Negative) Variance	2015 Actual
Total instructional programs	12,788,870	8,264,352	4,524,518	5,999,826
System wide support services				
Support and development				
Salaries and employee benefits		41,695		67,180
Purchased services		7,500		68
Total	49,221	49,195	26	67,248
Special populations				
Purchased services		-		1,119
Total	-	-	-	1,119
Alternative Programs				
Salaries and employee benefits		33,230		-
Total	39,800	33,230	6,570	-
Operational support				
Salaries and employee benefits		484,184		46,500
Purchased services		29,621		32,627
Total	577,213	513,805	63,408	79,127
Financial and human resources				
Salaries and employee benefits		56,345		-
Purchased services		-		14,391
Total	56,354	56,345	9	14,391
Alternative Programs				
Salaries and employee benefits		18,190		-
Total	18,190	18,190	-	-
Total system wide support services	740,778	670,765	70,013	161,885
Ancillary services				
Community services				
Salaries and employee benefits		722,634		727,825
Purchased services		179,441		174,031
Supplies and materials		116,857		95,587
Capital outlay		-		20,845
Total	1,022,750	1,018,932	3,818	1,018,288
Nutritional services				
Supplies and materials		496		-
Total	496	496	-	-
Total ancillary services	1,023,246	1,019,428	3,818	1,018,288
Total expenditures	14,552,894	9,954,545	4,598,349	7,179,999
Revenues over (under) expenditures	(7,390,948)	(677,185)	6,713,763	377,894
Other financing sources (uses)				
Fund balance appropriated	7,390,948	-	(7,390,948)	-
Total other financing sources (uses)	7,390,948	-	(7,390,948)	-
Net change in fund balance	<u>\$ -</u>	(677,185)	<u>\$ (677,185)</u>	377,894
Fund balances - beginning		<u>8,859,201</u>		<u>8,481,307</u>
Fund balances - ending		<u>\$ 8,182,016</u>		<u>\$ 8,859,201</u>

Pitt County Board of Education, North Carolina
Capital Outlay Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
For the Fiscal Year Ended June 30, 2016
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015)
Schedule 3

	2016 Budget	2016 Actual	(Negative) Variance	2015 Actual
REVENUES				
State of North Carolina				
Public School Building Capital Fund- lottery	\$ 2,700,000	\$ 1,600,000	\$ (1,100,000)	\$ 1,600,000
State appropriations - buses	2,500,000	395,334	(2,104,666)	479,246
Pitt County, North Carolina				
Appropriation from County	750,000	750,000	-	750,000
Restricted portion of sales tax	800,000	895,799	95,799	856,709
Other revenues				
Unrestricted portion of sales tax	-	10,004	10,004	7,589
Other local revenue	-	132,000	132,000	-
Investment earnings	10,000	6,111	(3,889)	3,865
Total revenues	6,760,000	3,789,248	(2,970,752)	3,697,409
EXPENDITURES				
Capital outlay				
System-Wide Support Services				
Financial & Human Resources	5,000	4,749	251	5,051
Improvements to existing sites		986,536		856,709
Furniture and equipment		634,950		696,043
Buses and motor vehicles		501,032		906,163
On-behalf payment to County for repayment of debt		1,600,000		1,600,000
Total	6,633,000	3,722,518	2,910,482	4,058,915
Debt service				
Principal		478,272		563,319
Interest		1,134		-
Total debt service	1,090,000	479,406	610,594	563,319
Total expenditures	7,728,000	4,206,673	3,521,327	4,627,285
Excess of revenues over expenditures	(968,000)	(417,425)	550,575	(929,876)
Other financing sources (uses)				
Installment purchase obligations issued	-	501,032	501,032	906,163
Appropriated fund balance	968,000	-	(968,000)	-
Total other financing sources (uses)	968,000	501,032	(466,968)	906,163
Net change in fund balance	<u>\$ -</u>	83,607	<u>\$ 83,607</u>	(23,713)
Fund balances - beginning		<u>1,025,108</u>		<u>1,048,821</u>
Fund balances - ending		<u>\$ 1,108,715</u>		<u>\$ 1,025,108</u>

Pitt County Board of Education, North Carolina
Food Service Schedule of Revenues, Expenditures – Budget and Actual
For the Fiscal Year Ended June 30, 2016
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015)
Schedule 4

	2016 Budget	2016 Actual	Positive (Negative) Variance	2015 Actual
Operating revenues, food sales	\$ 3,749,351	\$ 1,788,677	\$ (1,960,674)	\$ 2,089,961
Operating expenses				
Nutritional services				
Purchase of food	6,008,788	5,242,207	766,581	5,217,924
Salaries and benefits	6,103,833	5,059,019	1,044,814	5,259,539
Indirect cost	886,531	742,881	143,650	632,474
Purchased services	153,305	70,505	82,800	31,634
Repairs and maintenance	90,446	67,812	22,634	57,736
Materials and supplies	95,398	45,701	49,697	120,864
Equipment purchases	461,699	265,315	196,384	70,301
	13,800,000	11,493,440	2,306,560	11,390,472
Total operating expenses	13,800,000	11,493,440	2,306,560	11,390,472
Operating loss	(10,050,649)	(9,704,763)	345,886	(9,300,511)
Nonoperating revenues				
Federal reimbursements	9,245,825	8,834,777	411,048	8,433,372
Federal commodities	639,937	715,499	(75,562)	622,830
State reimbursements	14,471	13,544	927	13,473
Investment earnings	8,250	25,181	(16,931)	19,757
Total nonoperating revenues	9,908,483	9,589,001	(319,482)	9,089,432
Excess of revenues over (under) expenses before other financing sources	(142,166)	(115,762)	26,404	(211,079)
Other financing sources:				
Transfers in	142,166	69,077	(73,089)	120,547
Excess of revenues and other sources over (under) expenditures	<u>\$ -</u>	(46,685)	<u>\$ (46,685)</u>	(90,532)
Reconciliation of modified accrual to full accrual basis:				
Reconciling items:				
Depreciation		(129,112)		(106,797)
Net pension liability		(782,809)		72,779
Deferred outflows-pension		(124,886)		180,827
Deferred inflows - pension		872,009		-
Capital outlay		203,605		70,301
Pension Expense		8,286		-
(Increase) decrease in inventory		14,964		(26,289)
Increase (decrease) in compensated absences payable		(1,264)		(44,985)
Change in net position (full accrual)		\$ 14,108		\$ 55,304



STATISTICAL SECTION



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Pitt County Board of Education, North Carolina Statistical Section

<u>Financial Trends:</u>	<u>Table</u>
These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.	
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Sources – Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) of the Pitt County Board of Education and Pitt County, North Carolina

Pitt County Board of Education, North Carolina
Net Position by Component – Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited
Table 1

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Government Activities										
Net investment in capital assets	\$167,696,488	\$185,280,578	\$185,712,069	\$198,747,785	\$212,609,147	\$211,406,654	\$205,455,036	\$199,405,257	\$194,348,779	\$191,040,719
Restricted	1,581,122	1,601,361	1,814,235	1,797,592	1,754,522	3,405,377	5,571,803	4,894,713	4,166,144	4,778,356
Unrestricted	(691,672)	(224,069)	2,837,169	4,208,013	2,034,524	1,498,148	(1,020,175)	(577,373)	(30,398,260)	(32,150,243)
Total governmental activities net position	\$168,585,938	\$186,657,870	\$190,363,473	\$204,753,390	\$216,398,193	\$216,310,179	\$210,006,664	\$203,722,597	\$168,116,663	\$163,668,832
Business-type activities										
Net investment in capital assets	\$ 683,543	\$ 602,417	\$ 373,392	\$ 237,031	\$ 163,925	\$ 263,965	\$ 347,130	\$ 389,330	\$ 352,833	\$ 427,325
Unrestricted	2,053,745	1,197,425	1,607,833	2,941,669	4,009,157	4,679,973	4,898,123	4,827,806	3,632,695	3,995,768
Total business-type activities net position	\$ 2,737,288	\$ 1,799,842	\$ 1,981,225	\$ 3,178,700	\$ 4,173,082	\$ 4,943,938	\$ 5,245,253	\$ 5,217,136	\$ 3,985,528	\$ 4,423,093
Primary government										
Net investment in capital assets	\$168,653,031	\$185,882,995	\$186,085,461	\$198,984,816	\$212,773,072	\$211,670,619	\$205,802,166	\$199,794,587	\$194,701,612	\$191,468,044
Restricted	1,581,122	1,601,361	1,814,235	1,797,592	1,754,522	3,405,377	5,571,803	4,894,713	4,166,144	4,778,356
Unrestricted	1,362,073	973,356	4,445,002	7,149,682	6,043,681	6,178,121	3,877,948	4,250,433	(26,765,565)	(28,154,475)
Total primary government net position	\$171,596,226	\$188,457,712	\$192,344,698	\$207,932,090	\$220,571,275	\$221,254,117	\$215,251,917	\$208,939,733	\$172,102,191	\$168,091,925

Pitt County, North Carolina
Net Position by Component – Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited
Table 2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Government Activities										
Net investment in capital assets	\$ 9,052,628	\$ 7,199,732	\$ 7,163,940	\$ 26,867,920	\$ 3,313,440	\$ (2,393,761)	\$ 2,947,086	\$ 8,363,163	\$ 7,404,524	\$ 17,210,123
Restricted	717,353	200,598	199,051	178,243	15,413,852	10,949,019	12,335,800	17,176,068	14,785,094	16,678,816
Unrestricted	30,517,987	23,707,535	33,161,453	7,602,000	(12,273,362)	(5,966,584)	9,777,730	7,074,844	11,505,169	14,575,156
Total governmental activities net position	\$ 40,287,968	\$ 31,107,865	\$ 40,524,444	\$ 34,648,163	\$ 6,453,930	\$ 2,588,674	\$ 25,060,616	\$ 32,614,075	\$ 33,694,787	\$ 48,464,095
Business-type activities										
Net investment in capital assets	\$ 2,070,609	\$ 2,170,579	\$ 2,290,354	\$ 2,821,429	\$ 2,870,867	\$ 2,901,091	\$ 3,563,524	\$ 3,770,246	\$ 3,740,050	\$ 4,187,094
Unrestricted	(689,280)	(623,834)	191,582	878,331	1,639,256	2,444,272	2,895,804	2,500,256	2,355,498	2,255,919
Total business-type activities net position	\$ 1,381,329	\$ 1,546,745	\$ 2,481,936	\$ 3,699,760	\$ 4,510,123	\$ 5,345,363	\$ 6,459,328	\$ 6,270,502	\$ 6,095,548	\$ 6,443,013
Primary government										
Net investment in capital assets	\$ 11,123,237	\$ 9,370,311	\$ 9,454,294	\$ 29,689,349	\$ 6,184,307	\$ 507,330	\$ 6,510,610	\$ 12,133,409	\$ 11,144,574	\$ 21,397,217
Restricted	717,353	200,598	199,051	178,243	15,413,852	10,949,019	12,335,800	17,176,068	14,785,094	16,678,816
Unrestricted	29,828,707	23,083,701	33,353,035	8,480,331	(10,634,106)	(3,522,312)	12,673,534	9,575,100	13,860,667	16,831,075
Total primary government net position	\$ 41,669,297	\$ 32,654,610	\$ 43,006,380	\$ 38,347,923	\$ 10,964,053	\$ 7,934,037	\$ 31,519,944	\$ 38,884,577	\$ 39,790,335	\$ 54,907,108

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2016

Pitt County Board of Education, North Carolina
Changes in Net Position – Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited
Table 3

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
Instructional programs	\$136,936,407	\$151,572,845	\$153,028,477	\$152,921,870	\$158,517,720	\$159,555,412	\$164,210,102	\$159,653,060	\$155,131,854	\$158,877,916
Supporting services	42,935,470	38,827,644	45,684,540	34,034,337	40,857,370	34,452,351	33,702,640	34,959,103	32,156,564	35,116,216
Community services	1,249,336	1,674,914	1,780,407	1,618,644	1,376,439	1,486,095	1,331,656	1,259,186	1,090,587	1,099,274
Repayment of debt issuance	-	-	-	-	-	1,183,917	1,520,868	1,520,868	2,174,016	1,600,000
Non-programmed charges	366,017	97,464	-	-	-	-	-	-	-	379,965
Interest expense	-	-	-	-	-	-	-	-	-	1,134
Unallocated depreciation expense	5,120,836	5,253,581	5,839,227	6,040,696	5,959,459	1,995,344	1,920,258	1,056,326	1,025,378	5,310,942
Total governmental activities expenses	186,608,066	197,426,448	206,332,651	194,615,547	206,710,988	198,673,119	202,685,524	198,448,543	191,578,399	202,385,447
Business-type activities:										
School food service	10,563,510	11,325,661	10,652,595	9,750,731	10,281,031	10,382,852	11,242,514	11,589,796	11,280,624	11,432,648
Total business-type activities	10,563,510	11,325,661	10,652,595	9,750,731	10,281,031	10,382,852	11,242,514	11,589,796	11,280,624	11,432,648
Total primary government expenses	\$197,171,576	\$208,752,109	\$216,985,246	\$204,366,278	\$216,992,019	\$209,055,971	\$213,928,038	\$210,038,339	\$202,859,023	\$213,818,095
Program Revenues										
Governmental activities:										
Charges for services:										
Instructional programs	\$ 1,025,893	\$ 2,205,379	\$ 1,447,987	\$ 1,554,438	\$ 1,726,004	\$ 1,733,459	\$ 1,822,983	\$ 1,862,420	\$ -	\$ -
Operating grants and contributions	143,075,907	150,060,847	152,091,106	150,188,772	151,658,750	152,115,418	153,175,541	149,552,150	158,918,373	158,180,232
Capital grants and contributions	-	-	2,762,583	1,010,240	1,358,220	1,571,664	2,414,292	1,795,949	-	3,448,614
Total governmental activities program revenues	144,101,800	152,266,226	156,301,676	152,753,450	154,742,974	155,420,541	157,412,816	153,210,519	158,918,373	161,628,846
Business-type activities:										
Charges for services	4,161,280	4,003,729	3,968,744	3,769,046	3,372,698	3,041,394	2,949,144	2,760,616	2,089,961	1,788,677
Operating grants and contributions	5,982,341	6,238,158	6,843,779	7,125,708	7,784,220	7,990,300	8,460,927	8,665,961	9,069,675	9,563,820
Total business-type activities program revenues	10,143,621	10,241,887	10,812,523	10,894,754	11,156,918	11,031,694	11,410,071	11,426,577	11,159,636	11,352,497
Total primary government program revenues	\$154,245,421	\$162,508,113	\$167,114,199	\$163,648,204	\$165,899,892	\$166,452,235	\$168,822,887	\$164,637,096	\$170,078,009	\$172,981,343
Net (Expense)/Revenue										
Governmental activities	\$ (42,506,266)	\$ (45,160,222)	\$ (50,030,975)	\$ (41,862,097)	\$ (51,968,014)	\$ (43,252,578)	\$ (45,272,708)	\$ (45,238,024)	\$ (32,660,026)	\$ (40,756,601)
Business-type activities	(419,889)	(1,083,774)	159,928	1,144,023	875,887	648,842	167,557	(163,219)	(120,988)	(80,151)
Total primary government net expense	\$ (42,926,155)	\$ (46,243,996)	\$ (49,871,047)	\$ (40,718,074)	\$ (51,092,127)	\$ (42,603,736)	\$ (45,105,151)	\$ (45,401,243)	\$ (32,781,014)	\$ (40,836,752)

Pitt County Board of Education, North Carolina
Changes in Net Position – Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited
Table 3

General Revenues and Other Changes in Net Position										
Governmental activities:										
General Revenues:										
State of North Carolina	\$ 1,802,352	\$ 3,216,760	\$ 9,962,737	\$ 2,422,494	\$ 6,676,196	\$ 612,973	\$ 1,126,016	\$ 479,380	\$ 2,653,262	\$ 2,016,258
Pitt County	39,355,715	57,212,192	41,556,054	52,447,034	55,427,237	41,412,747	35,796,133	36,743,669	37,182,996	38,921,377
Investment earnings	417,412	435,957	268,124	144,066	94,431	65,264	39,668	38,815	40,836	60,026
Other	1,035,190	1,521,081	1,967,379	1,286,887	1,526,206	1,188,902	2,125,412	1,810,662	1,206,341	2,966,880
Transfers	(172,543)	(83,775)	(17,716)	(48,467)	(111,253)	(115,322)	(118,036)	(118,569)	(120,547)	(69,078)
Total governmental activities	<u>42,438,126</u>	<u>62,302,215</u>	<u>53,736,578</u>	<u>56,252,014</u>	<u>63,612,817</u>	<u>43,164,564</u>	<u>38,969,193</u>	<u>38,953,957</u>	<u>40,962,888</u>	<u>43,895,463</u>
Business-type activities:										
General Revenues:										
Investment earnings	114,445	62,553	3,739	4,985	7,242	6,692	15,722	16,532	19,757	25,181
Transfers	172,543	83,775	17,716	48,467	111,253	115,322	118,036	118,569	120,547	69,078
Total business-type activities:	<u>286,988</u>	<u>146,328</u>	<u>21,455</u>	<u>53,452</u>	<u>118,495</u>	<u>122,014</u>	<u>133,758</u>	<u>135,101</u>	<u>140,304</u>	<u>94,259</u>
Total primary government revenues	<u>\$ 42,725,114</u>	<u>\$ 62,448,543</u>	<u>\$ 53,758,033</u>	<u>\$ 56,305,466</u>	<u>\$ 63,731,312</u>	<u>\$ 43,286,578</u>	<u>\$ 39,102,951</u>	<u>\$ 39,089,058</u>	<u>\$ 41,103,192</u>	<u>\$ 43,989,722</u>
Change in Net Position										
Governmental activities	\$ (68,140)	\$ 17,141,993	\$ 3,705,603	\$ 14,389,917	\$ 11,644,803	\$ (88,014)	\$ (6,303,515)	\$ (6,284,067)	\$ 8,302,862	\$ 3,138,862
Business-type activities	(132,901)	(937,446)	181,383	1,197,475	994,382	770,856	301,315	(28,118)	19,316	14,108
Total primary government	<u>\$ (201,041)</u>	<u>\$ 16,204,547</u>	<u>\$ 3,886,986</u>	<u>\$ 15,587,392</u>	<u>\$ 12,639,185</u>	<u>\$ 682,842</u>	<u>\$ (6,002,200)</u>	<u>\$ (6,312,185)</u>	<u>\$ 8,322,178</u>	<u>\$ 3,152,970</u>

Pitt County, North Carolina
Changes in Net Position – Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited
Table 4

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 15,101,864	\$ 18,117,235	\$ 16,716,822	\$ 16,704,353	\$ 16,768,759	\$ 19,876,656	\$ 16,297,756	\$ 18,833,804	\$ 16,508,916	\$ 14,771,511
Public safety	27,464,405	30,147,280	34,445,489	37,623,678	32,913,064	43,251,794	42,976,133	39,562,880	40,105,903	42,525,254
Economic and physical development	5,156,590	4,924,122	5,337,923	7,633,411	6,728,810	9,625,223	10,116,946	7,068,054	3,630,825	54,011
Environmental protection	245,464	248,179	259,750	267,785	245,159	230,549	200,253	216,114	186,589	285,467
Human Services	54,707,785	48,987,705	46,606,871	44,209,437	41,740,952	40,545,062	38,623,179	36,848,621	40,654,477	44,531,856
Cultural and recreation	583,843	645,517	608,328	718,401	698,384	618,966	590,667	606,785	679,571	6,649,419
Education	48,738,593	47,639,044	44,078,522	51,034,996	53,506,480	38,098,594	33,948,819	45,338,884	46,080,991	49,421,608
Interest on long term debt	5,703,750	6,931,700	4,270,139	5,870,905	6,967,304	9,001,235	6,952,420	8,605,897	10,187,055	6,444,049
Total governmental activities	157,702,294	157,640,782	152,323,844	164,062,966	159,568,912	161,248,079	149,706,173	157,081,039	158,034,327	164,683,175
Business-type activities:										
Solid Waste	6,719,860	7,714,185	6,737,540	6,809,686	7,348,253	8,361,494	7,763,554	8,357,565	8,462,330	8,375,918
Total business-type activities	6,719,860	7,714,185	6,737,540	6,809,686	7,348,253	8,361,494	7,763,554	8,357,565	8,462,330	8,375,918
Total primary government expenses	\$ 164,422,154	\$ 165,354,967	\$ 159,061,384	\$ 170,872,652	\$ 166,917,165	\$ 169,609,573	\$ 157,469,727	\$ 165,438,604	\$ 166,496,657	\$ 173,059,093
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 3,889,222	\$ 4,140,725	\$ 4,622,467	\$ 5,838,490	\$ 5,308,955	\$ 5,903,519	\$ 5,635,527	\$ 4,971,244	\$ 4,546,258	\$ 6,208,910
Public safety	8,752,760	8,484,120	8,611,068	8,631,804	9,341,259	10,237,128	9,987,128	6,607,559	7,307,031	7,606,744
Economic and physical development	3,245	3,825	115,237	165,475	584,174	183,709	168,709	59,294	569,379	47,827
Environmental protection	265,127	192,034	115,497	101,973	73,019	50,504	38,004	65,453	-	97,089
Human Services	3,134,045	5,661,649	5,927,338	6,698,097	6,323,684	5,694,120	5,169,120	4,946,415	2,345,008	4,574,034
Cultural and recreation	34,717	23,003	-	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	-	-	2,426	7,348	20,334	3,269	8,501	1,410	149,781	(5)
Public safety	25,800	283,037	120,165	100,592	56,387	263,750	228,750	2,230,832	674,984	2,156,752
Economic and physical development	293,962	788,756	2,279,470	5,218,265	4,367,361	3,764,654	3,514,654	3,759,697	4,659,192	2,679,943
Environmental protection	98,086	227,341	-	-	-	-	-	-	-	-
Human Services	30,318,848	19,540,492	21,751,026	23,191,163	21,147,178	21,157,852	20,505,352	20,465,760	28,041,057	24,299,521
Education	-	789,760	7,033,741	1,183,917	5,083,917	725,706	600,706	-	-	-
Capital grants and contributions:										
General government	-	-	235,915	268,300	207,368	-	-	-	-	-
Public safety	111,854	98,719	1,293,371	157,578	2,177	37,758	16,758	190,314	-	-
Economic and physical development	2,920,434	1,672,867	1,969,407	107,686	307,686	51,725	40,680	303,311	1,318,696	1,215,545
Environmental protection	-	-	-	769,744	126,903	96,977	65,977	-	-	-
Education	1,462,000	1,821,032	117,996	64,383	358,751	1,548,346	1,418,346	1,533,622	-	1,623,271
Cultural and recreation	37,524	-	-	-	-	-	-	-	-	-
Social services	-	-	-	-	-	-	-	19,049	-	-
Total governmental activities program revenue:	51,347,624	43,727,360	54,195,124	52,504,815	53,309,153	49,719,017	47,398,212	45,153,960	49,611,386	50,509,631

Pitt County, North Carolina
Changes in Net Position – Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited
Table 4

Business-type activities:										
Charge for services - Solid Waste	7,916,793	7,851,102	7,664,223	8,023,307	8,145,483	8,461,544	8,266,388	8,394,313	8,543,848	8,764,954
Capital grants and contributions - Solid Waste	-	-	5783	-	12,248	755,856	700,247	79,728	13,411	16,811
Total business-type activities program revenues	7,916,793	7,851,102	7,670,006	8,023,307	8,157,731	9,217,400	8,966,635	8,474,041	8,557,259	8,781,765
Total primary government program revenues	\$ 59,264,417	\$ 51,578,462	\$ 61,865,130	\$ 60,528,122	\$ 61,466,884	\$ 58,936,417	\$ 56,364,847	\$ 53,628,001	\$ 58,168,645	\$ 59,291,396
Net (Expense)/Revenue										
Governmental activities	\$ (106,354,670)	\$ (113,913,422)	\$ (98,128,720)	\$ (111,558,151)	\$ (106,259,759)	\$ (111,529,062)	\$ (102,307,961)	\$ (111,927,079)	\$ (108,422,941)	\$ (114,173,544)
Business-type activities	1,196,933	136,917	932,466	1,213,621	809,478	855,906	1,203,081	116,476	94,929	405,847
Total primary government net expense	\$ (105,157,737)	\$ (113,776,505)	\$ (97,196,254)	\$ (110,344,530)	\$ (105,450,281)	\$ (110,673,156)	\$ (101,104,880)	\$ (111,810,603)	\$ (108,328,012)	\$ (113,767,697)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 65,841,771	\$ 70,155,690	\$ 77,862,674	\$ 78,618,324	\$ 79,984,365	\$ 82,303,935	\$ 81,542,495	\$ 84,456,744	\$ 84,354,263	\$ 86,795,644
Local option sales tax	28,162,325	29,660,569	17,816,780	14,166,657	14,704,181	14,321,819	15,401,125	23,118,577	26,698,824	28,843,710
Payment in lieu of taxes and other taxes	1,683,750	1,752,849	12,164,104	11,109,775	10,655,050	10,876,593	11,493,571	2,118,654	2,186,843	2,220,734
Interest earned on investments	2,647,891	3,164,210	1,126,732	362,113	138,986	140,704	89,550	2,036,371	1,648,230	2,013,878
Loss on disposal of capital assets	-	-	-	-	(27,417,055)	-	-	-	-	(245,220)
Gain on Bond Defeasance	-	-	-	-	-	-	-	7,423,910	-	-
Total governmental activities	98,335,737	104,733,318	108,970,290	104,256,869	78,065,527	107,643,051	108,526,741	119,154,256	114,888,160	119,628,746
Business-type activities:										
Investment earnings	-	28,499	3,191	4,203	885	89	18,889	20,980	14,295	44,598
Miscellaneous	400	-	-	-	-	-	-	-	-	-
Total business-type activities:	400	28,499	3,191	4,203	885	89	18,889	20,980	14,295	44,598
Total primary government expenses	\$ 98,336,137	\$ 104,761,817	\$ 108,973,481	\$ 104,261,072	\$ 78,066,412	\$ 107,643,140	\$ 108,545,630	\$ 119,175,236	\$ 114,902,455	\$ 119,673,344
Change in Net Position										
Governmental activities	\$ (8,018,933)	\$ (9,180,104)	\$ 10,841,570	\$ (7,301,282)	\$ (28,194,232)	\$ (3,886,011)	\$ 6,218,780	\$ 7,227,177	\$ 6,465,219	\$ 5,455,202
Business-type activities	1,197,333	165,416	935,657	1,217,824	810,363	855,995	1,221,970	137,456	109,224	450,445
Total primary government	\$ (6,821,600)	\$ (9,014,688)	\$ 11,777,227	\$ (6,083,458)	\$ (27,383,869)	\$ (3,030,016)	\$ 7,440,750	\$ 7,364,633	\$ 6,574,443	\$ 5,905,647

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2016

Pitt County Board of Education, North Carolina
Fund Balances, Governmental Funds – Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited
Table 5

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted	\$ 677,446	\$ 655,314	\$ 1,699,374	\$ 2,872,643	\$ 2,273,981	\$ 1,142,341	\$ 1,196,971	\$ 645,616	\$ 102,880	\$ 529,270
Committed	2,738,203	1,684,295	1,350,000	2,720,307	2,850,000	2,982,500	1,680,399	1,606,500	1,185,496	1,543,000
Assigned	523,989	426,879	515,762	813,845	1,376,636	652,851	740,355	1,681,577	726,513	575,016
Unassigned	1,665,214	3,750,038	6,326,842	4,454,686	3,138,492	1,347,530	1,983,912	514,122	1,820,397	792,821
Total general funds	\$ 5,604,852	\$ 6,516,526	\$ 9,891,978	\$ 10,861,481	\$ 9,639,109	\$ 6,125,222	\$ 5,601,637	\$ 4,447,815	\$ 3,835,286	\$ 3,440,107
All Other Governmental Funds										
Restricted										
State statute	\$ 443,094	\$ 859,667	\$ 10,654	\$ 10,413	\$ 10,271	\$ 577,196	\$ 591,688	\$ 870,998	\$ 236,245	\$ 300,842
Grantor requirements	-	-	-	-	-	1,550,425	1,203,244	763,881	1,145,034	1,093,983
Individual schools	1,581,122	1,601,361	1,814,235	1,797,592	1,754,522	1,672,751	1,597,121	1,565,392	1,656,872	1,745,546
Subsequent years expense	-	-	-	-	-	3,032,749	5,572,273	-	-	-
Capital outlay	626,773	(29,368)	597,177	1,013,507	1,149,213	1,430,986	982,779	1,048,826	1,025,113	1,108,715
Assigned										
Subsequent years expense	-	-	-	-	-	-	-	6,846,425	7,477,919	6,787,191
Total all other governmental funds	\$ 2,650,989	\$ 2,431,660	\$ 2,422,066	\$ 2,821,512	\$ 2,914,006	\$ 8,264,107	\$ 9,947,105	\$ 11,095,522	\$ 11,541,183	11,036,277
Total governmental funds	\$ 8,255,841	\$ 8,948,186	\$ 12,314,044	\$ 13,682,993	\$ 12,553,115	\$ 14,389,329	\$ 15,548,742	\$ 15,543,337	\$ 15,376,469	\$ 14,476,384

Pitt County, North Carolina
Fund Balances, Governmental Funds – Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited
Table 6

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 10,522,315	\$ 8,344,807	\$ 6,240,357	\$ 5,948,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	24,843,730	22,873,508	23,347,347	24,967,310	-	-	-	-	-	-
Nonspendable- prepaid items	-	-	-	-	127,233	96,021	150,981	194,008	171,896	289,553
Restricted	-	-	-	-	6,310,217	6,990,076	7,872,485	9,064,048	9,826,214	11,351,974
Assigned	-	-	-	-	4,215,000	2,288,000	2,288,000	2,786,466	2,871,466	2,871,466
Unassigned	-	-	-	-	11,254,925	14,846,239	16,997,017	23,805,248	26,585,766	26,604,345
Total general fund	\$ 35,366,045	\$ 31,218,315	\$ 29,587,704	\$ 30,916,108	\$ 21,907,375	\$ 24,220,336	\$ 27,308,483	\$ 35,849,770	\$ 39,455,342	\$ 41,117,338
All Other Governmental Funds										
Reserved	\$ 2,089,756	\$ 2,731,989	\$ 2,519,607	\$ 1,937,647	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Undesignated/(deficit)										
Special revenue funds	251,477	1,312,430	1,904,621	2,041,415	-	-	-	-	-	-
Debt service funds	42,022	(8,068)	64,415	41,635	-	-	-	-	-	-
Capital projects fund	-	1,746,264	1,847,095	(159,711)	-	-	-	-	-	-
Designated for capital projects	22,495,815	9,749,419	9,331,452	-	-	-	-	-	-	-
Nonspendable- prepaid items	-	-	-	-	93,315	114,571	139,920	84,668	153,579	183,018
Restricted	-	-	-	-	30,735,482	11,867,990	14,297,247	9,921,816	8,004,372	8,667,226
Committed	-	-	-	-	11,623,127	12,407,122	7,427,612	9,822,537	7,460,390	24,130,049
Assigned	-	-	-	-	1,434,962	1,789,875	1,505,723	1,647,750	1,411,986	1,364,137
Unassigned	-	-	-	-	(1,130,273)	(975,612)	(265,605)	(2,191,980)	(246,910)	(1,089,227)
Total all other governmental funds	24,879,070	15,532,034	15,667,190	3,860,986	42,756,613	25,203,946	23,104,897	19,284,791	16,783,417	33,255,203
Total governmental funds	\$ 60,245,115	\$ 46,750,349	\$ 45,254,894	\$ 34,777,094	\$ 64,663,988	\$ 49,424,282	\$ 50,413,380	\$ 55,134,561	\$ 56,238,759	\$ 74,372,541

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2016

Note: The County of Pitt has not restated prior year fund balance to reflect the fund balance classifications as defined with GASB Statement No. 54.

Pitt County Board of Education, North Carolina
Governmental Fund Revenues – Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited
Table 7

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Federal sources:										
Federal grants, sales tax, and other	\$ 14,646,349	\$ 13,883,996	\$ 15,111,465	\$ 25,669,331	\$ 27,482,928	\$ 23,469,782	\$ 21,744,137	\$ 17,774,145	\$ 18,646,711	\$ 19,873,595
Total federal sources	14,646,349	13,883,996	15,111,465	25,669,331	27,482,928	23,469,782	21,744,137	17,774,145	18,646,711	19,873,595
State sources:										
State Public School Fund, and sales tax	117,407,905	126,700,068	128,897,874	115,410,905	115,810,969	119,738,228	123,170,760	123,106,477	129,530,622	130,494,970
Public School Building Bond Fund	2,232	-	-	-	-	-	-	-	-	-
Public School Building Lottery Fund	-	-	5,983,741	1,183,917	5,083,917	1,183,917	1,520,868	1,520,868	1,600,000	1,600,000
Public School Building Capital Fund	1,462,000	1,556,385	1,050,000	-	-	-	-	-	-	-
State Grants and other	2,675,627	3,626,208	5,929,843	4,188,352	4,553,294	3,085,209	3,692,428	2,915,735	3,161,672	3,061,767
Total state sources	121,547,764	131,882,661	141,861,458	120,783,174	125,448,180	124,007,354	128,384,056	127,543,080	134,292,294	135,156,737
Local sources:										
Pitt County	32,206,089	34,588,815	37,403,761	35,740,314	36,475,616	35,395,102	34,938,837	36,226,571	37,182,996	38,222,086
Pitt County Certificates of Participation	6,564,864	22,117,718	3,554,965	15,821,062	18,269,372	5,382,277	17,582	-	-	-
Interest earnings	417,412	435,957	268,124	144,066	94,431	65,264	39,668	38,815	40,841	60,026
Contributions and donations	8,507,703	8,230,646	7,933,918	7,318,870	6,828,191	6,695,065	6,556,842	6,643,427	6,095,524	6,245,918
Fines and forfeitures	584,762	505,659	597,328	885,658	682,249	635,368	839,714	517,098	594,746	567,290
Sales tax	176,443	170,610	166,413	228,337	296,602	271,920	279,750	248,690	171,853	223,666
Indirect cost revenues	886,850	890,306	256,828	381,698	642,187	592,243	793,803	977,807	1,066,979	1,137,206
Tuition and fees	1,025,893	1,315,073	1,191,159	1,172,740	1,083,817	1,141,216	1,029,180	884,613	833,911	868,013
Other	1,035,190	1,521,081	1,967,379	1,290,379	1,526,206	1,188,902	2,125,412	1,810,662	1,568,921	1,638,849
Total local sources	51,405,206	69,775,865	53,339,875	62,983,124	65,898,671	51,367,357	46,620,788	47,347,683	47,555,771	48,963,054
Total revenues	\$187,599,319	\$215,542,522	\$210,312,798	\$209,435,629	\$218,829,779	\$198,844,493	\$196,748,981	\$192,664,908	\$200,494,776	\$203,993,386

Pitt County, North Carolina
Governmental Fund Revenues – Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited
Table 8

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Taxes:										
Property	\$ 66,158,617	\$ 70,960,636	\$ 77,740,541	\$ 78,631,905	\$ 78,827,130	\$ 82,355,998	\$ 81,339,280	\$ 85,735,784	\$ 84,891,802	\$ 86,949,292
Sales	22,304,132	23,072,981	25,129,031	22,632,862	14,428,378	14,380,502	15,677,039	13,809,165	16,638,841	17,635,460
Other	7,541,028	8,319,157	4,918,193	2,643,570	10,930,853	10,817,910	11,217,657	11,428,066	12,246,826	13,428,984
Total taxes	96,003,777	102,352,774	107,787,765	103,908,337	104,186,361	107,554,410	108,233,976	110,973,015	113,777,469	118,013,736
Intergovernmental	41,059,040	31,479,203	38,583,757	36,282,989	38,191,288	33,859,590	32,355,138	32,239,169	36,042,326	35,140,590
Sales & Services / Permits & Fees	10,691,673	10,956,768	11,309,491	11,274,744	11,933,673	12,270,529	11,976,737	10,832,855	11,204,558	11,588,782
Interest	2,432,376	3,142,597	1,116,097	359,591	262,393	140,633	83,754	451,726	110,704	304,345
Miscellaneous	1,592,836	1,259,163	2,903,009	2,868,190	1,754,585	2,154,058	1,566,417	1,679,320	1,891,679	2,331,536
Total revenues	\$ 151,779,702	\$ 149,190,505	\$ 161,700,119	\$ 154,693,851	\$ 156,328,300	\$ 155,979,220	\$ 154,216,022	\$ 156,176,085	\$ 163,026,736	\$ 167,378,989

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2016

Pitt County Board of Education, North Carolina
Governmental Fund Expenditures and Net Change in Fund Balances
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

Unaudited
Table 9

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instructional programs:	\$ 136,504,057	\$ 151,158,306	\$ 152,680,978	\$ 152,629,359	\$ 156,793,395	\$ 154,060,936	\$ 158,240,026	\$ 154,673,342	\$ 162,239,824	\$ 166,113,909
Support services:	39,995,249	33,822,207	34,619,467	34,176,694	34,899,106	33,036,357	32,221,018	33,394,240	33,044,895	34,765,945
Ancillary services:	1,245,835	1,673,477	1,779,762	1,618,540	1,368,803	1,436,753	1,278,433	1,213,309	1,117,409	203,977
Non-programmed charges	645,933	312,788	256,828	381,698	362,735	144,066	248,936	381,863	422,898	39,657
On-behalf payment to County for repayment of debt	-	-	-	-	-	1,183,917	1,520,868	1,520,868	1,600,000	1,600,000
Debt service:										
Principal	161,677	1,489,765	2,762,583	1,010,240	1,358,220	387,747	893,424	275,081	563,319	478,272
Interest	-	-	-	-	-	-	-	-	-	1,134
Capital outlay:										
Real property and buildings	9,293,601	26,006,037	14,305,600	17,968,855	24,725,467	5,948,237	623,948	409,807	856,709	986,536
Furniture and equipment	382,648	295,142	354,928	232,603	340,678	694,944	323,693	577,331	696,043	634,960
Buses and motor vehicles	1,453,350	1,663,381	3,199,798	528,734	1,022,477	1,011,361	121,186	194,856	906,163	501,032
Total expenditures	189,682,350	216,421,103	209,959,944	208,546,723	220,870,881	197,904,318	195,471,532	192,640,697	201,447,260	205,325,422
Excess of revenue over (under) expenditures	(2,083,031)	(878,581)	352,854	888,906	(2,041,102)	940,175	1,277,449	24,211	(952,484)	(1,332,036)
Other Financing Sources (Uses)										
Installment purchase obligations issued	1,323,440	1,654,701	3,030,720	528,510	1,022,477	1,011,361	-	88,953	906,163	501,032
Other transfers in (out)	(172,543)	(83,775)	(17,716)	(48,467)	(111,253)	(115,322)	(118,036)	(118,569)	(120,547)	(69,078)
Net change in fund balances	\$ (932,134)	\$ 692,345	\$ 3,365,858	\$ 1,368,949	\$ (1,129,878)	\$ 1,836,214	\$ 1,159,413	\$ (5,405)	\$ (166,868)	\$ (900,082)
Debt service as a percentage of noncapital expenditures	0.09%	0.79%	1.44%	0.53%	0.70%	0.20%	0.46%	0.14%	0.28%	0.24%

Pitt County, North Carolina
Governmental Fund Expenditures and Net Change in Fund Balances
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited
Table 10

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	\$ 13,183,808	\$ 14,224,253	\$ 13,972,599	\$ 13,629,713	\$ 13,455,312	\$ 12,712,923	\$ 12,178,377	\$ 14,855,647	\$ 12,914,832	\$ 12,398,418
Public Safety	26,791,432	28,796,663	32,049,357	35,958,562	37,264,598	41,181,005	39,894,354	37,939,525	38,790,924	40,489,226
Environmental Protection	246,652	231,415	242,986	252,499	229,879	217,076	200,253	216,114	248,599	260,578
Economic Development	4,916,623	4,667,773	5,090,345	7,416,836	6,648,224	8,998,731	9,469,340	6,916,650	5,485,544	5,009,774
Human Services	54,364,801	48,668,953	45,042,960	42,612,499	40,327,489	39,276,818	37,486,478	37,911,830	40,505,222	43,744,551
Social Services (2)	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	583,843	645,517	608,328	718,401	698,384	618,966	590,667	606,785	679,571	664,949
Education	34,993,965	58,517,353	38,077,316	58,320,263	65,996,318	55,350,580	40,720,188	42,996,018	45,001,927	47,669,432
Capital Outlay	11,677,400	13,792,689	13,964,836	-	-	-	-	-	-	-
Debt Service:										
Principal	8,112,363	7,470,752	10,134,329	9,228,295	9,388,490	9,949,728	10,656,994	11,372,680	10,611,931	12,069,612
Interest	4,647,862	5,906,402	4,360,526	6,181,091	7,052,042	9,786,979	7,105,713	6,967,738	8,018,483	6,258,736
Total expenditures	159,518,749	182,921,770	163,543,582	174,318,159	181,060,736	178,092,806	158,302,364	159,782,987	162,257,033	168,565,276
Excess of revenue over (under) expenditures	(7,739,047)	(33,731,265)	(1,843,463)	(19,624,308)	(24,732,436)	(22,113,586)	(4,086,342)	(3,606,902)	769,703	(1,186,287)
Other Financing Sources (Uses)										
Transfers in	(13,617,578)	(16,532,170)	(17,167,904)	(16,667,575)	(8,110,548)	(10,070,906)	(18,911,293)	(18,948,152)	(22,912,919)	(23,179,553)
Transfers out	13,617,578	16,532,170	17,167,904	15,856,415	7,341,348	9,079,761	17,960,898	18,237,483	21,776,816	21,101,953
Insurance Proceeds	-	-	-	-	-	-	-	20,489	139,235	-
Bonds Issued	-	19,855,000	-	-	-	-	-	-	-	-
Payment to bondholders, bond redemption	-	-	-	-	-	-	-	(54,372,710)	-	-
Payment to refunding escrow agent	1,863,940	-	-	-	(5,040,000)	-	-	-	-	-
Payment to escrow agent, debt refunding pmt	(28,995,000)	-	-	-	-	(21,230,000)	-	-	(39,421,164)	-
Payment to escrow agent, advance interest pmt	(1,252,192)	-	-	-	-	-	-	-	-	-
Payment from escrow agent	-	-	-	-	-	-	-	61,796,620	-	-
Payment to retire revenue anticipation notes	-	-	-	-	-	-	-	-	-	-
Debt Obligation issued	59,365,000	-	348,000	36,344,145	33,994,490	26,711,977	6,025,835	1,594,353	35,135,000	19,250,000
Installment Debt Issued	-	-	-	-	-	-	-	-	893,828	877,242
Premium received from issuance of debt	-	381,491	-	47,563	-	2,383,047	-	-	4,723,699	979,187
Total other financing sources (uses)	30,981,748	20,236,491	348,000	35,580,548	28,185,290	6,873,879	5,075,440	8,328,083	334,495	19,028,829
Net change in fund balances	\$ 23,242,701	\$ (13,494,774)	\$ (1,495,463)	\$ 15,956,240	\$ 3,452,854	\$ (15,239,707)	\$ 989,098	\$ 4,721,181	\$ 1,104,198	\$ 17,842,542
Debt service as a percentage of noncapital expenditures	8.63%	7.91%	9.69%	9.35%	10.37%	12.47%	11.89%	11.83%	11.82%	11.27%

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2016

Pitt County, North Carolina
Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years
Unaudited
Table 11

Fiscal Year	Real Property				Personal Property	Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a % of Actual Value
	Residential Property	Commercial Property	Industrial Property	Present-use Value						
2007	7,084,226,847	-	-	-	1,998,812,513	105,553,248	9,188,592,608	0.71000	9,439,255,440	97.3%
2008	7,450,655,025	-	-	-	2,568,090,556	108,434,679	10,127,180,260	0.66500	10,427,180,260	97.1%
2009	9,099,185,257	-	-	-	2,587,970,546	109,424,469	11,796,580,272	0.66500	11,914,546,075	99.0%
2010	9,346,427,845	-	-	-	2,470,662,313	109,460,104	11,926,550,262	0.66500	12,045,815,765	99.0%
2011	9,652,528,904	-	-	-	2,045,396,018	105,153,588	11,803,078,510	0.66500	11,921,109,295	99.0%
2012	9,554,186,028	-	-	-	2,091,154,625	104,488,137	11,749,828,790	0.68000	11,867,327,078	99.0%
2013	9,113,031,060	-	-	-	2,266,724,289	104,234,635	11,483,989,984	0.68000	11,598,829,884	99.0%
2014	9,206,945,276	-	-	-	2,643,301,152	101,041,838	11,951,288,266	0.68000	12,070,801,149	99.0%
2015	9,410,339,621	-	-	-	2,285,610,536	103,039,401	11,798,989,558	0.68000	11,916,979,454	99.0%
2016	9,481,434,700	-	-	-	2,484,609,832	170,452,100	12,136,496,632	0.68000	12,257,861,598	99.0%

Source: Pitt County Annual County Report of Valuation and Property Tax Levies

Pitt County, North Carolina
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years
Unaudited
Table 12

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Pitt County	\$ 0.7100	\$ 0.6650	\$ 0.6650	\$ 0.6650	\$ 0.6650	\$ 0.6800	\$ 0.6800	\$ 0.6800	\$ 0.6800	\$ 0.6800
<u>Municipality Rates:</u>										
Town of Ayden	0.5200	0.5000	0.5000	0.5000	0.5000	0.5400	0.5400	0.5400	0.5400	0.5400
Town of Bethel	0.5900	0.5900	0.5900	0.5900	0.5900	0.6600	0.6600	0.6600	0.6600	0.6600
Town of Falkland	0.4500	0.4500	0.4500	0.4500	0.4500	0.4500	0.4500	0.4500	0.4500	0.4500
Town of Farmville	0.4900	0.4900	0.4900	0.4900	0.4900	0.4900	0.4900	0.4900	0.4900	0.4900
Town of Fountain	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.5875
City of Greenville	0.5600	0.5200	0.5200	0.5200	0.5200	0.5200	0.5200	0.5200	0.5300	0.5200
Town of Grifton	0.5500	0.5500	0.5500	0.6000	0.6000	0.6000	0.6000	0.6000	0.6300	0.6300
Town of Grimesland	0.4500	0.4800	0.4800	0.4800	0.4800	0.4800	0.4800	0.4800	0.4800	0.4800
Village of Simpson	0.4500	0.4500	0.4500	0.4500	0.4500	0.4500	0.4500	0.4500	0.4500	0.4500
Town of Winterville	0.4500	0.4500	0.4500	0.4500	0.4500	0.4750	0.4750	0.4750	0.4750	0.4750
<u>Fire Districts:</u>										
Ayden Fire District	0.0375	0.0375	0.0375	0.0300	0.0425	0.0475	0.0475	0.0475	0.0599	0.0599
Bell Arthur Fire District	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0885	0.0885	0.0885	0.0885
Belvoir Fire District	-	-	-	-	-	0.0189	0.0189	0.0225	0.0225	0.0225
Bethel Fire District	-	-	-	-	-	0.0675	0.0675	0.0675	0.0675	0.0675
Black Jack Fire District	0.0450	0.0540	0.0540	0.0540	0.0540	0.0640	0.0740	0.0740	0.0740	0.0740
Clarks Neck Fire District	0.0500	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450
Eastern Pines Fire District	0.0350	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
Falkland Fire District	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0800	0.0800
Farmville Fire District	0.0360	0.0360	0.0360	0.0360	0.0365	0.0389	0.0389	0.0389	0.0400	0.0500
Fountain Fire District	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0675	0.0675	0.0875
Garndersville Fire District	0.0750	0.0750	0.0750	0.0750	0.0800	0.0800	0.0940	0.0940	0.0940	0.0940
Grifton Fire District	0.0499	0.0499	0.0499	0.0499	0.0499	0.0599	0.0599	0.0599	0.0599	0.0599
Grimesland Fire District	0.0550	0.0650	0.0650	0.0650	0.0700	0.0700	0.0700	0.0700	0.0700	0.0750
Pactolus Fire District	0.0425	0.0425	0.0425	0.0425	0.0425	0.0425	0.0425	0.0625	0.0625	0.0625
Red Oak Fire District	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700
Sharp Point Fire District	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600
Simpson Fire District	0.0500	0.0500	0.0500	0.0500	0.0500	0.0650	0.0650	0.0650	0.0650	0.0650
Staton House Fire District	0.0190	0.0190	0.0190	0.0200	0.0215	0.0250	0.0275	0.0275	0.0275	0.0290
Stokes Fire District	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0700	0.0700	0.0700	0.0700
Winterville Fire District	0.0250	0.0250	0.0250	0.0250	0.0250	0.0440	0.0440	0.0440	0.0440	0.0440
EMS District	0.0400	0.0440	0.0440	0.0440	0.0440	0.0460	0.0460	0.0460	0.0460	0.0460

Source: Pitt County Tax Assessor

Note: Tax rates are based on \$100 per assessed valuation for Pitt County and all overlapping governments.

Pitt County, North Carolina
Principal Property Tax Payers – Current and Five Prior Years
Unaudited
Table 13

Taxpayer	Type of Business	Fiscal Year 2016			Fiscal Year 2015			Fiscal Year 2014			Fiscal Year 2013			Fiscal Year 2012			Fiscal Year 2011		
		Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Patheon Manufacturing Services, LLC.	Manufacturer	\$ 249,654,598	1	2.12%	\$ 222,254,063	1	1.88%	\$ 216,120,211	1	1.88%	\$ 212,764,918	2	1.80%	\$ 136,653,968	2	0.00%	\$ 211,430,150	2	0.00%
DSM Dyneema, LLC	Manufacturer	181,014,354	2	1.53%	187,370,888	2	1.59%	195,205,363	2	1.70%	243,042,824	1	2.23%	251,195,207	1	0.00%	262,018,187	1	0.00%
Attends Healthcare	Manufacturer	89,078,952	3	0.75%	90,970,829	3	0.77%	72,835,039	5	0.63%	72,760,202	3	0.44%	49,028,757	5	0.00%	51,509,574	5	0.00%
Asmo	Manufacturer	80,326,401	4	0.68%	77,101,007	4	0.65%	73,499,068	4	0.64%	54,232,103	4	0.48%	52,427,361	4	0.00%	56,196,982	4	0.00%
Pep Core NCC LLC (I&II)	Apartments	57,603,990	5	0.49%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Wal Mart Real Estate Business Trust	Retail	50,710,681	6	0.43%	29,272,633	9	0.25%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Weyerhaeuser Company	Manufacturer	49,090,486	7	0.42%	49,828,654	5	0.42%	75,769,394	3	0.66%	46,665,251	5	0.40%	47,836,270	6	0.00%	46,966,121	6	0.00%
RPI Greenville Mall, LP	Mall	44,614,187	8	0.38%	40,428,933	7	0.34%	40,428,933	7	0.35%	40,480,296	6	0.36%	39,833,585	7	0.00%	41,858,620	9	0.00%
Copper Beach Townhome Comm	Apartments	37,505,180	9	0.32%	34,605,790	8	0.29%	34,605,790	8	0.30%	34,605,790	7	0.37%	34,605,790	8	0.00%	43,156,107	8	0.00%
Carolina Telephone	Communications	36,161,505	10	0.31%	41,254,220	6	0.35%	46,460,620	6	0.40%	28,638,317	10	0.49%	54,425,412	3	0.00%	57,728,335	3	0.00%
PL Greenville LP (Bellamy)	Apartments	-	-	0.00%	29,073,633	10	0.25%	29,073,633	9	0.25%	29,073,633	8	0.34%	29,073,633	9	0.00%	39,542,426	10	0.00%
DSM Biomedical, Inc.	Manufacturer	-	-	0.00%	-	-	0.00%	28,213,772	10	0.25%	-	-	0.00%	-	-	0.00%	-	-	0.00%
USCOC of Greater NC LLC	Communications	-	-	0.00%	-	-	0.00%	-	-	0.00%	28,776,812	9	0.00%	-	-	0.00%	-	-	0.00%
North Campus Crossing LLC	Apartments	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.39%	23,978,251	10	0.00%	45,418,511	7	0.00%
NACCO	Manufacturer	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Corridor Greenville (The Exchange)	Apartments	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Totals		\$ 875,760,334		6.80%	\$ 802,160,650		6.80%	\$ 812,211,823		7.06%	\$ 791,040,146		7.28%	\$ 719,058,234		0.00%	\$ 855,825,013		0.00%

Source: Pitt County Tax Assessor

Note: The principal property tax payers is presented for the current period and the prior five years. Information prior to this timeframe is not available.

Pitt County, North Carolina
Property Tax Levies and Collections – Last Ten Fiscal Years
Unaudited
Table 14

Fiscal Year	Taxes Levied for the Fiscal Year(Original Levy)	Adjustments	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy			Collections for Years	Total Amount Collected	Total Percentage Collected
				Total Amount	Percentage of Original Levy	Percentage of Adjusted Levy			
2007	62,756,579	1,580,524	64,337,103	60,454,677	96.33%	93.97%	2,661,557	63,116,234	100.00%
2008	70,118,338	713,268	70,831,606	67,321,263	96.01%	95.04%	1,838,681	69,159,944	98.63%
2009	77,210,700	(68,103)	77,142,597	73,335,531	94.98%	95.06%	2,116,311	75,451,842	97.72%
2010	76,839,904	67,981	76,907,075	73,447,355	95.58%	95.50%	2,207,767	75,650,122	98.45%
2011	77,149,471	(1,265,750)	75,883,721	72,098,919	93.45%	95.01%	2,341,016	74,439,935	96.49%
2012	78,720,265	(282,444)	78,437,821	74,447,693	94.57%	94.91%	2,615,285	77,062,978	97.89%
2013	77,910,953	(685,609)	77,225,344	73,415,329	94.23%	95.07%	2,116,475	75,531,804	96.95%
2014	81,273,137	(437,679)	80,835,458	78,657,337	96.78%	97.31%	2,018,752	80,676,089	99.27%
2015	80,239,327	(610,817)	79,628,510	77,964,973	97.17%	97.91%	1,668,821	79,633,794	99.25%
2016	82,109,809	93,722	82,203,531	80,665,237	98.24%	98.13%	1,099,227	81,764,464	99.58%

Source: Audited financial reports of Pitt County Government and Pitt County's Tax Assessor and Tax Collector.

Note: The presentation of this schedule includes data from the county-wide property tax levy only. Levy pertaining to the Industrial Development Commission (component unit) is reported in the original levy but reflected separately in the Financial Statements.

Pitt County, North Carolina
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years
Unaudited
Table 15

Fiscal Year	Governmental Activities					Business-type Activities			Total Primary Government	Per Capita	Percentage of Personal Income
	General Obligation Bonds	COPs	LOBs	QSCBs	Notes Payable	General Obligation Bonds	Revenue Bonds	Installment Loans			
2007	3,295,000	116,115,000	-	-	4,496,096	800,000	-	-	124,706,096	852	2.75%
2008	2,340,000	130,195,000	-	-	5,133,440	600,000	-	-	138,268,440	910	2.77%
2009	1,080,000	123,645,000	-	-	4,866,253	400,000	-	-	129,991,253	835	2.47%
2010	-	151,335,000	-	-	3,946,052	200,000	-	-	155,481,052	980	2.88%
2011	-	105,330,000	59,835,000	5,962,500	3,953,949	-	-	-	175,081,449	1,034	3.12%
2012	-	98,860,000	57,450,000	5,602,353	8,691,345	-	-	-	170,603,698	1,002	2.77%
2013	-	92,715,000	54,705,000	5,252,206	11,761,922	-	-	-	164,434,128	953	2.76%
2014	-	86,225,000	51,965,000	4,902,059	13,089,040	-	-	-	156,181,099	898	2.52%
2015	-	43,210,000	84,365,000	4,551,912	12,140,084	-	-	-	144,266,996	827	N/A
2016	19,250,000	37,875,000	80,310,000	4,201,765	10,687,861	-	-	-	152,324,626	868	N/A

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2016

Note: N/A = not available

Pitt County, North Carolina
Ratios of Net General Bonded Debt Outstanding – Last Ten Fiscal Years
Unaudited
Table 16

Fiscal Year	General Bonded Debt Outstanding			Percentage of Personal Income	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
2007	4,095,000	-	4,095,000	0.09%	0.0446%	28
2008	2,940,000	-	2,940,000	0.06%	0.0290%	19
2009	1,480,000	-	1,480,000	0.03%	0.0125%	10
2010	200,000	-	200,000	0.00%	0.0017%	1
2011	-	-	-	0.00%	0.0000%	0
2012	-	-	-	0.00%	0.0000%	0
2013	-	-	-	0.00%	0.0000%	0
2014	-	-	-	0.00%	0.0000%	0
2015	-	-	-	N/A	0.0000%	0
2016	19,250,000	-	19,250,000	N/A	0.0000%	0

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2016

Note: N/A = not available

Pitt County, North Carolina
Legal Debt Margin Information – Last Ten Fiscal Years
(dollars in thousands)
Unaudited
Table 17

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed Value of Property	\$ 9,188,593	\$ 10,127,180	\$ 11,796,580	\$ 11,926,550	\$ 11,803,079	\$ 11,749,829	\$ 11,483,990	\$ 11,951,288	\$ 11,798,990	\$ 12,136,497
Debt Limit, 8% of Assessed Value (Statutory Limitation)	735,087	810,174	943,726	954,124	944,246	939,986	918,719	956,103	943,919	970,920
Amount of Debt Applicable to Limit										
Gross debt	124,706	138,268	129,991	155,481	175,071	170,604	164,434	156,181	144,267	152,325
Less: Amount available for repayment of general obligation bond:	-	-	-	-	-	-	-	-	-	-
Debt outstanding serviced by Enterprise Fund (solid waste)	800	600	400	200	-	-	-	-	-	-
Revenue bonds	116,115	130,195	123,645	151,335	105,330	98,860	92,715	86,225	43,210	37,875
Total net debt applicable to limit	7,791	7,473	5,946	3,946	69,741	71,744	71,719	69,956	101,057	114,450
Legal Debt Margin	\$ 727,296	\$ 802,701	\$ 937,780	\$ 950,178	\$ 874,505	\$ 868,242	\$ 847,000	\$ 886,147	\$ 842,862	\$ 856,470
Total net debt applicable to the limit as a percentage of debt limit	1.06%	0.92%	0.63%	0.41%	7.39%	7.63%	7.81%	7.32%	10.71%	11.79%

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2016

Pitt County Board of Education, North Carolina
Outstanding Debt – Installment Purchase Agreements Future Minimum Payments
Unaudited
Table 18

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 a special third party financing arrangement with State approved vendors at total payments less than the purchase price. The future minimum payments of all installment purchases as of June 30, 2016 are as follows:

	Initial contract year			Totals
	FYE 2014	FYE 2015	FYE 2016	
Total buses purchased	4	9	1	14
Total purchase price	\$ 331,612	\$ 748,692	\$ 83,696	\$ 1,164,000
Total payments 2013-2014	22,238	-	-	22,238
Total payments 2014-2015	143,568	82,839	-	226,407
Total payments 2015-2016	82,903	291,507	20,924	395,334
Total payments 2016-2017	82,903	187,174	20,924	291,001
Total payments 2017-2018	-	187,174	20,924	208,098
Total payments 2018-2019	-	-	20,924	20,924
Total payments	\$ 331,612	\$ 748,694	\$ 83,696	\$ 1,164,002

Pitt County Board of Education, North Carolina
Long-Term Debt Obligations; Installment Purchase Agreements – Last Ten Fiscal Years
Unaudited
Table 19

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Installment purchases:										
Beginning balance	\$ 161,678	\$ 1,323,441	\$ 1,324,830	\$ 1,592,967	\$ 1,111,237	\$ 775,494	\$ 1,399,108	\$ 505,684	\$ 319,556	\$ 414,325
Increase	1,323,440	1,491,154	3,030,720	528,510	1,022,477	1,011,361	-	88,953	574,016	501,032
Decrease	(161,677)	(1,489,765)	(2,762,583)	(1,010,240)	(1,358,220)	(387,747)	(893,424)	(275,081)	(479,247)	(395,334)
Ending Balance	<u>\$ 1,323,441</u>	<u>\$ 1,324,830</u>	<u>\$ 1,592,967</u>	<u>\$ 1,111,237</u>	<u>\$ 775,494</u>	<u>\$ 1,399,108</u>	<u>\$ 505,684</u>	<u>\$ 319,556</u>	<u>\$ 414,325</u>	<u>\$ 520,023</u>
Debt outstanding as % of personal income	0.029%	0.027%	0.030%	0.021%	0.014%	0.023%	N/A	N/A	N/A	N/A

Note: N/A = Information not yet available

Pitt County, North Carolina
Principal Employers – Most Current Year and Nine Years Ago
Unaudited
Table 20

	2015-2016			2006-2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Vidant Medical Center	6,560	1	7.44%	6,297	1	4.40%
East Carolina University	5,750	2	6.52%	4,936	2	3.45%
Pitt County Public Schools	3,650	3	4.14%	2,940	3	2.05%
NACCO Material Handling Group	1,173	4	1.33%	1,200	4	0.84%
City of Greenville	1,132	9	1.28%	704	9	0.49%
Pitt Community College	1,100	5	1.25%	850	8	0.59%
Patheon, Inc.	1,040	7	1.18%			
County of Pitt	901	6	1.02%	865	6	0.60%
Alliance One International	850	8	0.96%	850	7	0.50%
ASMO	624	10	0.01%	535	10	0.37%
DSM Pharmaceuticals				1,200	5	0.84%

Pitt County Board of Education, North Carolina
Full-Time-Equivalent District Employees by Type – Last Ten Fiscal Years
Unaudited
Table 21

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Percent Change 2007-2016
Supervisory											
Senior Administrators	16	17	19	19	13	15	17	16	16	15	-6.25%
Principals	34	33	33	33	33	33	34	33	32	35	2.94%
Assistant Principals	44	41	44	41	41	39	42	46	48	44	0.00%
Total Supervisory	94	91	96	93	87	87	93	95	96	94	0.00%
Instruction											
Elementary Teachers	723	732	746	704	715	736	733	748	745	732	1.24%
Secondary Teachers	383	389	383	372	370	369	361	353	357	362	-5.48%
Other Teachers	452	483	471	477	472	443	455	445	460	467	3.32%
Teacher Assistants	483	493	506	459	465	399	425	414	409	392	-18.84%
Total Instructional	2,041	2,097	2,106	2,012	2,022	1,947	1,974	1,960	1,971	1,953	-4.31%
Student Services											
Guidance	71	72	70	67	64	64	65	69	68	68	-4.23%
Psychological	12	13	24	24	15	13	14	10	7	8	-33.33%
Librarians	35	35	37	36	35	34	35	33	34	35	0.00%
Other Professionals	61	63	79	78	82	81	82	83	76	74	21.31%
Total Student Services	179	183	210	205	196	192	196	195	185	185	3.35%
Support and Administration											
Technicians	9	11	13	13	10	10	14	14	14	14	55.56%
Clerical, Secretarial	149	156	161	153	160	157	162	158	162	158	6.04%
Service Workers	346	352	458	429	316	299	310	301	329	325	-6.07%
Skilled Crafts	43	44	42	42	42	42	45	43	42	43	0.00%
Laborers, Unskilled	22	21	25	23	22	20	20	23	21	19	-13.64%
Total Support and Admin	569	584	699	660	550	528	551	539	568	559	-1.76%
Total	2,883	2,955	3,111	2,970	2,855	2,754	2,814	2,789	2,820	2,791	-3.19%

Source: North Carolina Public Schools, Statistical Profile
Pitt County Board of Education Finance department

Pitt County, North Carolina
Full-Time-Equivalent County Government Employees by Function – Last Ten Fiscal Years
Unaudited
Table 22

Function/Program	Full-time Equivalent Employees as of June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	142.50	142.00	144.00	143.50	138.00	128.60	123.00	123.00	122.00	121.50
Public safety	321.50	326.56	372.00	399.75	426.50	383.50	382.50	389.00	393.25	406.38
Social services	225.00	227.00	232.00	234.00	229.00	233.30	226.30	258.00	259.00	271.50
Economic and physical development	18.60	18.60	19.10	21.35	20.35	39.35	30.60	30.60	24.35	23.98
Environmental protection	21.00	21.50	21.50	21.75	21.75	22.25	25.25	26.25	26.25	27.00
Health	124.60	129.10	131.90	137.90	138.90	130.55	120.65	119.65	121.65	125.40
Mental health	21.25	-	-	-	-	-	-	-	-	-
Veteran's Services	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00
Total	876.45	866.76	922.50	960.25	976.50	939.55	910.30	948.50	949.50	978.76

Source: Pitt County Financial Services Department

Note: This schedule represents number of persons employed as of June 30 of each year.
 Full time personnel work 2,080 hours per year (less vacation and sick leave).

Pitt County Board of Education, North Carolina
Pupils in Membership by Ethnic Origin and Sex – Last Ten Fiscal Years
Unaudited
Table 23

Year Ended June 30,	American Indian			Hawaiian Pacific			Asian			Hispanic			Black			White			Multi-Racial			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
2007	11	16	27	5	-	5	133	127	260	619	554	1,173	5,498	5,424	10,922	4,738	4,343	9,081	321	326	647	11,325	10,790	22,115
2008	17	17	34	6	1	7	143	133	276	709	665	1,374	5,605	5,544	11,149	4,748	4,348	9,096	327	334	661	11,555	11,042	22,597
2009	16	21	37	7	2	9	170	161	331	891	816	1,707	5,757	5,661	11,418	4,750	4,316	9,066	336	341	677	11,927	11,318	23,245
2010	18	25	43	6	2	8	167	151	318	904	829	1,733	5,687	5,616	11,303	4,616	4,342	8,958	332	338	670	11,730	11,303	23,033
2011	24	25	49	7	2	9	182	156	338	939	855	1,794	5,768	5,596	11,364	4,732	4,315	9,047	337	337	674	11,989	11,286	23,275
2012	28	27	55	7	1	8	158	144	302	1,083	1,060	2,143	5,722	5,565	11,287	4,735	4,222	8,957	320	311	631	12,053	11,330	23,383
2013	27	21	48	5	3	8	153	155	308	1,183	1,126	2,309	5,730	5,503	11,233	4,687	4,201	8,888	349	355	704	12,134	11,364	23,498
2014	24	25	49	15	3	18	174	165	339	1,328	1,227	2,555	5,731	5,619	11,350	4,571	4,188	8,759	400	404	804	12,243	11,631	23,874
2015	25	26	51	7	6	13	156	186	342	1,310	1,246	2,556	5,815	5,610	11,425	4,581	4,069	8,650	417	387	804	12,311	11,530	23,841
2016	23	26	49	5	6	11	168	180	348	1,337	1,272	2,609	5,744	5,571	11,315	4,402	3,924	8,326	428	388	816	12,107	11,367	23,474

Source: North Carolina Public Schools, Statistical Profile
Pitt County Board of Education Student Services department

Note: This schedule represents school membership reported by race/ethnic origin as of the end of the first school month which is the only month this data is collected. These figures should not be confused with average daily membership (ADM).

Pitt County Board of Education, North Carolina
Teacher Salaries – Last Ten Fiscal Years
Unaudited
Table 24

Fiscal Year	Minimum	Maximum	Average
2007	28,510	63,910	37,993
2008	29,750	66,690	39,513
2009	30,430	67,250	40,698
2010	30,430	67,250	40,698
2011	30,430	67,250	40,698
2012	30,430	67,250	40,698
2013	30,800	68,050	41,186
2014	30,800	68,050	41,186
2015	33,000	69,452	43,342
2016	35,000	66,000	44,299

Source: Pitt County Board of Education Finance department
State of North Carolina teacher salary schedule

Note: Teacher salary information presented above does not include
North Carolina longevity for years of service or locally paid
teacher supplement

Pitt County, North Carolina
Demographic and Economic Statistics – Last Ten Calendar Years
Unaudited
Table 25

Calendar Year	Population (a)	Personal Income (thousands of dollars) (b)	Per Capita Personal Income (b)	Public School Enrollment(c)	Unemployment Rate (d)
2007	146,398	4,535,996	30,984	22,170	5.1%
2008	151,996	4,996,717	32,874	22,592	6.6%
2009	155,607	5,263,078	33,089	22,859	10.3%
2010	158,575	5,400,169	32,001	22,342	10.1%
2011	169,378	5,620,218	32,841	22,750	10.8%
2012	170,263	6,167,597	35,743	22,825	9.6%
2013	172,569	5,965,589	34,216	22,981	6.5%
2014	173,938	6,209,314	35,410	23,369	6.3%
2015	174,424	N/A	N/A	23,613	N/A
2016	175,532	N/A	N/A	23,239	N/A

Sources: (a) Provided by the North Carolina Office of State Budget and Management.
(b) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year
(c) N.C. Department of Public Instruction, Final Month Average Daily Membership
(d) N. C. Employment Security Commission, Annual Average for prior calendar year.

Note: N/A = Information not yet available

Pitt County Board of Education, North Carolina
Operating Statistics – Last Ten Fiscal Years
Unaudited
Table 26

Fiscal Year	Final ADM(a)	Percentage Change in Final ADM	Operating Expenditures	Cost per Pupil	State Average(b)	Teaching Staff(b)	Pupil-Teacher Ratio	Students Receiving Free or Reduced Meals	Transportation of Pupils- Public School Buses Number of Student Riders(b)	Transportation of Pupils- Public School Buses Number of Miles Transported(b)
2007	22,170	1.12%	180,702,641	8,151	8,017	1,558	14.23	11,789	11,620	2,441,977
2008	22,592	1.90%	191,571,797	8,480	8,522	1,604	14.08	11,611	11,758	2,660,041
2009	22,859	1.18%	195,031,169	8,532	8,663	1,600	14.29	11,868	12,406	2,521,883
2010	22,342	-2.26%	192,231,749	8,604	8,451	1,553	14.39	11,692	12,508	2,417,624
2011	22,750	1.83%	198,192,029	8,712	8,414	1,557	14.61	13,612	12,656	2,613,766
2012	22,825	0.33%	192,671,875	8,441	8,436	1,548	14.74	13,908	12,712	2,706,317
2013	22,981	0.68%	197,491,879	8,594	8,514	1,549	14.84	13,828	12,739	2,687,564
2014	23,369	1.69%	194,852,475	8,338	8,605	1,546	15.12	14,020	12,803	2,714,440
2015	23,613	1.04%	208,668,969	8,837	8,776	1,562	15.12	13,945	12,848	2,701,919
2016	23,239	-1.58%	213,035,552	9,167	8,776	1,561	14.89	14,848	12,778	2,853,792

Source: (a) North Carolina Public Schools, Statistical Report final ADM
Pitt County Board of Education Student Services department
(b) North Carolina Public Schools, Statistical Profile
Pitt County Board of Education Finance department

Note: Operating expenditures exclude individual schools and capital outlay

Pitt County Board of Education, North Carolina
Governmental and Proprietary Funds Expenditures by Function – Last Ten Fiscal Years
Unaudited
Table 27

Fiscal Year Ended June 30	Instructional Programs	Supporting Services	Ancillary Services	Non- Programmed Charges	Capital Outlay	Child Nutrition	Debt Service	Total
2007	128,090,437	39,995,249	1,245,835	645,933	11,129,599	10,563,510	161,677	191,832,240
2008	142,947,899	33,822,207	1,673,477	312,788	27,964,560	11,325,661	1,489,765	219,536,357
2009	144,959,934	34,619,467	1,779,762	256,828	17,860,326	10,652,595	2,762,583	212,891,495
2010	145,293,846	34,176,694	1,618,540	381,698	18,730,192	9,750,731	1,010,240	210,961,941
2011	149,922,134	34,899,106	1,368,803	362,735	26,088,622	10,281,031	1,358,220	224,280,651
2012	147,284,100	33,036,357	1,436,753	144,066	7,654,542	10,382,852	387,747	200,326,417
2013	151,607,554	32,221,018	1,278,433	248,936	1,068,827	11,242,514	893,424	198,560,706
2014	147,998,186	33,394,240	1,213,309	381,863	1,181,994	11,589,796	275,081	196,034,469
2015	162,239,824	33,044,895	1,117,409	422,898	2,458,915	11,280,624	563,319	211,127,884
2016	166,113,909	33,509,105	1,103,977	396,507	2,122,518	11,432,648	479,406	215,158,070

Note: Excludes individual schools

Pitt County Board of Education, North Carolina
Food Service Revenues – Last Ten Fiscal Years
Unaudited
Table 28

Fiscal Year	Operating Revenue	Nonoperating Revenue				Total Revenues	Revenue per Pupil
	Food Sales	Federal Reimbursements	Federal Commodities	State Reimbursements	Investment Earnings		
2007	4,161,280	5,458,999	453,702	69,640	114,445	10,258,066	463
2008	4,003,729	5,573,948	497,169	167,041	62,553	10,304,440	456
2009	3,968,744	6,118,475	489,030	236,274	3,739	10,816,262	473
2010	3,769,046	6,581,554	486,218	57,936	4,985	10,899,739	488
2011	3,372,698	7,072,537	650,429	61,254	7,242	11,164,160	491
2012	3,041,394	7,459,459	519,103	11,738	6,692	11,038,386	484
2013	2,949,144	7,884,280	562,321	14,326	15,722	11,425,793	497
2014	2,760,616	8,032,470	618,432	15,059	16,532	11,443,109	490
2015	2,089,961	8,433,372	622,830	13,473	19,757	11,179,393	473
2016	1,788,677	8,834,777	715,499	13,544	25,181	11,377,678	490

Source: Pitt County Board of Education Finance department

Pitt County Board of Education, North Carolina
Food Service Revenues Rates – For the Current Fiscal Year
Unaudited
Table 29

Revenue Source	Rates per Person										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Student Meals											
Breakfast Paid	\$0.75	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Breakfast Reduced	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	-	-
Lunch Paid	1.75	2.00	2.00	2.00	2.00	2.25	2.25	2.25	2.25	2.25	2.25
Lunch Reduced	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Catered Meals											
Entree excluding prime rib	6.00 - 8.50	6.00 - 8.50	6.00 - 8.50	6.00 - 8.50	6.00 - 8.50	7.00 - 8.50	7.00 - 8.50	7.00 - 8.50	7.00 - 8.50	7.00 - 8.50	7.00 - 8.50
Prime rib entrée	10.50 - 12.50	10.50 - 12.50	10.50 - 12.50	10.50 - 12.50	10.50 - 12.50	10.50 - 12.50	10.50 - 12.50	10.50 - 12.50	10.50 - 12.50	10.50 - 12.50	10.50 - 12.50
Entrée accompaniments (choice of two)	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75
Dessert (choice of one)	0.50	0.50	0.50	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00
Beverage	1.00	1.00	1.00	1.00	.50 - 1.25	.50 - 1.25	.50 - 1.25	.50 - 1.25	.50 - 1.25	.50 - 1.25	.50 - 1.25
Catered Reception and Snack Menu											
Heavy Hors D'oeuvres	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sweet and salty	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Fruit and vegetables	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Beverage	0.50	0.50	0.50	0.50	0.50	.50 - 1.25	.50 - 1.25	.50 - 1.25	.50 - 1.25	.50 - 1.25	.50 - 1.25
Catered Breakfast											
Entrée	3.50 - 4.50	3.50 - 4.50	3.50 - 4.50	3.50 - 4.50	3.50 - 4.50	4.50	4.50	4.50	4.50	4.50	4.50
Accompaniments (choice of two)	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75
Pastries	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Beverage	0.60	0.60	0.60	0.60	0.60	.50 - 1.25	.50 - 1.25	.50 - 1.25	.50 - 1.25	.50 - 1.25	.50 - 1.25

Source: Pitt County Schools Food Service department

Pitt County Board of Education, North Carolina
School Building Information – For the Current Fiscal Year
Unaudited
Table 30

<u>School</u>	<u>Square Feet(a)</u>	<u>Modular Classrooms</u>	<u>Capacity</u>	<u>Enrollment(b)</u>	<u>% of Capacity</u>
Elementary					
Ayden	79,976	0	742	685	92.32%
Belvoir	59,302	2	528	482	91.29
Bethel	78,617	0	620	293	47.26
Chicod	101,133	1	798	905	113.41
Creekside	85,633	6	617	631	102.27
Eastern	88,871	0	742	705	95.01
Elmhurst	45,581	0	418	380	90.91
Falkland	43,732	4	418	395	94.50
G.R. Whitfield	82,490	1	610	488	80.00
Grifton	66,927	3	480	491	102.29
H.B. Sugg	73,783	0	514	413	80.35
Northwest	85,633	0	616	381	61.85
Pactolus	74,642	2	657	577	87.82
Ridgewood	94,834	3	742	698	94.07
Lakeforest	94,848	0	742	783	105.53
Sadie Saulter	70,278	0	0	0	0.00
Sam Bundy	55,682	0	521	396	76.01
South Greenville	49,604	4	460	507	110.22
Stokes	47,266	0	313	254	81.15
Wahl-Coates	60,233	5	460	387	84.13
W.H. Robinson	75,097	0	737	518	70.28
Wintergreen Intermediate	91,012	0	823	741	90.04
Wintergreen Primary	89,151	2	713	779	109.26
Middle					
A.G. Cox	93,547	6	800	787	98.38
Ayden	65,473	1	478	322	67.36
C.M. Eppes	111,723	1	712	554	77.81
E.B. Aycock	118,198	0	878	729	83.03
Farmville	82,350	0	790	637	80.63
Hope	111,315	0	810	717	88.52
Wellcome	75,724	0	654	423	64.68
High School					
Ayden Grifton	127,616	4	680	717	105.44
D.H. Conley	211,236	3	1,449	1,628	112.35
Early College	7,300	1	161	74	45.96
Farmville Central	147,703	0	980	756	77.14
J.H. Rose	269,358	0	1,764	1,494	84.69
North Pitt	174,090	1	1,197	916	76.52
South Central	249,828	0	1,512	1,663	109.99
	<u>3,539,786</u>	<u>50</u>	<u>26,136</u>	<u>23,306</u>	<u>89.17</u>

The above table represents the current fiscal year and differences with other fiscal years prevent a comparable analysis. Therefore, ten years of data is not presented.

Source: (a) Hite Associates architecture



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COMPLIANCE SECTION



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**INDEPENDENT AUDITOR'S 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**

To the Board of Education
Pitt County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pitt County Board of Education, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprises the Pitt County Board of Education's basic financial statements, and have issued our report thereon dated December 16, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Pitt County Board of Education's internal control over financial reporting (internal control) to determine the 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 Pitt County Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pitt County Board of Education's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Carri Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
December 16, 2016



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
FEDERAL MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB UNIFORM GUIDANCE AND THE STATE
SINGLE AUDIT IMPLEMENTATION ACT**

To the Board of Education
Pitt County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Pitt County Board of Education, North Carolina, 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 the Pitt County Board of Education's major federal programs for the year ended June 30, 2016. The Pitt County 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Pitt County Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. 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. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Pitt County Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Pitt County Board of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, the Pitt County 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, 2016.

Report on Internal Control Over Compliance

Management of the Pitt County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Pitt County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Pitt County Board of Education's 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 the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Carri Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
December 16, 2016



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Board of Education
Pitt County, North Carolina

Report on Compliance for Each Major State Program

We have audited the Pitt County Board of Education, North Carolina, 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 the Pitt County Board of Education's major state programs for the year ended June 30, 2016. The Pitt County Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Pitt County Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. 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 applicable sections of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Pitt County Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Pitt County Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Pitt County 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, 2016.

Report on Internal Control Over Compliance

Management of the Pitt County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Pitt County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Pitt County Board of Education's internal control over compliance.

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

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

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

Carri Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
December 16, 2016

**Pitt County Board of Education, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016**

Section I Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(s) identified that are not considered to be material weaknesses _____ Yes X None Reported

Noncompliance material to financial statements noted _____ Yes X No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(s) identified that are not considered to be material weaknesses _____ Yes X None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified for all federal programs

Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR Part 200 _____ Yes X No

Identification of major federal programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.553, 10.555, 10.565, 10.556-CL	Child Nutrition Cluster
84.413	ARRA - Race To The Top - Wireless Infrastructure
84.010	Title I - Grants to Local Education Agencies - Regular
32.XXX	Grants to Schools and Libraries (E-RATE)

Dollar threshold used to distinguish between Type A and Type B programs: \$882,716

Auditee qualified as low-risk auditee? _____ Yes X No

Pitt County Board of Education, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

State Awards

Internal control over major State programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(s) identified that are not considered to be
material weaknesses _____ Yes X None Reported

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in
accordance with the State Single Audit Implementation Act _____ Yes X No

Identification of major State programs

- Name of State Program
- State Public School Fund
- Career Technical Education - State Months of Employment
- North Carolina Pre-K (More at Four)

**Pitt County Board of Education, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016**

Section II Financial Statement Findings

None Reported

Section III Federal Awards Findings and Questioned Costs

None Reported

Section IV State Awards Findings and Questioned Costs

None Reported

**Pitt County Board of Education, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2016**

Section II Financial Statement Findings

None Reported

Section III Federal Awards Findings and Questioned Costs

None Reported

Section IV State Awards Findings and Questioned Costs

None Reported

Pitt County Board of Education, North Carolina
Summary of Prior Audit Findings
For the Fiscal Year Ended June 30, 2016

Section II Financial Statement Findings

None Reported

Section III Federal Awards Findings and Questioned Costs

None Reported

Section IV State Awards Findings and Questioned Costs

None Reported

Pitt County Board of Education, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2016
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<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Expenditures</u>
Federal Grants:			
Cash Assistance:			
<u>U.S. Department of Agriculture</u>			
<u>Child Nutrition Cluster:</u>			
Non-Cash Assistance (Commodities):			
Passed-through the N.C. Department of Public Instruction:			
National School Lunch Program	10.555		715,499
Non-Cash Assistance Subtotal			715,499
Cash Assistance:			
Passed-through the N.C. Department of Public Instruction:			
National School Lunch Program	10.555		8,546,675
Fresh Fruit and Vegetable Program	10.582		44,856
Passed-through the N.C. Department of Health and Human Services:			
Division of Public Health:			
Summer Food Service Program	10.559		243,245
Cash Assistance Subtotal			8,834,777
Total Child Nutrition Cluster			9,550,276
Total U.S. Department of Agriculture			9,550,276
<u>U.S. Department of Education:</u>			
<u>Office of Elementary and Secondary Education</u>			
Passed-through the N.C. Department of Public Instruction:			
Title I, Part A Cluster			
Grants to Local Education - Basic and Concentration - Title I	84.010	PRC 050	7,525,802
ARRA - Race to the Top Wireless Infrastructure Grant	84.413	PRC 160	447,800
			447,800
Grants to Local Education - School Improvements - Title I	84.010	PRC 105	1,534,431
School Improvement Grant	84.377	PRC 117	395,659
			1,930,090
Improving Teacher Quality Enhancement	84.367	PRC 103	930,843
English Language Acquisition Grant	84.365	PRC 104	127,281
English Language Acquisition Grant	84.365	PRC 111	1,669
<u>Office of Special Education and Rehabilitative Services</u>			
Passed-through the N.C. Department of Public Instruction:			
<u>Special Education Cluster</u>			
Individuals with Disabilities Education Act			
Education of the handicapped	84.027	PRC 060	5,234,889
Preschool handicapped	84.173	PRC 049	218,649
Individuals with Disabilities Act (IDEA) Early Intervention	84.181	PRC 070	0
Children with Disabilities - Risk Pool	84.027	PRC 114	114,141
IDEA VI B Special Needs Targeted Assistance	84.326	PRC 118	29,869
IDEA VI B Preschool Targeted Assistance	84.173	PRC 119	2,547
Total Special Education Cluster			5,600,095

Pitt County Board of Education, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2016
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<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Expenditures</u>
<u>Office of Special Education and Rehabilitative Services</u>			
Passed-through the N.C. Department of Public Instruction:			
Career and Technical Education - Program Improvement	84.048	PRC 017	365,983
IDEA VI B Special Education State Improvement Grant	84.323A	PRC 082	<u>10,473</u>
Total U.S. Department of Education			<u>16,940,037</u>
<u>U.S. Department of Health and Human Services</u>			
<u>Health Resources and Services Administration</u>			
Passed-through the N.C. Department of Health and Human Services:			
Medical Assistance Program - Medicaid	93.778		379,155
			<u>401,640</u>
Total U.S. Department of Health and Human Services			<u>780,795</u>
<u>Federal Communications Commission</u>			
Direct Programs:			
Schools & Libraries (E-RATE)	32.XXX		1,813,964
<u>U.S. Department of Defense</u>			
Direct Programs:			
ROTC	None	PRC 031	<u>338,800</u>
			<u>28,708,373</u>
Total federal cash assistance			<u>28,708,373</u>
Total federal assistance			<u>\$ 29,423,871</u>

Pitt County Board of Education, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2016
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Grantor/Pass-through <u>Grantor/Program Title</u>	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
State Grants:			
Cash Assistance:			
<u>N.C. Department of Public Instruction:</u>			
State Public School Fund			122,841,087
Driver Training - SPSF		PRC 012	405,041
School Technology Fund - SPSF		PRC 015	548,818
Vocational Education:			
State Months of Employment		PRC 013	6,370,260
Program Support Funds		PRC 014	329,762
Total State Public School Fund			130,494,969
Public School Building Capital Fund - NC Education Lottery			1,600,000
Reimbursement for Kindergarten Breakfast			13,544
Total N.C. Department of Public Instruction			132,108,513
<u>N.C. Department of Health and Human Services:</u>			
Division of Child Development:			
NC Pre-Kindergarten Program			2,666,434
Total State cash assistance			134,774,947
Non-cash Assistance			
<u>N.C. Department of Public Instruction:</u>			
School buses			395,334
Total State assistance			135,170,281
Total federal and State assistance			\$ 164,594,152

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Pitt County Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. 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 Pitt County Board of Education, it is not intended to and does not present the financial position, changes in net position, or cash flows of Pitt County Board of Education.

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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pitt County Board of Education has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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 Cluster

Special Education Cluster