

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
PITT COUNTY BOARD OF EDUCATION,
NORTH CAROLINA
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Ethan Lenker, Ed.D.
Superintendent

Prepared by
Debra Baggett
Chief Financial Officer



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INTRODUCTORY SECTION



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January 17, 2018

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, 2017, 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, 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, Inc. (Certified Public Accountants) has audited the Board's financial statements for the fiscal year ended June 30, 2017. The goal of the audit was to provide reasonable assurance that the financial statements of Board for the fiscal year ended June 30, 2017, 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 unqualified opinion that the Board's financial statements for the fiscal year ended June 30, 2017, 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, 2017 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 2016-2017 school year was 23,387 students. The total operating budget for all governmental activities for the 2016-17 school year was \$218,516,699 with a per-pupil expenditure of \$8,823 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 2016-17 is: African American – 47.1%; White – 35.7%; Hispanic – 11.6%; Multi racial – 3.8%; Asian – 1.5%; 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 2017 was offered \$26,591,402 in scholarships which includes 314 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, a Virginia Commonwealth University Deans Scholarship, a Meredith College Legacy Scholarship, a University of Alabama Presidential Scholarship, a Duke University Engineering Scholarship, a Wake Forest Ambassador Scholarship, a University of Georgia Classic Scholarship, a Clemson University Honors College Scholarship, a Drexel University Scholarship, several athletic scholarships, and scholarships for the United States Air Force 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 an energy efficiency plan. 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: Vidant Medical Center (health care), East Carolina University (education), Pitt County Schools (education), Hyster-Yale (materials handling equipment), City of Greenville (local government), Pitt County (local government), Pitt Community College (education), Alliance One (agriculture), Wal Mart (retail) and DSM Pharmaceuticals (pharmaceuticals).

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 84 undergraduate and 71 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 13 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 school bus cameras, replacement of fire alarm systems, security of front entry corridors, 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 school system posted an 86.2% four-year cohort graduation rate.

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 2016-2017. Scores on the ACT, which is a national college entrance exam, have increased by 9.1% for students in the district's high schools.

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 2016-2017 accountability results, Pitt County Schools had 32 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 two years 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 Position 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, 2016. The ASBOI 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, 2016. This was the fourteenth 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, 2016

Executive Director/CEO



The Certificate of Excellence in Financial Reporting
is presented to

Pitt County Board of Education

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.

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



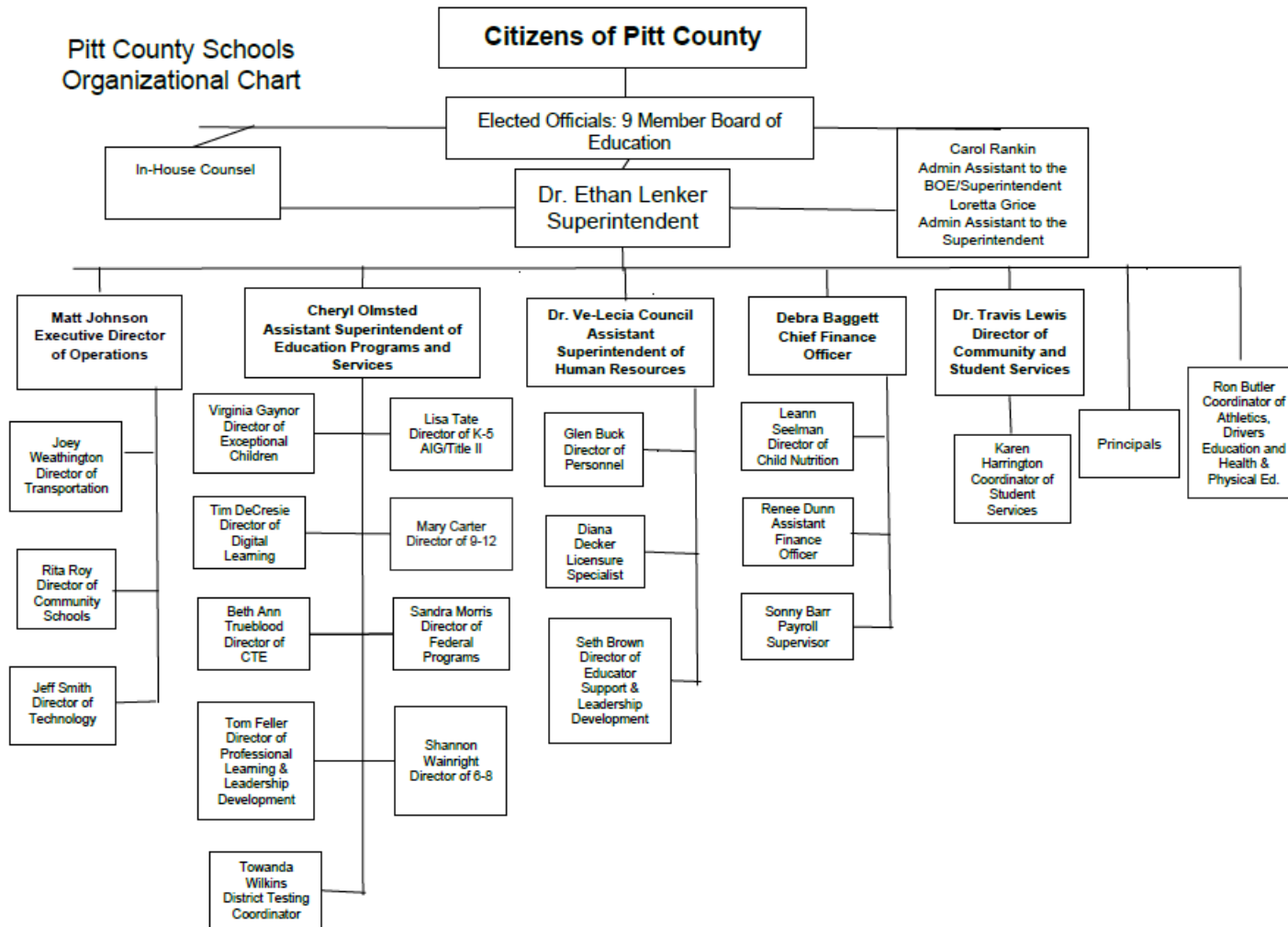
A handwritten signature in black ink, appearing to read 'Anthony N. Dragona'.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, appearing to read 'John D. Musso'.

John D. Musso, CAE, RSBA
Executive Director

**Pitt County Schools
Organizational Chart**



2016-2017 Pitt County Board of Education
Board Members



Caroline W. Doherty
Chair



Mary Blount Williams
Vice-Chair



Mildred A. Council



Melinda Fagundus



Betsy Flanagan



Worth Forbes



Benjie Forrest



Robert Moore



Anna Barrett Smith



FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Pitt County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Pitt County Board of Education, North Carolina, as of and for the year then ended June 30, 2017, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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, and each major fund of the Pitt County Board of Education, North Carolina as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows 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 85 and 86, 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and State awards is presented for purposes of additional analysis 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, and is not a required part of the basic financial statements.

The individual fund budgetary schedules and the 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 January 17, 2018 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
January 17, 2018



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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, 2017. 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, 2017 by \$16,590,443 (fund balance). Of this amount, \$1,776,121 is restricted for use by the local schools, \$1,096,276 is restricted by grantors, \$2,260,645 is restricted for capital outlay, and \$371,633 is restricted for stabilization by state statute, \$1,623,000 is committed for capital projects, \$6,397,406 is assigned for local schools and subsequent years expenditures and \$3,065,362 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 \$3,065,362 or 3.68% of total general fund expenditures and 0.64% 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 information relating to the Board's participation in the Teachers' and State Employees Retirement System

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 of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

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 89 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$172,729,499 as of June 30, 2017. The largest component of net position is net investment in capital assets of \$197,609,008 which comprises 114.40% 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:

Table 1
Condensed Statement of Net Position

June 30,	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 23,767,986	\$ 21,187,474	\$ 5,282,188	\$ 4,766,522	\$ 29,050,174	\$ 25,953,996
Capital assets	199,604,079	191,725,879	318,378	427,325	199,922,457	192,153,204
Total assets	223,372,065	212,913,353	5,600,566	5,193,847	228,972,631	218,107,200
Deferred outflows of resources	52,561,004	10,535,158	1,778,914	649,680	54,339,918	11,184,838
Current liabilities	7,177,542	6,661,787	73,298	91,040	7,250,840	6,752,827
Long-term liabilities	95,598,123	44,807,532	2,503,415	1,206,345	98,101,538	46,013,877
Total liabilities	102,775,665	51,469,319	2,576,713	1,297,385	105,352,378	52,766,704
Deferred inflows of resources	5,190,139	8,310,360	40,533	123,049	5,230,672	8,433,409
Net investment in capital assets	197,290,630	191,040,719	318,378	427,325	197,609,008	191,468,044
Restricted net position	5,504,675	4,778,356	-	-	5,504,675	4,778,356
Unrestricted net position	(34,828,040)	(32,150,243)	4,443,856	3,995,768	(30,384,184)	(28,154,475)
Total net position	\$ 167,967,265	\$ 163,668,832	\$ 4,762,234	\$ 4,423,093	\$ 172,729,499	\$ 168,091,925

The Board's net position increased during the current fiscal year by \$4,637,574. In part, the increase is the net result of:

- An increase of \$3,096,178 in current assets, capital assets, and deferred outflows of resources
- A decrease of \$3,202,737 in deferred inflows of resources

The increase in net investment in capital assets of \$6,140,964 was in part to the increase of \$14,463,771 in capital outlay.

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

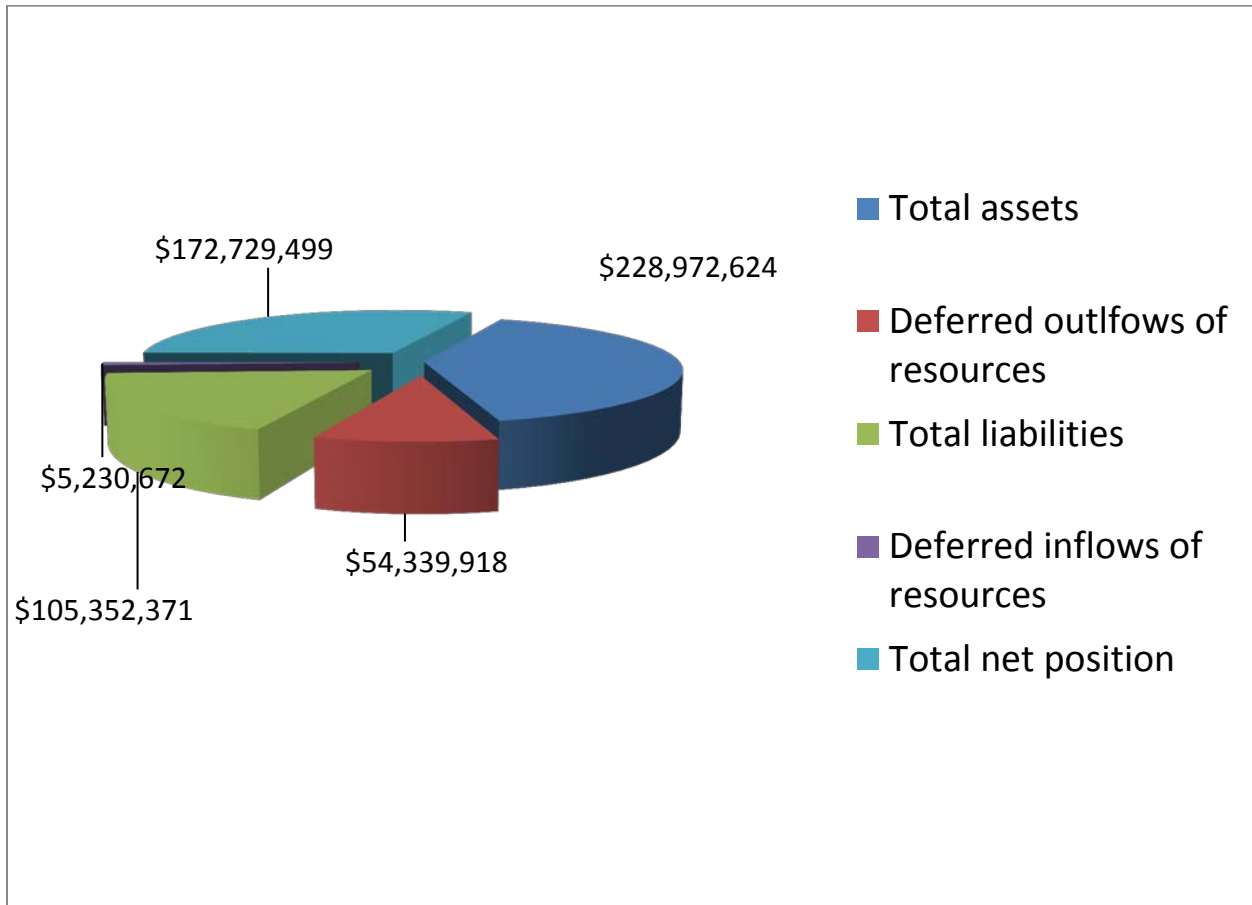
- Debt issuance of \$2,668,482 in long-term debt related to the installment purchases of school buses
- Debt service payments of \$1,040,194 related to the installment purchases of school buses and capital lease payment related to an activity bus

Pitt County Board of Education Management's Discussion and Analysis

The following factors contributed to the increase of \$726,319 in restricted net position:

- Net position restricted for individual school use increased \$30,575. Contributions and donations at the individual school level were \$5,752,427 for fiscal year ended June 30, 2017 while co-curricular expenditures at the school level totaled \$5,722,119.
- Net position restricted by grantor requirements in the Special Revenue fund increased \$2,293.
- Net position restricted for future capital projects increased approximately \$661,475.
- Net position restricted by state statute to cover outstanding encumbrances and accounts receivable increased \$31,976 from June 30, 2016 to June 30, 2017. 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, 2017.



Pitt County Board of Education Management's Discussion and Analysis

The following table shows revenue and expenses for the Board:

Table 2
Condensed Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Years Ended June 30,	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 1,481,042	\$ 1,788,677	\$ 1,481,042	\$ 1,788,677
Operating grants and contributions	156,981,476	158,180,232	9,529,955	9,563,820	166,511,431	167,744,052
Capital grants and contributions	2,558,123	3,448,614	-	-	2,558,123	3,448,614
General revenues:						
Other revenues	58,918,304	43,964,541	35,379	25,181	58,953,683	43,989,722
Total revenues	218,457,903	205,593,387	11,046,376	11,377,678	229,504,279	216,971,065
Expenses:						
Governmental activities:						
Instructional services	169,406,325	158,877,916	-	-	169,406,325	158,877,916
System-wide support services	35,943,020	35,116,216	-	-	35,943,020	35,116,216
Ancillary services and non-program	1,614,903	1,479,239	-	-	1,614,903	1,479,239
Repayment of County debt issuance	1,600,000	1,600,000	-	-	1,600,000	1,600,000
Interest Expense	2,001	1,134	-	-	2,001	1,134
Depreciation	5,527,730	5,310,942	-	-	5,527,730	5,310,942
Business-type activities:						
Food service	-	-	10,772,726	11,432,648	10,772,726	11,432,648
Total expense	214,093,979	202,385,447	10,772,726	11,432,648	224,866,705	213,818,095
Excess revenues over (under) expenses before transfers	4,363,924	3,207,940	273,650	(54,970)	4,637,574	3,152,970
Transfers in (out)	(65,491)	(69,078)	65,491	69,078	-	-
Increase in net position	4,298,433	3,138,862	339,141	14,108	4,637,574	3,152,970
Net position, beginning	163,668,832	160,529,970	4,423,093	4,408,985	168,091,925	164,938,955
Net position, ending	\$ 167,967,265	\$ 163,668,832	\$ 4,762,234	\$ 4,423,093	\$ 172,729,499	\$ 168,091,925

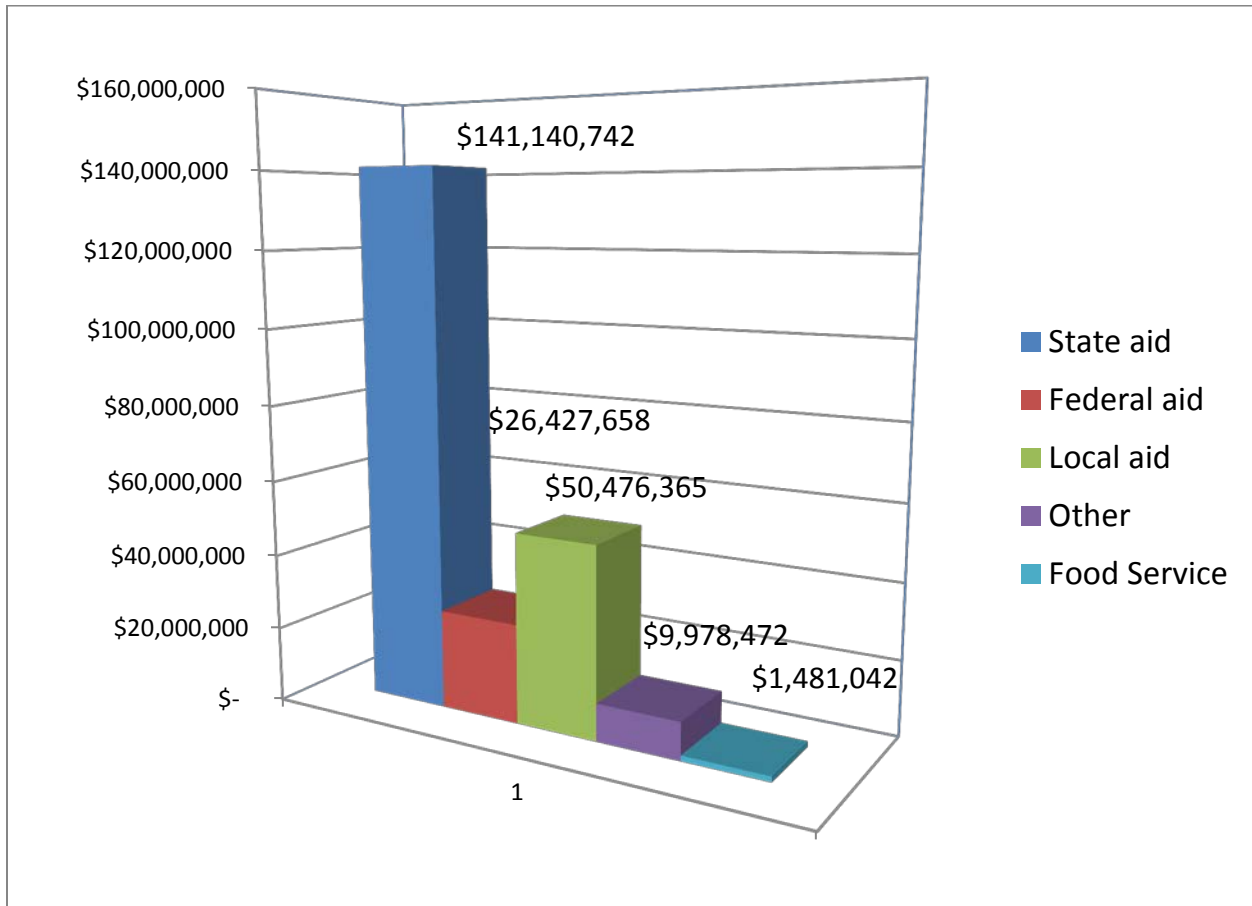
For fiscal years ended June 30, 2017 and 2016, total governmental activities earned revenues of \$218,457,903 and \$205,593,387, respectively, which is a net increase of \$12,864,516. The following factors contributed to the net increase in governmental activities earned revenues from fiscal year ended June 30, 2016 to fiscal year ended June 30, 2017:

- An increase of \$12,254,279 in local aid, specifically relating to construction projects funded by the County
- An increase in \$5,973,292 in state aid and a decrease in federal aid of \$2,965,179

Pitt County Board of Education Management's Discussion and Analysis

For fiscal years ended June 30, 2017 and 2016, business-type activities related to the Board's food service program earned revenue of \$11,046,376 and \$11,377,678, respectively which is a decrease of \$331,302. Federal and state reimbursements for meals served to qualifying students decreased \$33,865 while food sales decreased \$307,635.

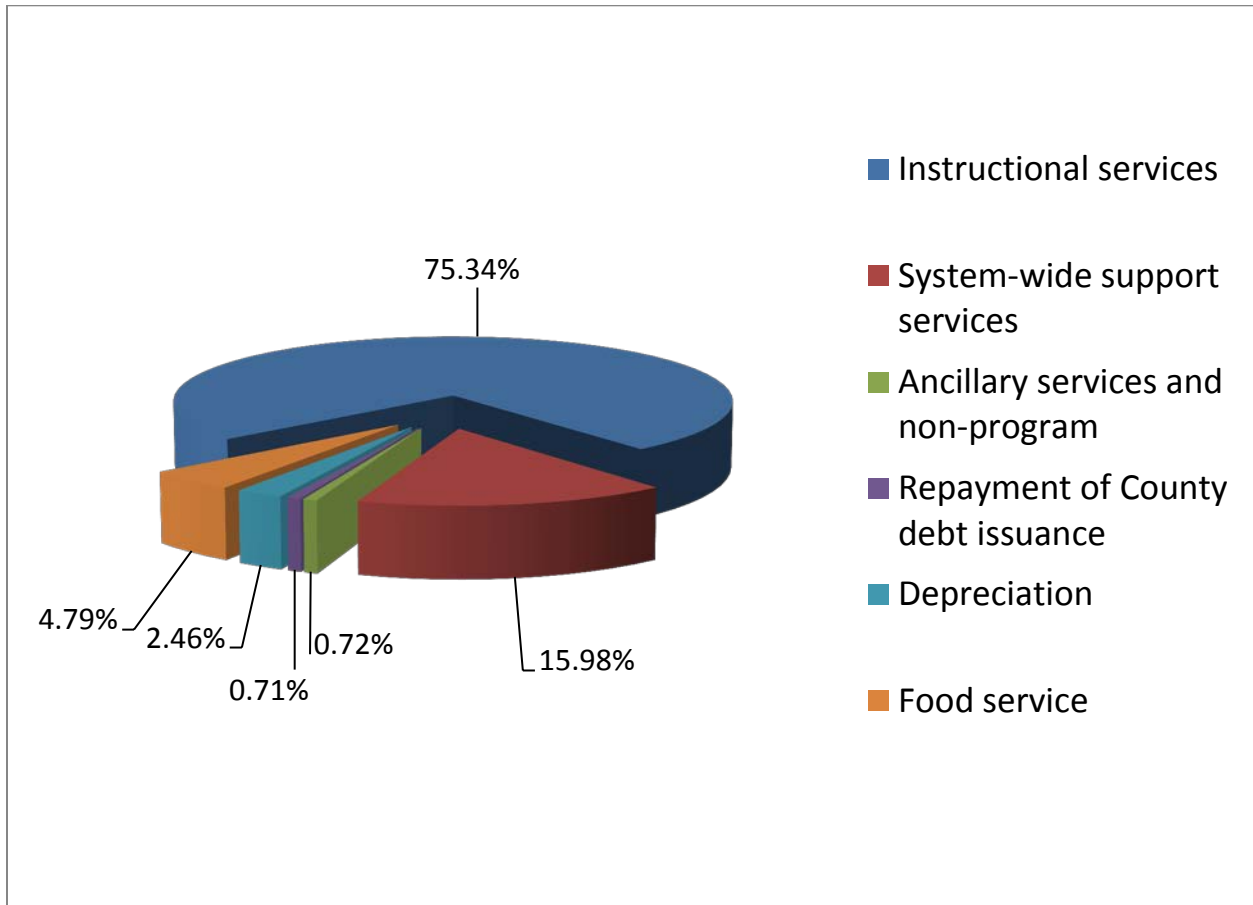
The following chart shows, by revenue source, the government-wide revenues presented on the accrual basis of accounting for fiscal years ended June 30, 2017:



Total governmental activities expenses for fiscal years ended June 30, 2017 and 2016 were \$214,093,979 and \$202,385,447, respectively, which is an increase of \$11,708,532.

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, 2017:



The following factors contributed to the increase in governmental activities expenses from fiscal year ended June 30, 2016 to fiscal year ended June 30, 2017:

- Instructional programs expenses increased \$10,528,409
- System-wide support services increased \$826,804

Instructional programs expense comprised of total governmental-type expenses while supporting services made up of those expenses for 2017.

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, 2017 and 2016 at \$10,772,726 and \$11,432,648, respectively, which is a decrease of \$659,922. The decrease in expense is primarily the net result of the following:

- Decrease of \$369,006 in food purchases for the program
- Decrease of \$45,823 in employee salaries and benefits
- Decrease of \$193,612 in indirect costs

The Board's business-type revenues related to the food service program were above and below expenses by \$273,650 and \$54,970, respectively, before transfers, for fiscal years ended June 30, 2017 and 2016.

For fiscal years ended June 30, 2017 and 2016, net position of the governmental activities increased by \$4,298,433 and \$3,138,862, respectively. For fiscal years ended June 30, 2017 and 2016, net position of the business-type activities increased by \$339,141 and \$14,108, respectively.

Financial Analysis of the Board's Funds

For fiscal year ended June 30, 2017, the Board's governmental funds reported combined ending fund balances of \$16,590,443 which is an increase of \$2,114,058 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 \$4,217,812 which is an increase of \$777,705 from the prior year.

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, 2017 the ending fund balance of the general fund is comprised of \$1,404,611 which represents unassigned fund balance available for spending at the government's discretion. The general fund's remaining fund balance of \$2,813,201 is comprised of the following:

- \$23,060 that is restricted based on North Carolina state statute.
- \$521,805 which is restricted by grantors to school capital outlay projects.
- \$1,623,000 that has been committed by the Board to fund future school capital projects.
- \$305,941 that is assigned to individual schools for various projects.
- \$339,395 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, 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.

Pitt County Board of Education Management's Discussion and Analysis

At June 30, 2017 the special revenue fund ended the year with a fund balance of \$8,857,670 which is an increase of \$675,653 from the fiscal year ended June 30, 2016. The ending fund balance is comprised of unassigned fund balance of \$1,660,751. The remaining fund balance of \$7,196,919 is comprised of the following:

- \$1,096,276 that is restricted based on the requirements of grantors
- \$5,752,070 that is assigned to fund subsequent year's expenditures
- \$348,573 that is restricted based on North Carolina state statute

Individual Schools Fund

For fiscal year ended June 30, 2017 the individual schools fund balance was \$1,776,121 which was restricted for individual school use. The individual schools fund balance increased \$30,575 from fiscal year ended June 30, 2016 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 \$5,752,427 and \$6,245,918, respectively, for fiscal years ended June 30, 2017 and 2016 which is a decrease of \$493,491. Individual schools co-curricular expenditures were \$5,722,119 and \$6,157,430, respectively, for fiscal years ended June 30, 2017 and 2016 which is an increase of \$928,802.

Capital Fund

The capital fund ending fund balance was \$1,738,840 which was restricted to school capital outlay projects. The capital fund balance increased \$630,125 from fiscal year ended June 30, 2016 to fiscal year ended June 30, 2017 due primarily to the timing of various capital projects in operation at the end of the fiscal year.

Proprietary Fund

For fiscal year ended June 30, 2017 the Board's business-type fund balance stood at \$4,762,234 which is an increase of \$339,141 from the fiscal year ended June 30, 2016. 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 \$4,443,856 represents 40.23% 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, economically disadvantaged students through community services as well as alternative programs 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, 2017, actual general fund revenues came in \$34,618 below the final amended budget. The reduction in general fund revenues compared to the final amended budget was the net result of the following:

- Pitt County Government fines and forfeitures distributions dedicated to the Board by state statute were approximately \$131,000 less than anticipated.

General fund expenditures ended the fiscal year \$3,420,793 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 \$199,922,457 and \$192,153,204, respectively, as of June 30, 2017 and 2016. This investment in capital assets includes land, buildings, vehicles, and equipment.

The following table outlines the Board's capital assets as of June 30, 2017 and 2016:

Table 3
Condensed Summary of Capital Assets (net of depreciation)

June 30,	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land	\$ 5,168,270	\$ 5,145,694	\$ -	\$ -	\$ 5,168,270	\$ 5,145,694
Construction in progress	10,659,943	-	-	-	10,659,943	-
Buildings and improvements	178,161,856	182,767,668	-	-	178,161,856	182,767,668
Equipment and furniture	1,640,204	1,893,433	305,992	414,939	1,946,196	2,308,372
Vehicles	3,973,806	1,919,084	12,386	12,386	3,986,192	1,931,470
Total capital assets	\$ 199,604,079	\$ 191,725,879	\$ 318,378	\$ 427,325	\$ 199,922,457	\$ 192,153,204

For fiscal year ended June 30, 2017 the Board had an overall decrease in net capital assets of 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 pages 69 and 70 of the financial statements.

Debt Outstanding

During the year the Board's long-term liabilities, excluding compensated absences and the net pension liability, increased \$1,628,288. The increase is the net result of acquiring capital assets through financing arrangements against 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, 2017 and 2016:

**Table 4
Condensed Summary of Long-term Debt**

June 30,	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Installment purchases	\$ 2,230,383	\$ 520,024	\$ -	\$ -	\$ 2,230,383	\$ 520,024
Capital lease	83,066	165,137	-	-	83,066	165,137
Compensated absences	11,397,444	11,146,025	229,276	246,441	11,626,720	11,392,466
Net pension liability	81,887,230	32,976,347	2,274,139	959,904	84,161,369	33,936,251
Total long-term debt	\$ 95,598,123	\$ 44,807,533	\$ 2,503,415	\$ 1,206,345	\$ 98,101,538	\$ 46,013,878

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 80 of the financial statements.

Economic Factors

The population of Pitt County at 2017 is 175,885 which is an increase of 353 from 2016. 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 2017-18 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 5.3%. This is slightly higher than the State of North Carolina's June 2016 unemployment rate of 5.1%.
- 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. Salaries for instructional staff will continue to be a top priority for the Board.

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 2017-18 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, 2017
Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 17,929,033	\$ 4,545,953	\$ 22,474,986
Receivables (net)	191,274	12,798	204,072
Due from other governments	5,647,679	381,204	6,028,883
Internal balances	-	-	-
Inventories	-	342,233	342,233
Capital assets (See Note I)			
Land and construction in process	15,828,213	-	15,828,213
Other capital assets, net of depreciation	183,775,866	318,378	184,094,244
Total capital assets	199,604,079	318,378	199,922,457
Total assets	223,372,065	5,600,566	228,972,631
DEFERRED OUTFLOWS OF RESOURCES	52,561,004	1,778,914	54,339,918
LIABILITIES			
Accounts payable and accrued liabilities	7,140,817	17,038	7,157,855
Unearned revenues	36,725	56,260	92,985
Long-term liabilities:			
Net pension liability	81,887,230	2,274,139	84,161,369
Due within one year	3,807,646	57,319	3,864,965
Due in more than one year	9,903,247	171,957	10,075,204
Total liabilities	102,775,665	2,576,713	105,352,378
DEFERRED INFLOWS OF RESOURCES	5,190,139	40,533	5,230,672
NET POSITION			
Net investment in capital assets	197,290,630	318,378	197,609,008
Restricted for:			
Individual schools	1,776,121	-	1,776,121
Requirements by grantors	1,096,276	-	1,096,276
School capital outlay	2,260,645	-	2,260,645
Stabilization by state statute	371,633	-	371,633
Unrestricted	(34,828,040)	4,443,856	(30,384,184)
Total net position	\$ 167,967,265	\$ 4,762,234	\$ 172,729,499

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	\$ 91,415,378	\$ -	\$ 77,440,226	\$ -
Special	27,464,403	-	24,736,849	-
Alternative programs	22,188,486	-	18,191,780	-
School leadership	11,840,909	-	5,903,815	-
Co-curricular	6,767,866	-	5,752,427	-
School based support	9,729,283	-	8,528,628	-
Supporting services				
Support and development	1,691,037	-	733,888	-
Special populations	456,835	-	365,960	-
Alternative programs	575,343	-	291,104	-
Technology support	1,386,088	-	445,137	-
Operational support	26,792,180	-	13,182,731	958,123
Financial and human resources	3,296,980	-	370,966	-
System wide pupil support	251,483	-	14,722	-
Leadership services	1,493,074	-	607,579	-
Ancillary services	1,331,209	-	138,805	-
Non-program charges	283,694	-	276,859	-
On-behalf payment to County for for repayment of debt	1,600,000	-	-	1,600,000
Interest on long-term debt	2,001	-	-	-
Unallocated depreciation expense (excludes amounts directly allocated)	5,527,730	-	-	-
Total governmental activities	214,093,979	-	156,981,476	2,558,123
Business-type activities:				
School food services	10,772,726	1,481,042	9,529,955	-
Total business-type activities	10,772,726	1,481,042	9,529,955	-
Total board of education	\$ 224,866,705	\$ 1,481,042	\$ 166,511,431	\$ 2,558,123

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, 2017
Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Functions	Governmental Activities	Business-type Activities	Total
Primary Government:			
Governmental activities:			
Instructional programs			
Regular	\$ (13,975,152)	\$ -	\$ (13,975,152)
Special	(2,727,554)	-	(2,727,554)
Alternative programs	(3,996,706)	-	(3,996,706)
School leadership	(5,937,094)	-	(5,937,094)
Co-curricular	(1,015,439)	-	(1,015,439)
School based support	(1,200,655)	-	(1,200,655)
Supporting services			
Support and development	(957,149)	-	(957,149)
Special populations	(90,875)	-	(90,875)
Alternative programs	(284,239)	-	(284,239)
Technology support	(940,951)	-	(940,951)
Operational suport	(12,651,326)	-	(12,651,326)
Financial and human resources	(2,926,014)	-	(2,926,014)
System wide pupil support	(236,761)	-	(236,761)
Leadership services	(885,495)	-	(885,495)
Ancillary services	(1,192,404)	-	(1,192,404)
Non-program charges	(6,835)	-	(6,835)
On-behalf payment to County for for repayment of debt	-	-	-
Interest on long-term debt	(2,001)	-	(2,001)
Unallocated depreciation expense (excludes amounts directly allocated)	(5,527,730)	-	(5,527,730)
Total governmental activities	(54,554,380)	-	(54,554,380)
Business-type activities:			
School food services	-	238,271	238,271
Total business-type activities	-	238,271	238,271
Total board of education	(54,554,380)	238,271	(54,316,109)
General revenues:			
Unrestricted county appropriation - operating	38,213,340	-	38,213,340
Unrestricted county appropriation - capital	12,263,025	-	12,263,025
Unrestricted State appropriation - operating	2,802,758	-	2,802,758
Interest earnings, unrestricted	81,233	35,379	116,612
Unrestricted Federal grants	1,497,052	-	1,497,052
Miscellaneous, unrestricted	4,060,896	-	4,060,896
Transfers	(65,491)	65,491	-
Total general revenues and transfers	58,852,813	100,870	58,953,683
Change in net position	4,298,433	339,141	4,637,574
Net position, beginning	163,668,832	4,423,093	168,091,925
Net position, ending	\$ 167,967,265	\$ 4,762,234	\$ 172,729,499



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Pitt County Board of Education, North Carolina
Balance Sheet – Governmental Funds
June 30, 2017
Exhibit 3

	General	State Public School	Federal Grants	Special Revenue	Individual Schools	Capital Outlay	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 5,513,656	\$ 298,754	\$ -	\$ 8,607,294	\$ 1,776,122	\$ 1,733,207	\$ 17,929,033
Accounts receivable	23,060	-	-	168,214	-	-	191,274
Due from other governments	-	4,979,152	482,535	180,359	-	5,633	5,647,679
Total assets	\$ 5,536,716	\$ 5,277,906	\$ 482,535	\$ 8,955,867	\$ 1,776,122	\$ 1,738,840	\$ 23,767,986
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 738,383	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 738,383
Accrued salaries and wages payable	580,521	5,272,272	451,444	98,197	-	-	6,402,434
Total liabilities	1,318,904	5,272,272	451,444	98,197	-	-	7,140,817
Deferred inflows of resources	-	5,634	31,091	-	-	-	36,726
Fund balances:							
Restricted:							
Stabilization by State Statute	23,060	-	-	348,573	-	-	371,633
Requirements by Grantors	-	-	-	1,096,276	-	-	1,096,276
School capital outlay	521,805	-	-	-	-	1,738,840	2,260,645
Individual schools	-	-	-	-	1,776,121	-	1,776,121
Committed:							
Capital projects	1,623,000	-	-	-	-	-	1,623,000
Assigned:							
Individual schools	305,941	-	-	-	-	-	305,941
Subsequent years expenditures	339,395	-	-	5,752,070	-	-	6,091,465
Unassigned:	1,404,611	-	-	1,660,751	-	-	3,065,362
Total fund balances	4,217,812	-	-	8,857,670	1,776,121	1,738,840	16,590,443
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,536,716	\$ 5,277,906	\$ 482,535	\$ 8,955,867	\$ 1,776,121	\$ 1,738,840	\$ 23,767,986

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	
Amounts reported for governmental activities in the Statement of Net Position (Exhibit I) are different because:	
Fund balance - governmental funds	\$ 16,590,443
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	199,604,079
Deferred outflows related to pensions	52,561,004
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.	(13,710,892)
Net pension liability	(81,887,230)
Deferred inflows of resources related to pensions	(5,190,139)
Net position of governmental activities	\$ 167,967,265

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, 2017
Exhibit 4

	General	State Public School	Federal Grants	Special Revenue	Individual Schools	Capital Outlay	Total Governmental Funds
REVENUES							
State aid	\$ -	\$ 135,769,148	\$ -	\$ 2,802,758	\$ -	\$ 2,558,123	\$ 141,130,029
Federal aid	-	-	15,411,364	1,561,977	-	-	16,973,341
Local aid	38,213,340	-	-	-	-	12,263,025	50,476,365
Other local sources	-	-	-	778,068	-	232,558	1,010,626
Contributions and donations	-	-	-	-	5,752,427	-	5,752,427
Interest earnings	10,520	-	-	60,470	267	9,976	81,233
Fines and forfeitures	568,429	-	-	-	-	-	568,429
Indirect costs	-	-	-	826,133	-	-	826,133
Sales tax	-	8,215	40,322	180,359	-	5,633	234,529
Tuition and fees	-	-	-	822,328	-	-	822,328
Miscellaneous	186,433	-	-	396,030	-	-	582,463
Total revenues	38,978,722	135,777,363	15,451,686	7,428,123	5,752,694	15,069,315	218,457,903
EXPENDITURES							
Current:							
Instructional programs							
Regular	12,182,679	76,509,683	930,543	583,916	-	-	90,206,821
Special	902,742	19,823,003	4,913,846	1,135,127	-	-	26,774,718
Alternative programs	386,491	9,776,110	8,415,670	2,786,901	-	-	21,365,172
School leadership	5,262,550	5,901,863	1,952	453,821	-	-	11,620,186
Co-curricular	975,231	-	-	-	5,722,119	-	6,697,350
School based support	913,361	8,380,426	148,202	188,398	-	-	9,630,387
System wide support services							
Support and development	599,274	370,716	363,172	293,505	-	-	1,626,667
Special populations	4,257	191,520	174,440	58,119	-	-	428,336
Alternative programs	161,239	69,844	221,260	100,131	-	-	552,474
Technology support	904,827	445,137	-	-	-	-	1,349,964
Operational support	12,147,974	13,176,989	5,742	65,131	-	-	25,395,836
Financial and human resources	2,680,525	370,966	-	183,589	-	8,025	3,243,105
System wide pupil support	238,198	14,722	-	-	-	-	252,920
Leadership services	824,231	607,579	-	-	-	-	1,431,810
Ancillary services							
Community	17,438	54,439	-	903,832	-	-	975,709
Nutritional	-	18,875	-	-	-	-	18,875
Non-program charges	-	-	276,859	-	-	-	276,859
On-behalf payment to County for repayment of debt	-	-	-	-	-	1,600,000	1,600,000
Debt Service:							
Principal	-	-	-	-	-	1,040,194	1,040,194
Interest	-	-	-	-	-	2,001	2,001
Capital outlay:							
Real property and buildings	-	-	-	-	-	11,263,024	11,263,024
Furniture and equipment	-	-	-	-	-	484,397	484,397
Buses and motor vehicles	-	-	-	-	-	2,710,037	2,710,037
Total expenditures	38,201,017	135,711,872	15,451,686	6,752,470	5,722,119	17,107,678	218,946,842
Excess revenues over expenditures	777,705	65,491	-	675,653	30,575	(2,038,363)	(488,939)
OTHER FINANCING SOURCES (USES)							
Installment purchase obligations issued	-	-	-	-	-	2,668,488	2,668,488
Transfers to other funds	-	(65,491)	-	-	-	-	(65,491)
Total other financing uses	-	(65,491)	-	-	-	2,668,488	2,602,997
Net change in fund balances	777,705	-	-	675,653	30,575	630,125	2,114,058
Fund balances - beginning	3,440,107	-	-	8,182,017	1,745,546	1,108,715	14,476,385
Fund balances - ending	\$ 4,217,812	\$ -	\$ -	\$ 8,857,670	\$ 1,776,121	\$ 1,738,840	\$ 16,590,443

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, 2017
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	\$ 2,114,058
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.	
Capital outlay	14,436,902
Depreciation expense	(6,558,702)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	11,502,138
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 Position.	(2,668,482)
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.	
Pension expense	(15,316,256)
Debt service	1,040,194
Compensated absences	<u>(251,419)</u>
Total changes in net position of governmental activities	<u>\$ 4,298,433</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, 2017
Exhibit 5

General Fund				
Budgeted Amounts				
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
State aid	\$ -	\$ -	\$ -	\$ -
Federal aid	-	-	-	-
Local aid	38,213,340	38,213,340	38,213,340	-
Other local sources	-	-	-	-
Interest earnings	100,000	100,000	10,520	(89,480)
Fines and forfeitures	700,000	700,000	568,429	(131,571)
Indirect costs	-	-	-	-
Sales tax	-	-	-	-
Tuition and fees	-	-	-	-
Miscellaneous	-	-	186,433	186,433
Total revenues	39,013,340	39,013,340	38,978,722	(34,618)
EXPENDITURES				
Current:				
Instructional programs				
Regular	12,866,238	12,954,291	12,182,679	771,612
Special	899,773	937,172	902,742	34,430
Alternative programs	392,661	432,150	386,491	45,659
School leadership	5,401,285	5,449,845	5,262,550	187,295
Co-curricular	955,075	971,142	975,231	(4,089)
School based support	610,320	632,747	913,361	(280,614)
System wide support services				
Support and development	648,511	623,834	599,274	24,560
Special populations	5,080	5,080	4,257	823
Alternative program	152,713	164,560	161,239	3,321
Technology support	980,940	959,581	904,827	54,754
Operational support	14,521,494	14,487,194	12,147,974	2,339,220
Financial and human resources	2,998,151	2,897,910	2,680,525	217,385
Accountability services	1,000	-	-	-
System wide pupil support	246,010	240,661	238,198	2,463
Leadership services	914,268	836,601	824,231	12,370
Ancillary services				
Community	21,779	29,042	17,438	11,604
Nutritional	6,513	-	-	-
Non-program charges	-	-	-	-
Total expenditures	41,621,811	41,621,810	38,201,017	3,420,793
Revenues over expenditures	(2,608,471)	(2,608,470)	777,705	3,386,175
Other financing sources (uses)				
Transfers to other funds	-	-	-	-
Fund balance appropriated	2,608,471	2,608,470	-	(2,608,470)
Total other financing sources (uses)	2,608,471	2,608,470	-	(2,608,470)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	777,705	\$ 777,705
Fund balances - beginning			3,440,107	
Fund balances - ending			\$ 4,217,812	

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, 2017
Exhibit 5

State Public School Fund				
Budgeted Amounts				
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
State aid	\$ 137,120,038	\$ 142,018,135	\$ 135,769,148	\$ (6,248,987)
Federal aid	-	-	-	-
Local aid	-	-	-	-
Other local sources	-	-	-	-
Interest earnings	-	-	-	-
Fines and forfeitures	-	-	-	-
Indirect costs	-	-	-	-
Sales tax	-	-	8,215	8,215
Tuition and fees	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	137,120,038	142,018,135	135,777,363	(6,240,772)
EXPENDITURES				
Current:				
Instructional programs				
Regular	77,111,437	80,226,928	76,509,683	3,717,245
Special	21,859,917	20,479,182	19,823,003	656,179
Alternative programs	11,254,068	10,978,322	9,776,110	1,202,212
School leadership	5,819,481	6,011,859	5,901,863	109,996
Co-curricular	-	-	-	-
School based support	9,101,212	8,631,113	8,380,426	250,687
System wide support services				
Support and development	310,902	393,309	370,716	22,593
Special populations	100,236	210,068	191,520	18,548
Alternative program	107,158	87,639	69,844	17,795
Technology support	2,037	447,211	445,137	2,074
Operational support	10,457,019	13,384,357	13,176,989	207,368
Financial and human resources	298,513	397,284	370,966	26,318
Accountability services	100	100	-	100
System wide pupil support	20,884	15,422	14,722	700
Leadership services	533,544	611,295	607,579	3,716
Ancillary services				
Community	55,190	55,241	54,439	802
Nutritional	22,731	23,314	18,875	4,439
Non-program charges	-	-	-	-
Total expenditures	137,054,429	141,952,644	135,711,872	6,240,772
Revenues over expenditures	65,609	65,491	65,491	-
Other financing sources (uses)				
Transfers to other funds	(65,609)	(65,491)	(65,491)	-
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	(65,609)	(65,491)	(65,491)	-
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, 2017
Exhibit 5

Federal Grants Fund				
Budgeted Amounts				
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
State aid	\$ -	\$ -	\$ -	\$ -
Federal aid	19,304,824	20,119,559	15,411,364	(4,708,195)
Local aid	-	-	-	-
Other local sources	-	-	-	-
Interest earnings	-	-	-	-
Fines and forfeitures	-	-	-	-
Indirect costs	-	-	-	-
Sales tax	13,947	40,322	40,322	-
Tuition and fees	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	19,318,771	20,159,881	15,451,686	(4,708,195)
EXPENDITURES				
Current:				
Instructional programs				
Regular	995,181	1,059,664	930,543	129,121
Special	6,399,244	6,336,644	4,913,846	1,422,798
Alternative programs	10,227,035	11,134,424	8,415,670	2,718,754
School leadership	1,952	1,952	1,952	-
Co-curricular	-	-	-	-
School based support	229,719	251,841	148,202	103,639
System wide support services				
Support and development	530,645	456,413	363,172	93,241
Special populations	118,813	189,146	174,440	14,706
Alternative program	238,024	238,241	221,260	16,981
Technology support	-	-	-	-
Operational support	65,656	72,360	5,742	66,618
Financial and human resources	-	-	-	-
Accountability services	-	-	-	-
System wide pupil support	-	-	-	-
Leadership services	-	-	-	-
Ancillary services				
Community	-	-	-	-
Nutritional	-	-	-	-
Non-program charges	512,502	419,196	276,859	142,337
Total expenditures	19,318,771	20,159,881	15,451,686	4,708,195
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			<u>\$ -</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, 2017
Exhibit 5

Special Revenue Fund				
Budgeted Amounts				
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
State aid	\$ 2,600,000	\$ 2,732,177	\$ 2,802,758	\$ 70,581
Federal aid	1,190,000	2,076,655	1,561,977	(514,678)
Local aid	-	-	-	-
Other local sources	1,149,773	763,150	778,068	14,918
Interest earnings	-	-	60,470	60,470
Fines and forfeitures	-	-	-	-
Indirect costs	900,000	797,685	826,133	28,448
Sales tax	200,000	200,000	180,359	(19,641)
Tuition and fees	855,000	855,000	822,328	(32,672)
Miscellaneous	550,000	550,480	396,030	(154,450)
Total revenues	7,444,773	7,975,147	7,428,123	(547,024)
EXPENDITURES				
Current:				
Instructional programs				
Regular	6,643,777	6,430,584	583,916	5,846,668
Special	742,500	1,254,326	1,135,127	119,199
Alternative programs	3,492,845	3,472,144	2,786,901	685,243
School leadership	937,600	924,856	453,821	471,035
Co-curricular	-	-	-	-
School based support	157,254	520,162	188,398	331,764
System wide support services				
Support and development	47,991	658,564	293,505	365,059
Special populations	-	117,211	58,119	59,092
Alternative program	59,500	100,229	100,131	98
Technology support	-	-	-	-
Operational support	541,780	93,376	65,131	28,245
Financial and human resources	62,409	259,577	183,589	75,988
Accountability services	-	-	-	-
System wide pupil support	-	-	-	-
Leadership services	-	-	-	-
Ancillary services				
Community	1,023,850	1,023,850	903,832	120,018
Nutritional	-	-	-	-
Non-program charges	-	-	-	-
Total expenditures	13,709,506	14,854,879	6,752,470	8,102,409
Revenues over expenditures	(6,264,733)	(6,879,732)	675,653	7,555,385
Other financing sources (uses)				
Transfers to other funds	-	-	-	-
Fund balance appropriated	6,264,733	6,879,732	-	(6,879,732)
Total other financing sources (uses)	6,264,733	6,879,732	-	(6,879,732)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	675,653	\$ 675,653
Fund balances - beginning			8,182,017	
Fund balances - ending			\$ 8,857,670	

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, 2017
Exhibit 6

	School Food Service
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,545,953
Accounts receivables	12,798
Due from other governments	381,204
Inventories	342,233
Total current assets	5,282,188
Noncurrent assets:	
Capital assets (net of accumulated depreciation)	318,378
Total noncurrent assets	318,378
Total assets	5,600,566
DEFERRED OUTFLOWS OF RESOURCES	1,778,914
LIABILITIES	
Current liabilities:	
Accounts payable	17,038
Compensated absences payable, current	57,319
Unearned revenues	56,260
Total current liabilities	130,617
Noncurrent liabilities:	
Net pension liability	2,274,139
Compensated absences payable, noncurrent	171,957
Total noncurrent liabilities	2,446,096
Total liabilities	2,576,713
DEFERRED INFLOWS OF RESOURCES	40,533
NET POSITION	
Investment in capital assets	318,378
Unrestricted	4,443,856
Total net position	\$ 4,762,234

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, 2017
Exhibit 7

School Food Service	
OPERATING REVENUES	
Food sales	\$ 1,481,042
Total operating revenues	1,481,042
OPERATING EXPENSES	
Purchase of food	4,888,166
Salaries and benefits	5,011,932
Indirect costs	549,269
Purchased services	66,857
Repairs and maintenance	46,605
Materials and supplies	74,081
Depreciation	135,816
Total operating expenses	10,772,726
Operating loss	(9,291,684)
NONOPERATING REVENUES (EXPENSES)	
Federal reimbursements	8,765,225
Federal commodities	754,017
State reimbursements	10,713
Investment earnings	35,379
Total nonoperating revenues	9,565,334
Income (loss) before transfers	273,650
Transfers in (out)	
State Public School Fund	65,491
Total transfers	65,491
Change in net position	339,141
Total net position - beginning	4,423,093
Total net position - ending	\$ 4,762,234

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	\$ 1,551,782
Cash paid for goods and services	(5,014,617)
Cash paid to employees for services	(4,861,121)
Net cash used in operating activities	(8,323,956)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal and state reimbursements	8,658,776
Net cash provided by noncapital financing activities	8,658,776
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(26,867)
Net cash used in capital and related financing activities	(26,867)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	35,379
Net cash provided by investing activities	35,379
Net increase in cash and cash equivalents	343,332
Cash and cash equivalents, July 1	4,202,621
Cash and cash equivalents, June 30	\$ 4,545,953

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, 2017
Exhibit 8

Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$	(9,291,684)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation		135,816
Donated commodities consumed		754,017
Salaries paid by special revenue fund		65,491
Change in assets, deferred outflows of resources and liabilities		
(Decrease) in due from other governments		70,740
Increase in inventory		(75,719)
(Increase) in accounts payable		(20,540)
Increase in due to other funds		(50,194)
(Decrease) in compensated absences		(17,165)
Increase in deferred revenues		2,797
Increase in net pension liability		1,314,235
(increase) in deferred outflows		(1,129,234)
(Decrease) in deferred inflows		(82,516)
Net cash used in operating activities	\$	(8,323,956)

Noncash operating activities and noncapital financing activities:

The General Fund paid salaries and benefits of \$65,491 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 School Food Service Fund received donated commodities with a value of \$754,017 during the fiscal year. The receipt of the commodities is recognized as a non-operating revenue. The Fund recorded the consumption of \$754,017 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.

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State, and county grants, and some charges for services.

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

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

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 dimension 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. The actual and budgetary expenditure data on Exhibit 5 is presented at the functional level to provide greater details and information.

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.

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

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF).

The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. 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 Board of Education, North Carolina
Notes to Financial Statements

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.

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 deferrals 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, 2017 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.

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

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.

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.

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

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.

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 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 the governmental column (Exhibit 1)).	\$ 305,691,857
Less accumulated depreciation	(106,087,778)
Net capital assets	199,604,079
Pension related deferred outflows of resources	
Change in assumptions	11,729,973
Net difference between projected and actual earnings on pension plan investments	29,229,252
Changes in proportion and differences between employer contributions and proportionate share of contributions	99,642
Employer contributions subsequent to the measurement period	11,502,137
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 statement	
Installment financing	(2,230,383)
Capital lease	(83,066)
Compensated absences	(11,397,444)
Net pension liability	(81,887,230)
Pension related deferred inflows of resources	
Changes in proportion and differences between employer contributions and proportionate share of contributions	(1,316,637)
Difference between expected and actual experience	(3,873,502)
Total adjustments	\$ 151,376,821

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 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 14,436,902
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.	(6,558,702)
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 position	(2,668,482)
Principal payments on debt owed are recorded as a use of funds on the fund statement; it has no effect on the statement of activities - it affects only the government-wide statement of net position	1,040,194
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	11,502,138
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	(15,316,256)
Compensated absences are accrued in the government-wide statements but not the fund statements because they do not use current resources	(251,419)
Total adjustments	\$ 2,184,375

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.

11. Adoption of New Financial Accounting Standards

The following GASB Statements recently issued and adopted by the GASB impacted the Board's financial statements:

The Board implemented GASB issued Statement No. 82 – *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Board has implemented this provision for the year ended June 30, 2017. The implementation of this statement had no effect on net position of the Board.

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

The Board implemented GASB issued Statement No. 80 – *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining whether certain organizations are component units.

12. Future Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. The Board is currently assessing the impact of GASB 84 on the financial statements for the year ending June 30, 2018.

In November 2016, the GASB issued Statement No. 83 – *Certain Asset Retirement Obligations*. This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The Board is currently assessing the impact of GASB 83 on the financial statements for the year ending June 30, 2019.

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The Board is currently assessing the impact of GASB 84 on the financial statements for the year ending June 30, 2020.

In March 2017, the GASB issued Statement No. 85 – *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The Board is currently assessing the impact of GASB 85 on the financial statements for the year ending June 30, 2018.

In June 2017, the GASB issued Statement No. 87 – *Leases* which seeks to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle

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

that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Board is currently assessing the impact of GASB 87 on the financial statements for the year ending June 30, 2021.

In March 2016, the GASB issued Statement No. 81 – *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The Board is currently assessing the impact of GASB 81 on the financial statements for the year ending June 30, 2018.

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, 2017, the Board had deposits with banks and savings and loans with a carrying amount of \$10,602,996 and with the State Treasurer of \$298,754. The bank balances with the financial institutions and the State Treasurer were \$10,987,277 and \$298,754, respectively. Of these balances, \$1,330,713 was covered by federal depository insurance and \$9,597,492 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

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

2. Investments

At June 30, 2017, the Board of Education had \$11,573,236 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, 2017. The Board has no policy for managing interest rate risk or credit risk.

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2017, were as follows:

	Due from other governments	Other	Total
Governmental activities:			
General	\$ -	\$ 23,060	\$ 23,060
Other governmental activities	5,647,679	168,214	5,815,893
Total governmental activities	\$ 5,647,679	\$ 191,274	\$ 5,838,953
Business-type activities			
Food Service Fund	\$ 381,204	\$ 12,798	\$ 394,002
Total business-type activities	\$ 381,204	\$ 12,798	\$ 394,002
Due from other governments consists of the following:			
State Public School	\$ 4,979,152	Operating fund from DPI	
Federal Grants	482,535	Operating fund from DPI	
Capital Outlay	5,633	Miscellaneous revenues from the state	
Total	\$ 5,647,679		
Food Service Fund	\$ 381,204	Federal reimbursements	

4. Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,145,694	\$ 22,576	\$ -	\$ 5,168,270
Construction in progress	-	10,659,943	-	10,659,943
Total capital assets not being depreciated	5,145,694	10,682,519	-	15,828,213
Capital assets being depreciated:				
Buildings and improvements	260,223,780	667,478	738,799	260,152,459
Equipment and furniture	8,252,563	257,859	25,408	8,485,014
Vehicles	19,931,572	2,829,046	1,534,447	21,226,171
Total capital assets being depreciated	288,407,915	3,754,383	2,298,654	289,863,644
Less accumulated depreciation for:				
Buildings and improvements	77,456,112	5,273,290	738,799	81,990,603
Equipment and furniture	6,359,130	511,088	25,408	6,844,810
Vehicles	18,012,488	774,324	1,534,447	17,252,365
Total accumulated depreciation	101,827,730	6,558,702	2,298,654	106,087,778
Total capital assets being depreciated, net	186,580,185			183,775,866
Governmental activities capital assets, net	\$ 191,725,879			\$ 199,604,079

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Depreciation expense was charged to governmental functions as follows:

Regular instructional	\$	83,172
Special instructional		24,687
Alternative programs		19,699
School leadership		10,714
Co-curricular		6,175
School based support services		8,879
Support and development services		41,300
Special populations		10,875
Alternative programs		14,027
Technology support		34,274
Operational support services		644,780
Financial and human resources services		82,340
System-wide pupil support		6,421
Leadership services		36,352
Community services		25,252
Non-programmed charges		7,030
Unallocated depreciation		5,502,725
Total	\$	6,558,702

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 3,789,351	\$ 26,869	\$ -	\$ 3,816,220
Vehicles	62,391	-	-	62,391
Total capital assets being depreciated	3,851,742	26,869	-	3,878,611
Less accumulated depreciation for:				
Equipment	3,374,412	128,738	-	3,503,150
Vehicles	50,005	7,078	-	57,083
Total accumulated depreciation	3,424,417	135,816	-	3,560,233
Business-type activities capital assets, net	\$ 427,325			\$ 318,378

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

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and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2017, was 9.98% 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 \$11,811,200 for the year ended June 30, 2017.

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.

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

At June 30, 2017, the Board reported a liability of \$84,161,369 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016 and at June 30, 2015, the Board's proportion was 0.92% and 0.92%, respectively.

For the year ended June 30, 2017, the Board recognized pension expense of \$15,727,801. At June 30, 2017, 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	\$ -	\$ 3,977,583
Change in assumptions	12,411,757	-
Net difference between projected and actual earnings on pension plan investments	30,014,642	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	102,319	1,253,089
Employer contributions subsequent to the measurement date	11,811,200	-
Total	\$ 54,339,918	\$ 5,230,672

\$11,811,200 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2018	\$ 5,989,124
2019	6,165,784
2020	16,098,595
2021	9,044,528
Total	\$ 37,298,031

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Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 8.10 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including

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TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. 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.

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)	\$ 158,291,274	\$ 84,161,369	\$ 21,828,282

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

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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 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, 2017, 2016, and 2015, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$7,258,932, \$6,548,241, and \$6,511,772, respectively. These contributions represented 6.02%, 5.60%, and 5.49% of covered payroll, respectively.

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

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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 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, 2017, 2016, and 2015, the Board paid all annual required contributions to the DIPNC for disability benefits of \$651,133, \$479,425, and \$486,307, respectively. These contributions represented .54%, .41%, and .41% of covered payroll, respectively.

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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. 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, 2017, were as follows:

	Vendors	Temporary Bank Overdraft	Salaries and Benefits	Total
Governmental activities:				
General	\$ 738,383	\$ -	\$ 580,521	\$ 1,318,904
Other governmental activities	-	-	5,821,913	5,821,913
Total governmental activities	\$ 738,383	\$ -	\$ 6,402,434	\$ 7,140,817
Business-type activities:				
Food Service Fund	\$ 17,038	\$ -	\$ -	\$ 17,038
Total business-type activities	\$ 17,038	\$ -	\$ -	\$ 17,038

3. Unearned Revenues

The balance in unearned revenues as of June 30, 2017 for business-type activities is composed of the following:

	Unearned Revenue
Business-type activities:	
Prepaid meals	\$ 56,260
Total	\$ 56,260

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4. Deferred Outflows and Inflows of Resources

The balance in deferred outflows and inflows of resources as of June 30, 2017 is composed of the following elements:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental activities		
Sales tax refunds receivable (State Public School Fund)	\$ -	\$ 5,634
Sales tax refunds receivable (Federal Grants Fund)	-	31,091
Difference between expected and actual experience	-	3,873,502
Change in assumptions	11,729,973	-
Net difference between projected and actual earnings on pension plan investments	29,229,252	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	99,642	1,316,637
Employer contributions subsequent to the measurement date	11,502,137	-
Total	\$ 52,561,004	\$ 5,226,864

	Deferred Outflows of Resources	Deferred Inflows of Resources
Business-type activities		
Difference between expected and actual experience	\$ -	\$ 7,744
Change in assumptions	681,785	-
Net difference between projected and actual earnings on pension plan investments	785,390	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,677	32,789
Employer contributions subsequent to the measurement date	309,062	-
Total	\$ 1,778,914	\$ 40,533

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

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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.

6. Contingent Liabilities

At June 30, 2017, 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, 2017 was \$340,000.

7. Operating Lease

At June 30, 2017, 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>
2018	\$ 123,564
2019	30,891
Total	\$ 154,455

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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.

The future minimum payments of all installment purchases as of June 30, 2017 are as follows:

	Initial contract year			Totals
	FYE 2015	FYE 2016	FYE 2017	
Total buses purchased	9	1	31	41
Total purchase price	\$ 748,692	\$ 83,696	\$ 2,668,482	\$ 3,500,870
Total payments 2014-2015	82,837	-	-	82,837
Total payments 2015-2016	291,507	20,924	-	312,431
Total payments 2016-2017	187,174	20,924	667,121	875,219
Total payments 2017-2018	187,174	20,924	667,121	875,219
Total payments 2018-2019	-	20,924	667,120	688,044
Total payments 2019-2020	-	-	667,120	667,120
Total payments	\$ 748,692	\$ 83,696	\$ 2,668,482	\$ 3,500,870

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, 2017, assets recorded under the capital lease arrangement were as follows:

Class of property	Cost	Depreciation	Value
Activity buses	\$ 332,147	\$ 129,168	\$ 202,979

Depreciation expense for this capital asset is included within total depreciation expense.

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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, 2017.

Year Ending June 30,	Payment
2018	\$ 84,072
Total minimum lease payments	84,072
Less: amount representing interest	1,006
Present value of the minimum lease payments	\$ 83,066

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, 2017:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental activities:					
Installment purchases	\$ 520,024	\$ 2,668,482	\$ 958,123	\$ 2,230,383	\$ 875,219
Capital lease	165,137	-	82,071	83,066	83,066
Net pension liability	32,976,347	48,910,883	-	81,887,230	-
Compensated absences	11,146,025	8,691,543	8,440,124	11,397,444	2,849,361
Total	\$ 44,807,533	\$ 60,270,908	\$ 9,480,318	\$ 95,598,123	\$ 3,807,646
Business-type activities:					
Compensated absences	\$ 246,441	\$ 223,245	\$ 240,410	\$ 229,276	\$ 57,319
Net pension liability	959,904	1,314,235	-	2,274,139	-
Total	\$ 1,206,345	\$ 1,537,480	\$ 240,410	\$ 2,503,415	\$ 57,319

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,	
2018	\$ 18,000
2019	18,000
2020	18,000
2021	18,000
2022	18,000
Thereafter	18,000
Total	\$ 108,000

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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.

D. Interfund Balances and Activity

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	\$ 65,491	\$ -	\$ 65,491
School food service fund	-	65,491	(65,491)
Total	\$ 65,491	\$ 65,491	\$ -

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.

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

Total fund balance- General Fund	\$ 4,217,812
Less:	
Stabilization by state statute:	
Accounts receivable	23,060
Total stabilization by state statute	23,060
Restricted for school capital projects	521,805
Committed for capital projects	1,623,000
Assigned for:	
Individual schools	305,941
Subsequent years expenditures	339,395
Total assigned fund balance	645,336
Remaining Fund Balance- Unassigned	\$ 1,404,611

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

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

In November 2017, the Board and Petitioner executed a settlement agreement to pay \$50,000 and fulfill several nonmonetary terms in exchange for Petitioner's release of the petition.

Management has evaluated subsequent events through January 17, 2018, 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 Four Fiscal Years

	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	0.921%	0.921%	0.903%	0.837%
Board's proportionate share of the net pension liability (asset)	\$ 84,161,369	\$ 33,936,251	\$ 10,587,079	\$ 9,758,714
Board's covered-employee payroll	\$ 116,932,875	\$ 118,144,306	\$ 112,418,528	\$ 113,334,124
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	71.97%	28.72%	9.42%	8.61%
Plan fiduciary net position as a percentage of the total pension liability	91.57%	92.08%	98.24%	90.60%

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

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

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

	2017	2016	2015	2014
Contractually required contribution	\$ 11,811,200	\$ 10,699,353	\$ 10,810,204	\$ 9,758,714
Contributions in relation to the contractually required contribution	<u>11,811,200</u>	<u>10,699,353</u>	<u>10,810,204</u>	<u>9,758,714</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's cover-employee payroll	\$ 120,580,267	\$ 116,932,875	\$ 118,144,306	\$ 112,418,528
Contributions as a percentage of covered-employee payroll	9.80%	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
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2017
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)

Schedule 1
Page 1 of 3

	2017 Budget	2017 Actual	Positive (Negative) Variance	2016 Actual
Revenues				
Pitt County:				
Appropriation from general revenues	\$ 38,213,340	\$ 38,213,340	\$ -	\$ 36,576,287
Total	38,213,340	38,213,340	-	36,576,287
Other				
Fines and forfeitures	700,000	568,429	(131,571)	567,289
Interest	100,000	10,520	(89,480)	4,903
Miscellaneous	-	186,433	186,433	62,138
Total	800,000	765,382	(34,618)	634,330
Total revenues	39,013,340	38,978,722	(34,618)	37,210,617
Expenditures				
Instructional programs				
Regular				
Salaries and employee benefits		8,172,688		7,631,174
Purchased services		2,144,451		1,975,529
Supplies and materials		1,848,315		2,211,231
Capital outlay		17,225		62,967
Total	12,954,291	12,182,679	771,612	11,880,901
Special				
Salaries and employee benefits		902,742		839,142
Total	937,172	902,742	34,430	839,142
Alternative programs				
Salaries and employee benefits		386,491		266,544
Total	432,150	386,491	45,659	266,544
School leadership				
Salaries and employee benefits		5,078,657		5,195,865
Purchased services		130,500		121,002
Supplies and materials		53,393		61,665
Total	5,449,845	5,262,550	187,295	5,378,532
Co-curricular				
Salaries and employee benefits		658,666		629,712
Purchased services		316,565		312,104
Total	971,142	975,231	(4,089)	941,816

Pitt County Board of Education, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2017
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)

Schedule 1
Page 2 of 3

	2017 Budget	2017 Actual	Positive (Negative) Variance	2016 Actual
School based support				
Salaries and employee benefits		804,899		490,398
Purchased services		104,480		210,565
Supplies and materials		3,982		32,529
Total	632,747	913,361	(280,614)	733,492
Total instructional programs	21,377,347	20,623,054	754,293	20,040,427
System wide support services				
Support and development				
Salaries and employee benefits		538,880		516,916
Purchased services		59,755		65,882
Supplies and materials		639		2
Total	623,834	599,274	24,560	582,800
Special populations				
Salaries and employee benefits		4,257		4,262
Total	5,080	4,257	823	4,262
Alternative programs				
Salaries and employee benefits		161,239		14,981
Total	164,560	161,239	3,321	14,981
Technology support				
Salaries and employee benefits		851,095		874,955
Purchased services		51,435		77,190
Supplies and materials		2,297		836
Total	959,581	904,827	54,754	952,981
Operational support				
Salaries and employee benefits		3,422,049		3,616,657
Purchased services		5,259,905		5,353,172
Supplies and materials		3,466,020		3,069,693
Capital outlay		-		39,986
Total	14,487,194	12,147,974	2,339,220	12,079,508
Financial and human resources				
Salaries and employee benefits		1,187,095		1,445,109
Purchased services		1,429,735		1,366,435
Supplies and materials		63,695		94,434
Total	2,897,910	2,680,525	217,385	2,905,978
System wide pupil support				
Salaries and employee benefits		238,198		169,261
Total	240,661	238,198	2,463	169,261

Pitt County Board of Education, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2017
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)

Schedule 1

Page 3 of 3

	2017 Budget	2017 Actual	Positive (Negative) Variance	2016 Actual
Leadership services				
Salaries and employee benefits		550,610		581,635
Purchased services		121,671		108,119
Supplies and materials		151,950		144,026
Total	836,601	824,231	12,370	833,780
Total system wide support services	20,215,421	17,560,525	2,654,896	17,543,551
Ancillary services				
Community services				
Salaries and employee benefits		17,438		14,306
Total ancillary services	29,042	17,438	11,604	14,306
Non-programmed charges	-	-	-	2,327
Total non-programmed charges	-	-	-	2,327
Total expenditures	41,621,810	38,201,017	3,420,793	37,600,611
Revenues over (under) expenditures	(2,608,470)	777,705	3,386,175	(389,994)
Other financing sources (uses)				
Transfers to other funds	-	-	-	(5,185)
Fund balance appropriated	2,608,470	-	(2,608,470)	-
Total other financing sources (uses)	2,608,470	-	(2,608,470)	(5,185)
Net change in fund balance	<u>\$ -</u>	777,705	<u>\$ 777,705</u>	(395,179)
Fund balances - beginning		3,440,107		3,835,286
Fund balances - ending		<u>\$ 4,217,812</u>		<u>\$ 3,440,107</u>

Pitt County Board of Education, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Special Revenue Fund
For the Fiscal Year Ended June 30, 2017
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)

Schedule 2
Page 1 of 2

	2017 Budget	2017 Actual	Positive (Negative) Variance	2016 Actual
Revenues				
US Government				
ROTC	\$ 350,000	\$ 341,191	\$ (8,809)	\$ 338,799
GEAR Up	90,000	64,926	(25,074)	73,293
TIF Grant	886,655	393,731	(492,924)	-
Medicaid Administration Outreach Program	750,000	762,129	12,129	780,795
Total	2,076,655	1,561,977	(514,678)	1,192,887
State of North Carolina:				
NC Pre-K Program	2,600,000	2,737,244	137,244	2,666,434
Reimbursements	132,177	65,514	(66,663)	-
Total	2,732,177	2,802,758	70,581	2,666,434
Other				
Sales tax	200,000	180,359	(19,641)	178,611
Tuition and fees	855,000	822,328	(32,672)	868,013
Interest	-	60,470	60,470	48,824
Indirect costs	797,685	826,133	28,448	1,137,206
Other local sources	763,150	778,068	14,918	2,708,478
Miscellaneous	550,480	396,030	(154,450)	476,907
Total	3,166,315	3,063,388	(102,927)	5,418,039
Total revenues	7,975,147	7,428,123	(547,024)	9,277,360
Expenditures				
Instructional programs				
Regular				
Salaries and employee benefits		338,763		892,566
Purchased services		130,445		199,245
Supplies and materials		114,708		1,548,829
Capital outlay		-		916,969
Total	6,430,584	583,916	5,846,668	3,557,609
Special				
Salaries and employee benefits		140,025		226,555
Purchased services		635,866		223,782
Supplies and materials		359,236		340,340
Total	1,254,326	1,135,127	119,199	790,677
Alternative programs				
Salaries and employee benefits		1,888,631		1,874,768
Purchased services		792,560		652,671
Supplies and materials		105,710		186,258
Total	3,472,144	2,786,901	685,243	2,713,697
School leadership				
Salaries and employee benefits		453,821		904,890
Total	924,856	453,821	471,035	904,890
School based support				
Salaries and employee benefits		125,768		124,314
Purchased services		61,563		158,164
Supplies and materials		1,067		15,000
Total	520,162	188,398	331,764	297,478

Pitt County Board of Education, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Special Revenue Fund
For the Fiscal Year Ended June 30, 2017
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)

Schedule 2
Page 2 of 2

	2017 Budget	2017 Actual	Positive (Negative) Variance	2016 Actual
Total instructional programs	12,602,072	5,148,163	7,453,909	8,264,351
System wide support services				
Support and development				
Salaries and employee benefits		189,489		41,695
Purchased services		104,016		7,500
Total	658,564	293,505	365,059	49,195
Special populations				
Salaries and employee benefits		47,561		-
Purchased services		10,558		-
Total	117,211	58,119	59,092	-
Alternative Programs				
Salaries and employee benefits		100,131		33,230
Total	100,229	100,131	98	33,230
Operational support				
Salaries and employee benefits		4,471		484,184
Purchased services		60,660		29,621
Total	93,376	65,131	28,245	513,805
Financial and human resources				
Salaries and employee benefits		183,589		56,345
Total	259,577	183,589	75,988	56,345
Alternative Programs				
Salaries and employee benefits		-		18,190
Total	-	-	-	18,190
Total system wide support services	1,228,957	700,475	528,482	670,765
Ancillary services				
Community services				
Salaries and employee benefits		663,572		722,634
Purchased services		175,046		179,441
Supplies and materials		65,214		116,857
Total	1,023,850	903,832	120,018	1,018,932
Nutritional services				
Supplies and materials		-		496
Total	-	-	-	496
Total ancillary services	1,023,850	903,832	120,018	1,019,428
Total expenditures	14,854,879	6,752,470	8,102,409	9,954,544
Revenues over (under) expenditures	(6,879,732)	675,653	7,555,385	(677,184)
Other financing sources (uses)				
Fund balance appropriated	6,879,732	-	(6,879,732)	-
Total other financing sources (uses)	6,879,732	-	(6,879,732)	-
Net change in fund balance	<u>\$ -</u>	675,653	<u>\$ 675,653</u>	(677,184)
Fund balances - beginning		<u>8,182,017</u>		<u>8,859,201</u>
Fund balances - ending		<u>\$ 8,857,670</u>		<u>\$ 8,182,017</u>

Pitt County Board of Education, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Capital Outlay Fund
For the Fiscal Year Ended June 30, 2017
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)
Schedule 3

	2017 Budget	2017 Actual	Positive (Negative) Variance	2016 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	1,331,512	958,123	(373,389)	395,334
Pitt County, North Carolina				
Appropriation from County	21,000,000	11,804,853	(9,195,147)	750,000
Restricted portion of sales tax	953,215	458,172	(495,043)	895,799
Other revenues				
Unrestricted portion of sales tax	-	5,633	5,633	10,004
Other local revenue	-	232,558	232,558	132,000
Investment earnings	10,000	9,976	(24)	6,111
Total revenues	25,994,727	15,069,315	(10,925,412)	3,789,248
EXPENDITURES				
Capital outlay				
System-Wide Support Services				
Financial & Human Resources	8,000	8,025	(25)	4,749
Improvements to existing sites		11,263,024		986,536
Furniture and equipment		484,397		634,950
Buses and motor vehicles		2,710,037		501,032
On-behalf payment to County for repayment of debt		1,600,000		1,600,000
Total	28,378,299	16,057,458	12,320,841	3,722,518
Debt service				
Principal		1,040,194		478,272
Interest		2,001		1,134
Total debt service	1,301,916	1,042,195	259,721	479,406
Total expenditures	29,688,215	17,107,678	12,580,537	4,206,673
Excess of revenues over expenditures	(3,693,488)	(2,038,363)	1,655,125	(417,425)
Other financing sources (uses)				
Installment purchase obligations issued	2,668,488	2,668,488	-	501,032
Appropriated fund balance	1,025,000	-	(1,025,000)	-
Total other financing sources (uses)	3,693,488	2,668,488	(1,025,000)	501,032
Net change in fund balance	\$ -	630,125	\$ 630,125	83,607
Fund balances - beginning		1,108,715		1,025,108
Fund balances - ending		\$ 1,738,840		\$ 1,108,715

Pitt County Board of Education, North Carolina
Schedule of Revenues, Expenditures – Budget and Actual – Food Service Fund
For the Fiscal Year Ended June 30, 2017
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)
Schedule 4

	2017 Budget	2017 Actual	Positive (Negative) Variance	2016 Actual
Operating revenues, food sales	\$ 3,389,351	\$ 1,481,042	\$ (1,908,309)	\$ 1,788,677
Operating expenses				
Nutritional services				
Purchase of food	6,008,788	4,812,448	1,196,340	5,272,135
Salaries and benefits	6,103,483	4,892,282	1,211,201	5,114,607
Indirect cost	886,531	549,269	337,262	742,881
Purchased services	153,305	66,857	86,448	70,505
Repairs and maintenance	90,796	46,605	44,191	67,812
Materials and supplies	95,398	74,081	21,317	107,411
Equipment purchases	461,699	29,062	432,637	43,012
	13,800,000	10,470,604	3,329,396	11,418,363
Total operating expenses	13,800,000	10,470,604	3,329,396	11,418,363
Operating loss	(10,410,649)	(8,989,562)	1,421,087	(9,629,686)
Nonoperating revenues				
Federal reimbursements	9,465,825	8,765,225	700,600	8,834,777
Federal commodities	759,937	754,017	5,920	715,499
State reimbursements	14,471	10,713	3,758	13,544
Investment earnings	28,250	35,379	(7,129)	25,181
Total nonoperating revenues	10,268,483	9,565,334	(703,149)	9,589,001
Excess of revenues over (under) expenses before other financing sources	(142,166)	575,772	717,938	(40,685)
Other financing sources:				
Transfers in	142,166	65,491	(76,675)	69,077
Excess of revenues and other sources over (under) expenditures	<u>\$ -</u>	641,263	<u>\$ 641,263</u>	28,392
Reconciliation of modified accrual to full accrual basis:				
Reconciling items:				
Depreciation		(135,816)		(129,112)
Net pension liability		(1,314,235)		72,779
Deferred outflows-pension		1,129,234		180,827
Deferred inflows - pension		82,516		-
Capital outlay		29,062		43,012
(Increase) decrease in inventory		(75,718)		14,964
Increase (decrease) in compensated absences payable		(17,165)		(1,264)
Change in net position (full accrual)		<u>\$ 339,141</u>		<u>\$ 209,598</u>



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 Board’s financial performance and well-being have changed over time.	
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Pitt County Board of Education – Fund Balances – Governmental Funds	5
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 <u>Revenue Capacity:</u>	
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 <u>Debt Capacity:</u>	
Since the Board of Education has no tax-levying or debt issuing authority, the County of Pitt provides significant funding to the school system. Fiscal data from the County of Pitt has been included to help the reader assess the affordability of Pitt County’s current levels of outstanding debt and Pitt County’s ability to issue additional debt in the future.	
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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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Government Activities										
Net investment in capital assets	\$ 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	\$ 197,290,630
Restricted	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	5,504,675
Unrestricted	(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)	(34,828,040)
Total governmental activities net position	\$ 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	\$ 167,967,265
Business-type activities										
Net investment in capital assets	\$ 602,417	\$ 373,392	\$ 237,031	\$ 163,925	\$ 263,965	\$ 347,130	\$ 389,330	\$ 352,833	\$ 427,325	\$ 318,378
Unrestricted	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	4,443,856
Total business-type activities net position	\$ 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	\$ 4,762,234
Primary government										
Net investment in capital assets	\$ 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	\$ 197,609,008
Restricted	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	5,504,675
Unrestricted	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)	(30,384,184)
Total primary government net position	\$ 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	\$ 172,729,499

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Government Activities										
Net investment in capital assets	\$ 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	\$ 82,314,633
Restricted	200,598	199,051	178,243	15,413,852	10,949,019	12,335,800	17,176,068	14,785,094	16,678,816	15,971,134
Unrestricted	23,707,535	33,161,453	7,602,000	(12,273,362)	(5,966,584)	9,777,730	7,074,844	14,440,586	14,575,156	(59,397,402)
Total governmental activities net position	\$ 31,107,865	\$ 40,524,444	\$ 34,648,163	\$ 6,453,930	\$ 2,588,674	\$ 25,060,616	\$ 32,614,075	\$ 36,630,204	\$ 48,464,095	\$ 38,888,365
Business-type activities										
Net investment in capital assets	\$ 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	\$ 4,170,609
Unrestricted	(623,834)	191,582	878,331	1,639,256	2,444,272	2,895,804	2,500,256	2,355,498	2,255,919	1,797,584
Total business-type activities net position	\$ 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	\$ 5,968,193
Primary government										
Net investment in capital assets	\$ 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	\$ 86,485,242
Restricted	200,598	199,051	178,243	15,413,852	10,949,019	12,335,800	17,176,068	14,785,094	16,678,816	15,971,134
Unrestricted	23,083,701	33,353,035	8,480,331	(10,634,106)	(3,522,312)	12,673,534	9,575,100	16,796,084	16,831,075	(57,599,818)
Total primary government net position	\$ 32,654,610	\$ 43,006,380	\$ 38,347,923	\$ 10,964,053	\$ 7,934,037	\$ 31,519,944	\$ 38,884,577	\$ 42,725,752	\$ 54,907,108	\$ 44,856,558

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2017

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

Unaudited
Table 3

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
Instructional programs	\$ 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	\$ 169,406,325
Supporting services	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	35,943,020
Community services	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	1,331,209
Repayment of debt issuance	-	-	-	-	1,183,917	1,520,868	1,520,868	2,174,016	1,600,000	1,600,000
Non-programmed charges	97,464	-	-	-	-	-	-	-	379,965	283,694
Interest expense	-	-	-	-	-	-	-	-	1,134	2,001
Unallocated depreciation expense	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	5,527,730
Total governmental activities expenses	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	214,093,979
Business-type activities:										
School food service	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	10,772,726
Total business-type activities	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	10,772,726
Total primary government expenses	\$ 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	\$ 224,866,705
Program Revenues										
Governmental activities:										
Charges for services:										
Instructional programs	\$ 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	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	156,981,476
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	2,558,123
Total governmental activities program revenues	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	159,539,599
Business-type activities:										
Charges for services	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	1,481,042
Operating grants and contributions	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	9,529,955
Total business-type activities program revenues	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	11,010,997
Total primary government program revenues	\$ 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	\$ 170,550,596
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (54,554,380)
Business-type activities	(1,083,774)	159,928	1,144,023	875,887	648,842	167,557	(163,219)	(120,988)	(80,151)	238,271
Total primary government net expense	\$ (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)	\$ (54,316,109)

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	\$ 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	\$ 2,802,758	
Pitt County	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	50,476,365	
Investment earnings	435,957	268,124	144,066	94,431	65,264	39,668	38,815	40,836	60,026	81,233	
Other	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	4,060,896	
Transfers	(83,775)	(17,716)	(48,467)	(111,253)	(115,322)	(118,036)	(118,569)	(120,547)	(69,078)	(65,491)	
Total governmental activities	62,302,215	53,736,578	56,252,014	63,612,817	43,164,564	38,969,193	38,953,957	40,962,888	43,895,463	57,355,761	
Business-type activities:											
General Revenues:											
Investment earnings	62,553	3,739	4,985	7,242	6,692	15,722	16,532	19,757	25,181	35,379	
Transfers	83,775	17,716	48,467	111,253	115,322	118,036	118,569	120,547	69,078	65,491	
Total business-type activities:	146,328	21,455	53,452	118,495	122,014	133,758	135,101	140,304	94,259	100,870	
Total primary government revenues	\$ 62,448,543	\$ 53,758,033	\$ 56,305,466	\$ 63,731,312	\$ 43,286,578	\$ 39,102,951	\$ 39,089,058	\$ 41,103,192	\$ 43,989,722	\$ 57,456,631	
Change in Net Position											
Governmental activities	\$ 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	\$ 4,298,433	
Business-type activities	(937,446)	181,383	1,197,475	994,382	770,856	301,315	(28,118)	19,316	14,108	339,141	
Total primary government	\$ 16,204,547	\$ 3,886,986	\$ 15,587,392	\$ 12,639,185	\$ 682,842	\$ (6,002,200)	\$ (6,312,185)	\$ 8,322,178	\$ 3,152,970	\$ 4,637,574	

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 18,117,235	\$ 16,716,822	\$ 16,704,353	\$ 16,768,759	\$ 19,876,656	\$ 16,297,756	\$ 18,833,804	\$ 16,508,916	\$ 15,016,731	\$ 13,681,634
Public safety	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	48,042,994
Economic and physical development	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	16,552,198
Environmental protection	248,179	259,750	267,785	245,159	230,549	200,253	216,114	186,589	285,467	282,750
Human Services	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	47,835,102
Cultural and recreation	645,517	608,328	718,401	698,384	618,966	590,667	606,785	679,571	664,949	822,133
Education	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	53,841,094
Interest on long term debt	6,931,700	4,270,139	5,870,905	6,967,304	9,001,235	6,952,420	8,605,897	7,251,638	6,444,049	4,915,136
Total governmental activities	157,640,782	152,323,844	164,062,966	159,568,912	161,248,079	149,706,173	157,081,039	155,098,910	158,943,925	185,973,041
Business-type activities:										
Solid Waste	7,714,185	6,737,540	6,809,686	7,348,253	8,361,494	7,763,554	8,357,565	8,462,330	8,239,791	9,626,750
Total business-type activities	7,714,185	6,737,540	6,809,686	7,348,253	8,361,494	7,763,554	8,357,565	8,462,330	8,239,791	9,626,750
Total primary government expenses	\$ 165,354,967	\$ 159,061,384	\$ 170,872,652	\$ 166,917,165	\$ 169,609,573	\$ 157,469,727	\$ 165,438,604	\$ 163,561,240	\$ 167,183,716	\$ 195,599,791
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 6,058,408
Public safety	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	6,681,784
Economic and physical development	3,825	115,237	165,475	584,174	183,709	168,709	59,294	569,379	47,827	64,955
Environmental protection	192,034	115,497	101,973	73,019	50,504	38,004	65,453	-	97,089	92,189
Human Services	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	5,663,557
Cultural and recreation	23,003	-	-	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	-	2,426	7,348	20,334	3,269	8,501	1,410	149,781	(5)	21,836
Public safety	283,037	120,165	100,592	56,387	263,750	228,750	2,230,832	674,984	2,156,752	2,207,523
Economic and physical development	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	3,486,757
Environmental protection	227,341	-	-	-	-	-	-	-	-	-
Human Services	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	25,512,425
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	-	-	-	-	-	75,160
Public safety	98,719	1,293,371	157,578	2,177	37,758	16,758	190,314	-	-	-
Economic and physical development	1,672,867	1,969,407	107,686	307,686	51,725	40,680	303,311	1,318,696	1,215,545	2,668,269
Environmental protection	-	-	769,744	126,903	96,977	65,977	-	-	-	-
Education	1,821,032	117,996	64,383	358,751	1,548,346	1,418,346	1,533,622	-	1,623,271	2,625,917
Cultural and recreation	-	-	-	-	-	-	-	-	-	-
Social services	-	-	-	-	-	-	19,049	-	-	-
Total governmental activities program revenues	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	55,158,780

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	7,851,102	7,664,223	8,023,307	8,145,483	8,461,544	8,266,388	8,394,313	8,543,848	8,764,954	9,070,222
Capital grants and contributions - Solid Waste	-	5783	-	12,248	755,856	700,247	79,728	13,411	16,811	34,620
Total business-type activities program revenues	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	9,104,842
Total primary government program revenues	\$ 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	\$ 64,263,622
Net (Expense)/Revenue										
Governmental activities	\$ (113,913,422)	\$ (98,128,720)	\$ (111,558,151)	\$ (106,259,759)	\$ (111,529,062)	\$ (102,307,961)	\$ (111,927,079)	\$ (105,487,524)	\$ (108,434,294)	\$ (130,814,261)
Business-type activities	136,917	932,466	1,213,621	809,478	855,906	1,203,081	116,476	94,929	541,974	(521,908)
Total primary government net expense	\$ (113,776,505)	\$ (97,196,254)	\$ (110,344,530)	\$ (105,450,281)	\$ (110,673,156)	\$ (101,104,880)	\$ (111,810,603)	\$ (105,392,595)	\$ (107,892,320)	\$ (131,336,169)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 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	\$ 90,552,468
Local option sales tax	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	30,412,717
Payment in lieu of taxes and other taxes	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	2,264,174
Interest earned on investments	3,164,210	1,126,732	362,113	138,986	140,704	89,550	2,036,371	1,648,230	2,013,878	985,633
Loss on disposal of capital assets	-	-	-	(27,417,055)	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	102,980	132,691
Gain on Bond Defeasance	-	-	-	-	-	-	7,423,910	-	-	-
Total governmental activities	104,733,318	108,970,290	104,256,869	78,065,527	107,643,051	108,526,741	119,154,256	114,888,160	119,976,946	124,347,683
Business-type activities:										
Investment earnings	28,499	3,191	4,203	885	89	18,889	20,980	14,295	44,598	43,652
Transfers	-	-	-	-	-	-	-	-	(102,980)	(132,691)
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total business-type activities:	28,499	3,191	4,203	885	89	18,889	20,980	14,295	(58,382)	(89,039)
Total primary government expenses	\$ 104,761,817	\$ 108,973,481	\$ 104,261,072	\$ 78,066,412	\$ 107,643,140	\$ 108,545,630	\$ 119,175,236	\$ 114,902,455	\$ 119,918,564	\$ 124,258,644
Change in Net Position										
Governmental activities	\$ (9,180,104)	\$ 10,841,570	\$ (7,301,282)	\$ (28,194,232)	\$ (3,886,011)	\$ 6,218,780	\$ 7,227,177	\$ 9,400,636	\$ 11,542,652	\$ (6,466,578)
Business-type activities	165,416	935,657	1,217,824	810,363	855,995	1,221,970	137,456	109,224	483,592	(610,947)
Total primary government	\$ (9,014,688)	\$ 11,777,227	\$ (6,083,458)	\$ (27,383,869)	\$ (3,030,016)	\$ 7,440,750	\$ 7,364,633	\$ 9,509,860	\$ 12,026,244	\$ (7,077,525)

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2017

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Restricted	\$ 655,314	\$ 1,699,374	\$ 2,872,643	\$ 2,273,981	\$ 1,142,341	\$ 1,196,971	\$ 645,616	\$ 102,880	\$ 529,270	\$ 544,865
Committed	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	1,623,000
Assigned	426,879	515,762	813,845	1,376,636	652,851	740,355	1,681,577	726,513	575,016	645,336
Unassigned	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	1,404,611
Total general funds	\$ 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	\$ 4,217,812
All Other Governmental Funds										
Restricted										
State statute	\$ 859,667	\$ 10,654	\$ 10,413	\$ 10,271	\$ 577,196	\$ 591,688	\$ 870,998	\$ 217,586	\$ 300,842	\$ 348,573
Grantor requirements	-	-	-	-	1,550,425	1,203,244	763,881	1,145,034	1,093,983	1,096,276
Individual schools	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	1,776,121
Capital outlay	(29,368)	597,177	1,013,507	1,149,213	1,430,986	982,779	1,048,826	1,025,113	1,108,715	1,738,840
Assigned										
Subsequent years expenditure	-	-	-	-	3,032,749	5,572,273	6,846,425	7,496,578	6,787,191	5,752,070
Unassigned	-	-	-	-	-	-	-	-	-	1,660,751
Total all other governmental funds	\$ 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	12,372,631
Total governmental funds	\$ 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	\$ 16,590,443

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 8,344,807	\$ 6,240,357	\$ 5,948,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	22,873,508	23,347,347	24,967,310	-	-	-	-	-	-	-
Nonspendable- prepaid items	-	-	-	127,233	96,021	150,981	194,008	171,896	289,553	253,963
Restricted	-	-	-	6,310,217	6,990,076	7,872,485	9,064,048	9,826,214	11,351,974	5,960,868
Assigned	-	-	-	4,215,000	2,288,000	2,288,000	2,786,466	2,871,466	2,871,466	5,855,639
Unassigned	-	-	-	11,254,925	14,846,239	16,997,017	23,805,248	26,585,766	26,604,345	25,143,213
Total general fund	\$ 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	\$ 37,213,683
All Other Governmental Funds										
Reserved	\$ 2,731,989	\$ 2,519,607	\$ 1,937,647	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Undesignated/(deficit)										
Special revenue funds	1,312,430	1,904,621	2,041,415	-	-	-	-	-	-	-
Debt service funds	(8,068)	64,415	41,635	-	-	-	-	-	-	-
Capital projects fund	1,746,264	1,847,095	(159,711)	-	-	-	-	-	-	-
Designated for capital projects	9,749,419	9,331,452	-	-	-	-	-	-	-	-
Nonspendable- prepaid items	-	-	-	93,315	114,571	139,920	84,668	153,579	183,018	147,785
Restricted	-	-	-	30,735,482	11,867,990	14,297,247	9,921,816	8,004,372	8,667,226	24,447,486
Committed	-	-	-	11,623,127	12,407,122	7,427,612	9,822,537	7,460,390	24,130,049	15,447,427
Assigned	-	-	-	1,434,962	1,789,875	1,505,723	1,647,750	1,411,986	1,364,137	1,604,679
Unassigned	-	-	-	(1,130,273)	(975,612)	(265,605)	(2,191,980)	(246,910)	(1,089,227)	(62,063)
Total all other governmental funds	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	41,585,314
Total governmental funds	\$ 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	\$ 78,798,997

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2017

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Federal sources:										
Federal grants, sales tax, and other	\$ 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	\$ 16,973,341
Total federal sources	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	16,973,341
State sources:										
State Public School Fund, and sales tax	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	135,769,148
Public School Building Bond Fund	-	-	-	-	-	-	-	-	-	-
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	1,556,385	1,050,000	-	-	-	-	-	-	-	-
State Grants and other	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	5,360,881
Total state sources	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	141,130,029
Local sources:										
Pitt County	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	50,476,365
Pitt County Certificates of Participation	22,117,718	3,554,965	15,821,062	18,269,372	5,382,277	17,582	-	-	-	-
Interest earnings	435,957	268,124	144,066	94,431	65,264	39,668	38,815	40,841	60,026	81,233
Contributions and donations	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	5,752,427
Fines and forfeitures	505,659	597,328	885,658	682,249	635,368	839,714	517,098	594,746	567,290	568,429
Sales tax	170,610	166,413	228,337	296,602	271,920	279,750	248,690	171,853	223,666	234,529
Indirect cost revenues	890,306	256,828	381,698	642,187	592,243	793,803	977,807	1,066,979	1,137,206	826,133
Tuition and fees	1,315,073	1,191,159	1,172,740	1,083,817	1,141,216	1,029,180	884,613	833,911	868,013	822,328
Other	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	1,593,089
Total local sources	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	60,354,533
Total revenues	\$ 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	\$ 218,457,903

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Taxes:										
Property	\$ 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	\$ 90,613,945
Sales	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	18,831,700
Other	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	13,845,191
Total taxes	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	123,290,836
Intergovernmental	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	39,455,051
Sales & Services / Permits & Fees	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	10,937,435
Interest	3,142,597	1,116,097	359,591	262,393	140,633	83,754	451,726	110,704	304,345	458,660
Miscellaneous	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	4,199,918
Total revenues	\$ 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	\$ 178,341,900

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2017

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instructional programs:	\$ 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	\$ 166,294,634
Support services:	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	34,281,112
Ancillary services:	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	994,584
Non-programmed charges	312,788	256,828	381,698	362,735	144,066	248,936	381,863	422,898	396,507	276,859
On-behalf payment to County for repayment of debt	-	-	-	-	1,183,917	1,520,868	1,520,868	1,600,000	1,600,000	1,600,000
Debt service:										
Principal	1,489,765	2,762,583	1,010,240	1,358,220	387,747	893,424	275,081	563,319	478,272	1,040,194
Interest	-	-	-	-	-	-	-	-	1,134	2,001
Capital outlay:										
Real property and buildings	26,006,037	14,305,600	17,968,855	24,725,467	5,948,237	623,948	409,807	856,709	986,536	11,263,024
Furniture and equipment	295,142	354,928	232,603	340,678	694,944	323,693	577,331	696,043	634,960	484,397
Buses and motor vehicles	1,663,381	3,199,798	528,734	1,022,477	1,011,361	121,186	194,856	906,163	501,032	2,710,037
Total expenditures	216,421,103	209,959,944	208,546,723	220,870,881	197,904,318	195,471,532	192,640,697	201,447,260	205,682,272	218,946,842
Excess of revenue over (under) expenditures	(878,581)	352,854	888,906	(2,041,102)	940,175	1,277,449	24,211	(952,484)	(1,332,036)	(488,939)
Other Financing Sources (Uses)										
Installment purchase obligations issued	1,654,701	3,030,720	528,510	1,022,477	1,011,361	-	88,953	906,163	501,032	2,668,488
Other transfers in (out)	(83,775)	(17,716)	(48,467)	(111,253)	(115,322)	(118,036)	(118,569)	(120,547)	(69,078)	(65,491)
Net change in fund balances	\$ 692,345	\$ 3,365,858	\$ 1,368,949	\$ (1,129,878)	\$ 1,836,214	\$ 1,159,413	\$ (5,405)	\$ (166,868)	\$ (900,082)	\$ 2,114,058
Debt service as a percentage of noncapital expenditures	0.79%	1.44%	0.53%	0.70%	0.20%	0.46%	0.14%	0.28%	0.24%	0.51%

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	\$ 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	\$ 13,732,350
Public Safety	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	45,837,911
Environmental Protection	231,415	242,986	252,499	229,879	217,076	200,253	216,114	248,599	260,578	256,163
Economic Development	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	19,902,032
Human Services	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	46,210,880
Social Services (2)	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	645,517	608,328	718,401	698,384	618,966	590,667	606,785	679,571	664,949	822,133
Education	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	57,094,539
Capital Outlay	13,792,689	13,964,836	-	-	-	-	-	-	-	-
Debt Service:										
Principal	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	10,993,356
Interest	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	6,703,806
Total expenditures	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	201,553,170
Excess of revenue over (under) expenditures	(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)	(23,211,270)
Other Financing Sources (Uses)										
Transfers in	(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)	(26,469,826)
Transfers out	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	25,681,106
Insurance Proceeds	-	-	-	-	-	-	20,489	139,235	-	15,363
Bonds Issued	19,855,000	-	-	-	-	-	-	-	-	-
Payment to bondholders, bond redemption	-	-	-	-	-	-	(54,372,710)	-	-	-
Payment to refunding escrow agent	-	-	-	(5,040,000)	-	-	-	-	-	-
Payment to escrow agent, debt refunding pmt	-	-	-	-	(21,230,000)	-	-	(39,421,164)	-	(55,709,200)
Payment to escrow agent, advance interest pmt	-	-	-	-	-	-	-	-	-	-
Payment from escrow agent	-	-	-	-	-	-	61,796,620	-	-	-
Payment to retire revenue anticipation notes	-	-	-	-	-	-	-	-	-	-
Debt Obligation issued	-	348,000	36,344,145	33,994,490	26,711,977	6,025,835	1,594,353	35,135,000	19,250,000	63,690,000
Installment Debt Issued	-	-	-	-	-	-	-	893,828	877,242	10,177,000
Premium received from issuance of debt	381,491	-	47,563	-	2,383,047	-	-	4,723,699	979,187	10,253,283
Total other financing sources (uses)	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	27,637,726
Net change in fund balances	\$ (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	\$ 4,426,456
Debt service as a percentage of noncapital expenditures	7.91%	9.69%	9.35%	10.37%	12.47%	11.89%	11.83%	11.82%	11.27%	9.41%

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2017

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						
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%
2017	9,727,381,342	-	-	-	2,437,716,258	152,480,080	12,317,577,680	0.68600	12,440,753,457	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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Pitt County	\$ 0.6650	\$ 0.6650	\$ 0.6650	\$ 0.6650	\$ 0.6800	\$ 0.6800	\$ 0.6800	\$ 0.6800	\$ 0.6800	\$ 0.6960
<u>Municipality Rates:</u>										
Town of Ayden	0.5000	0.5000	0.5000	0.5000	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400
Town of Bethel	0.5900	0.5900	0.5900	0.5900	0.6600	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	0.5875	0.5875
City of Greenville	0.5200	0.5200	0.5200	0.5200	0.5200	0.5200	0.5200	0.5300	0.5200	0.5200
Town of Grifton	0.5500	0.5500	0.6000	0.6000	0.6000	0.6000	0.6000	0.6300	0.6300	0.6300
Town of Grimesland	0.4800	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	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750
<u>Fire Districts:</u>										
Ayden Fire District	0.0375	0.0375	0.0300	0.0425	0.0475	0.0475	0.0475	0.0599	0.0599	0.0724
Bell Arthur Fire District	0.0500	0.0500	0.0500	0.0500	0.0500	0.0885	0.0885	0.0885	0.0885	0.0885
Belvoir Fire District	-	-	-	-	0.0189	0.0189	0.0225	0.0225	0.0225	0.0225
Bethel Fire District	-	-	-	-	0.0675	0.0675	0.0675	0.0675	0.0675	0.0675
Black Jack Fire District	0.0540	0.0540	0.0540	0.0540	0.0640	0.0740	0.0740	0.0740	0.0740	0.0740
Clarks Neck Fire District	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450
Eastern Pines Fire District	0.0500	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	0.0800	0.0800	0.0800
Farmville Fire District	0.0360	0.0360	0.0360	0.0365	0.0389	0.0389	0.0389	0.0400	0.0500	0.0500
Fountain Fire District	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0675	0.0675	0.0875	0.0875
Garndersville Fire District	0.0750	0.0750	0.0750	0.0800	0.0800	0.0940	0.0940	0.0940	0.0940	0.0940
Grifton Fire District	0.0499	0.0499	0.0499	0.0499	0.0599	0.0599	0.0599	0.0599	0.0599	0.0599
Grimesland Fire District	0.0650	0.0650	0.0650	0.0700	0.0700	0.0700	0.0700	0.0700	0.0750	0.0750
Pactolus Fire District	0.0425	0.0425	0.0425	0.0425	0.0425	0.0425	0.0625	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	0.0650	0.0650	0.0650	0.0650	0.0650	0.0650
Staton House Fire District	0.0190	0.0190	0.0200	0.0215	0.0250	0.0275	0.0275	0.0275	0.0290	0.0290
Stokes Fire District	0.0500	0.0500	0.0500	0.0500	0.0500	0.0700	0.0700	0.0700	0.0700	0.0700
Winterville Fire District	0.0250	0.0250	0.0250	0.0250	0.0440	0.0440	0.0440	0.0440	0.0440	0.0440
EMS District	0.0440	0.0440	0.0440	0.0440	0.0460	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 Four Prior Years
Unaudited
Table 13

Taxpayer	Type of Business	Fiscal Year 2017			Fiscal Year 2016			Fiscal Year 2015			Fiscal Year 2014			Fiscal Year 2013		
		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	\$ 262,435,545	1	2.13%	\$ 249,654,598	1	2.12%	\$ 222,254,063	1	1.88%	\$ 216,120,211	1	1.88%	\$ 212,764,918	2	1.75%
DSM Dyneema, LLC	Manufacturer	175,263,183	2	1.42%	181,014,354	2	1.53%	187,370,888	2	1.59%	195,205,363	2	1.70%	243,042,824	1	2.22%
DSM Biomedical, Inc.	Manufacturer										28,213,772	10	0.25%			
Carolina Telephone	Communications			0.29%	36,161,505	10	0.31%	41,254,220	6	0.35%	46,460,620	6	0.40%	28,638,317	10	33.00%
Asmo	Manufacturer	81,378,706	4	0.66%	80,326,401	4	0.68%	77,101,007	4	0.65%	73,499,068	4	0.64%	54,232,103	4	0.48%
Weyerhaeuser Company	Manufacturer	51,898,139	5	0.42%	49,090,486	7	0.42%	49,828,654	5	0.42%	75,769,394	3	0.66%	46,665,251	5	0.40%
North Campus Crossing LLC	Apartments				-											
RPI Greenville Mall, LP	Mall	44,614,187	7	0.36%	44,614,187	8	0.38%	40,428,933	7	0.34%	40,428,933	7	0.35%	40,480,296	6	0.38%
Copper Beach Townhome Comm	Apartments	37,505,180	8	0.30%	37,505,180	9	0.32%	34,605,790	8	0.29%	34,605,790	8	0.30%	34,605,790	7	0.37%
PL Greenville LP (Bellamy)	Apartments							29,073,633	10	0.25%	29,073,633	9	0.25%	29,073,633	8	0.34%
NACCO	Manufacturer										-					
Attends Healthcare	Manufacturer	85,746,840	3	0.70%	89,078,952	3	0.75%	90,970,829	3	0.77%	72,835,039	5	0.63%	72,760,202	3	0.44%
USCOC of Greater NC LLC	Communications												28,776,812	9	0.35%	
Wal Mart Real Estate Business Trust	Retail	46,951,953	6	0.38%	50,710,681	6	0.43%	29,272,633	9	0.25%						
Pep Core NCC LLC (I&II)	Apartments	57,603,990	5	0.47%	57,603,990	5	0.49%									
Pep ECU LLC	Apartments	34,038,022	9	0.28%												
401 Moye Boulevard Realty Dist	Realtor	31,901,462	10	0.26%												
Totals		\$ 909,337,207		7.68%	\$ 875,760,334		7.42%	\$ 802,160,650		6.80%	\$ 812,211,823		7.06%	\$ 791,040,146		4.98%

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 Prior Years	Total Amount Collected	Total Percentage Collected
				Total Amount	Percentage of Original Levy	Percentage of Adjusted Levy			
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%
2017	84,725,527	1,076,224	85,801,751	84,305,375	99.50%	98.26%	976,112	85,281,487	100.66%

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			
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	2.21%
2016	19,250,000	37,875,000	80,310,000	4,201,765	10,687,861	-	-	-	152,324,626	868	2.27%
2017	18,235,000	17,590,000	109,270,000	3,851,618	14,851,652	-	-	-	163,798,270	931	N/A

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2017

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			
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	-	-	-	0.00%	0.0000%	0
2016	19,250,000	-	19,250,000	0.29%	0.1594%	110
2017	18,235,000	-	18,235,000	N/A	0.0000%	104

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2017

Note: N/A = not available

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed Value of Property	\$ 10,127,180	\$ 11,796,580	\$ 11,926,550	\$ 11,803,079	\$ 11,749,829	\$ 11,483,990	\$ 11,951,288	\$ 11,798,990	\$ 12,075,110	\$ 12,317,578
Debt Limit, 8% of Assessed Value (Statutory Limitation)	810,174	943,726	954,124	944,246	939,986	918,719	956,103	943,919	966,009	985,406
Amount of Debt Applicable to Limit										
Gross debt	138,268	129,991	155,481	175,071	170,604	164,434	156,181	144,267	152,325	163,798
Less: Amount available for repayment of general obligation bond:	-	-	-	-	-	-	-	-	-	-
Debt outstanding serviced by Enterprise Fund (solid waste)	600	400	200	-	-	-	-	-	-	-
Revenue bonds	130,195	123,645	151,335	105,330	98,860	92,715	86,225	43,210	37,875	17,590
Total net debt applicable to limit	7,473	5,946	3,946	69,741	71,744	71,719	69,956	101,057	114,450	146,208
Legal Debt Margin	\$ 802,701	\$ 937,780	\$ 950,178	\$ 874,505	\$ 868,242	\$ 847,000	\$ 886,147	\$ 842,862	\$ 851,559	\$ 839,198
Total net debt applicable to the limit as a percentage of debt limit	0.92%	0.63%	0.41%	7.39%	7.63%	7.81%	7.32%	10.71%	11.85%	14.84%

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2017

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, 2017 are as follows:

	Initial contract year			Totals
	FYE 2015	FYE 2016	FYE 2017	
Total buses purchased	9	1	31	41
Total purchase price	\$ 748,692	\$ 83,696	\$ 2,668,482	\$ 3,500,870
Total payments 2014-2015	82,837	-	-	82,837
Total payments 2015-2016	291,507	20,924	-	312,431
Total payments 2016-2017	187,174	20,924	667,121	875,219
Total payments 2017-2018	187,174	20,924	667,121	875,219
Total payments 2018-2019	-	20,924	667,120	688,044
Total payments 2019-2020	-	-	667,120	667,120
Total payments	\$ 748,692	\$ 83,696	\$ 2,668,482	\$ 3,500,870

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Installment purchases:										
Beginning balance	\$ 1,323,441	\$ 1,324,830	\$ 1,592,967	\$ 1,111,237	\$ 775,494	\$ 1,399,108	\$ 505,684	\$ 319,556	\$ 414,325	\$ 520,024
Increase	1,491,154	3,030,720	528,510	1,022,477	1,011,361	-	88,953	574,016	501,033	2,668,482
Decrease	(1,489,765)	(2,762,583)	(1,010,240)	(1,358,220)	(387,747)	(893,424)	(275,081)	(479,247)	(395,334)	(958,123)
Ending Balance	\$ 1,324,830	\$ 1,592,967	\$ 1,111,237	\$ 775,494	\$ 1,399,108	\$ 505,684	\$ 319,556	\$ 414,325	\$ 520,024	\$ 2,230,383
Debt outstanding as % of personal income	0.851%	1.005%	0.656%	0.455%	0.811%	N/A	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

	2016-2017			2007-2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Vidant Medical Center	6,560	1	7.49%	6,297	1	4.40%
East Carolina University	5,750	2	6.56%	4,936	2	3.45%
Pitt County Public Schools	3,650	3	4.17%	2,940	3	2.05%
NACCO Material Handling Group	1,173	4	1.34%	1,200	4	0.84%
City of Greenville	1,132	9	1.29%	704	10	0.49%
Pitt Community College	1,100	5	1.26%	850	9	0.59%
Patheon, Inc.	1,040	7	1.19%	1,040	6	0.80%
County of Pitt	989	6	1.13%	922	7	0.64%
Alliance One International	850	8	0.97%	850	8	0.59%
ASMO	795	10	0.91%			
DSM Pharmaceuticals				1,200	5	0.84%

Source: Pitt County Industrial Development Commission

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Percent Change 2008-2017
Supervisory											
Senior Administrators	17	19	19	13	15	17	16	16	15	16	-5.88%
Principals	33	33	33	33	33	34	33	32	35	36	9.09%
Assistant Principals	41	44	41	41	39	42	46	48	44	44	7.32%
Total Supervisory	91	96	93	87	87	93	95	96	94	96	5.49%
Instruction											
Elementary Teachers	732	746	704	715	736	733	748	745	732	726	-0.82%
Secondary Teachers	389	383	372	370	369	361	353	357	362	365	-6.17%
Other Teachers	483	471	477	472	443	455	445	460	467	451	-6.63%
Teacher Assistants	493	506	459	465	399	425	414	409	392	366	-25.76%
Total Instructional	2,097	2,106	2,012	2,022	1,947	1,974	1,960	1,971	1,953	1,908	-9.01%
Student Services											
Guidance	72	70	67	64	64	65	69	68	68	69	-4.17%
Psychological	13	24	24	15	13	14	10	7	8	10	-23.08%
Librarians	35	37	36	35	34	35	33	34	35	35	0.00%
Other Professionals	63	79	78	82	81	82	83	76	74	82	30.16%
Total Student Services	183	210	205	196	192	196	195	185	185	196	7.10%
Support and Administration											
Technicians	11	13	13	10	10	14	14	14	14	14	27.27%
Clerical, Secretarial	156	161	153	160	157	162	158	162	158	161	3.21%
Service Workers	352	458	429	316	299	310	301	329	325	313	-11.08%
Skilled Crafts	44	42	42	42	42	45	43	42	43	39	-11.36%
Laborers, Unskilled	21	25	23	22	20	20	23	21	19	17	-19.05%
Total Support and Admin	584	699	660	550	528	551	539	568	559	544	-6.85%
Total	2,955	3,111	2,970	2,855	2,754	2,814	2,789	2,820	2,791	2,744	-7.14%

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	142.00	144.00	143.50	138.00	128.60	123.00	123.00	122.00	121.50	121.50
Public safety	326.56	372.00	399.75	426.50	383.50	382.50	389.00	393.25	406.38	409.37
Social services	227.00	232.00	234.00	229.00	233.30	226.30	258.00	259.00	271.50	276.50
Economic and physical development	18.60	19.10	21.35	20.35	39.35	30.60	30.60	24.35	23.98	22.98
Environmental protection	21.50	21.50	21.75	21.75	22.25	25.25	26.25	26.25	27.00	27.00
Health	129.10	131.90	137.90	138.90	130.55	120.65	119.65	121.65	125.40	128.65
Mental health	-	-	-	-	-	-	-	-	-	-
Veteran's Services	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Total	866.76	922.50	960.25	976.50	939.55	910.30	948.50	949.50	978.76	989.00

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
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
2017	25	26	51	11	7	18	173	180	353	1,396	1,323	2,719	5,628	5,403	11,031	4,405	3,969	8,374	472	414	886	12,110	11,322	23,432

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
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
2017	35,000	67,716	47,143

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)
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	6,513,624	37,042	23,613	5.7%
2016	175,532	6,724,276	37,943	23,239	5.3%
2017	175,885	N/A	N/A	23,224	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)
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%	206,878,122	8,902	8,776	1,561	14.89	14,848	12,778	2,853,792
2017	23,224	-0.06%	209,539,991	9,023	9,172	1,542	15.06	15,039	12,688	2,859,759

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
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
2017	160,572,515	34,281,112	994,584	276,859	14,457,458	10,772,726	1,042,195	222,397,449

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		
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
2017	1,481,042	8,765,225	754,017	10,713	35,379	11,046,376	476

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										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Student Meals											
Breakfast Paid	\$1.00	\$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	-	-	-	
Lunch Paid	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	
Catered Meals											
Entree excluding prime rib	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	
Entrée accompaniments (choice of two)	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	1.00	1.00	1.00	1.00	1.00	1.00	
Beverage	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	
Sweet and salty	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	
Beverage	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	4.50	4.50	4.50	4.50	4.50	4.50	
Accompaniments (choice of two)	0.50	0.50	0.50	0.50	0.75	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	
Beverage	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

School	Square Feet(a)	Modular Classrooms	Capacity	Enrollment(b)	% of Capacity
Elementary					
Ayden	104,226	-	640	681	106.41%
Belvoir	59,035	3	519	434	83.62
Bethel	79,663	-	425	291	68.47
Chicod	101,879	1	728	916	125.82
Creekside	82,723	6	580	612	105.52
Eastern	86,814	-	676	746	110.36
Elmhurst	45,633	-	386	403	104.40
Falkland	46,613	4	376	353	93.88
G.R. Whitfield	81,439	1	546	477	87.36
Grifton	83,716	3	608	485	79.77
H.B. Sugg	98,448	-	434	389	89.63
Northwest	85,222	-	516	376	72.87
Pactolus	76,195	2	595	532	89.41
Ridgewood	93,371	3	824	726	88.11
Lakeforest	88,235	6	676	785	116.12
Sadie Saulter	68,918	-	-	-	0.00
Sam Bundy	38,282	-	442	412	93.21
South Greenville	52,118	4	356	418	117.42
Stokes	54,000	-	363	237	65.29
Wahl-Coates	55,921	5	512	402	78.52
W.H. Robinson	85,653	-	636	548	86.16
Wintergreen Intermediate	92,175	3	816	794	97.30
Wintergreen Primary	94,905	2	607	737	121.42
Middle					
A.G. Cox	95,308	6	800	769	96.13
Ayden	65,907	1	384	323	84.11
C.M. Eppes	147,929	1	712	517	72.61
E.B. Aycock	113,993	-	878	763	86.90
Farmville	83,881	-	754	641	85.01
Hope	109,199	-	774	760	98.19
Wellcome	75,970	-	488	392	80.33
High School					
Ayden Grifton	140,432	4	803	703	87.55
D.H. Conley	234,838	1	1,504	1,657	110.17
Early College	7,300	7	150	151	100.67
Farmville Central	167,334	-	971	727	74.87
J.H. Rose	282,800	-	1,855	1,503	81.02
North Pitt	179,500	1	1,277	945	74.00
South Central	255,912	-	1,706	1,614	94.61
	3,715,487	64	25,317	23,219	88.84%

Source:

(a) Hite Associates architecture

(b) 2016-17 School Year Day 20 Enrollment Numbers



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COMPLIANCE SECTION



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**INDEPENDENT AUDITORS' 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, and each major fund of the Pitt County Board of Education, North Carolina, as of and for the year ended June 30, 2017, 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 January 17, 2018.

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. 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.

Caru, Riggs & Ingram, L.L.C.

Goldsboro, North Carolina

January 17, 2018



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**INDEPENDENT AUDITORS' 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's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Pitt County Board of Education's major federal programs for the year ended June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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, 2017.

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 material weaknesses or significant deficiencies. 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.

Carr, Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
January 17, 2018



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INDEPENDENT AUDITORS' 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's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Pitt County Board of Education's major state programs for the year ended June 30, 2017. 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.

Auditors' 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, 2017.

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 material weaknesses or significant deficiencies. 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
January 17, 2018

Pitt County Board of Education, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

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	_____ <u>X</u> _____ No	
Significant deficiency(s) identified that are not considered to be material weaknesses	_____ Yes	_____ <u>X</u> _____ None Reported	
Noncompliance material to financial statements noted	_____ Yes	_____ <u>X</u> _____ No	

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> _____ No	
Significant deficiency(s) identified that are not considered to be material weaknesses	_____ Yes	_____ <u>X</u> _____ 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	_____ <u>X</u> _____ 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 84.048	Child Nutrition Cluster Career and Technical Education - Basic Grants to States

Dollar threshold used to distinguish between Type A and Type B programs: \$794,777

Auditee qualified as low-risk auditee?	_____ <u>X</u> _____ Yes	_____ _____ No	
--	--------------------------	----------------	--

**Pitt County Board of Education, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017**

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

**Pitt County Board of Education, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017**

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, 2017

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 Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2017**

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, 2017
Page 1 of 3

<i>Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Expenditures</i>
<u>FEDERAL AWARDS:</u>			
<u>United States Department of Agriculture</u>			
<u>Child Nutrition Cluster</u>			
Non-cash assistance:			
Commodity Supplemental Food Program	10.565	N.C. Department of Agriculture, PRC 035	\$ 754,017
Total non-cash assistance			<u>754,017</u>
Cash assistance:			
National School Lunch Program	10.555	N.C. Department of Public Instruction, PRC 035	8,457,329
Summer Food Service Program for Children	10.559	N.C. Department of Public Instruction, PRC 050	260,290
Total cash assistance			<u>8,717,619</u>
<u>Total Child Nutrition Cluster</u>			<u>9,471,636</u>
Fresh Fruit and Vegetable Program			
Fresh Fruit and Vegetable Program	10.582	N.C. Department of Public Instruction, PRC 035	47,607
<u>Total United States Department of Agriculture</u>			<u>9,519,243</u>
<u>United States Department of Defense</u>			
Reserve Officer Training Corps	None		341,189
<u>Total United States Department of Defense</u>			<u>341,189</u>
<u>United States Department of Education</u>			
Title I Grants to Local Educational Agencies			
Title I Grants to Local Educational Agencies	84.010	N.C. Department of Public Instruction, PRC 105	906,361
Title I Grants to Local Educational Agencies	84.010	N.C. Department of Public Instruction, PRC 050	7,961,179
Total Title I Grants to Local Educational Agencies			<u>8,867,540</u>
<u>Special Education Cluster</u>			
Special Education_Grants to States			
Special Education_Grants to States	84.173	N.C. Department of Public Instruction, PRC 049	136,599
Special Education_Grants to States	84.027	N.C. Department of Public Instruction, PRC 119	2,736
Special Education_Grants to States	84.027	N.C. Department of Public Instruction, PRC 118	19,891
Special Education_Grants to States	84.027	N.C. Department of Public Instruction, PRC 060	4,749,675
Special Education_Grants to States	84.027	N.C. Department of Public Instruction, PRC 114	151,003
Total Special Education_Grants to States			<u>5,059,904</u>
<u>Total Special Education Cluster</u>			<u>5,059,904</u>
Career and Technical Education -- Basic Grants to States			
Career and Technical Education -- Basic Grants to States	84.048	N.C. Department of Public Instruction, PRC 017	374,413
Special Education - State Personnel Development			
Special Education - State Personnel Development	84.323	N.C. Department of Public Instruction, PRC 082	14,174

Pitt County Board of Education, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2017
Page 2 of 3

<i>Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Expenditures</i>
FEDERAL AWARDS:			
Gaining Early Awareness and Readiness for Undergraduate Programs			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		<u>64,926</u>
English Language Acquisition State Grants			
English Language Acquisition State Grants	84.365	N.C. Department of Public Instruction,PRC 111	7,085
English Language Acquisition State Grants	84.365	N.C. Department of Public Instruction,PRC 104	<u>117,107</u>
Total English Language Acquisition State Grants			<u>124,192</u>
Improving Teacher Quality State Grants			
Improving Teacher Quality State Grants	84.367	N.C. Department of Public Instruction,PRC 103	<u>935,100</u>
Teacher and School Leader Incentive Grants (formerly the Teacher Incentive Fund)			
Teacher and School Leader Incentive Grants (formerly the Teacher Incentive Fund)	84.374		<u>393,732</u>
School Improvement Grants			
School Improvement Grants	84.377	N.C. Department of Public Instruction,PRC 117	<u>36,041</u>
<u>Total United States Department of Education</u>			<u><u>15,870,022</u></u>
 <u>United States Department of Health and Human Services</u>			
Medical Assistance Program			
Medical Assistance Program	93.778	N.C. Department of Health and Human Services,PRC 305	<u>762,129</u>
<u>Total United States Department of Health and Human Services</u>			<u>762,129</u>
<u>Total Expenditures of Federal Awards</u>			<u><u>26,492,583</u></u>
 STATE AWARDS:			
Cash assistance:			
<u>North Carolina Department of Public Instruction</u>			
State Public School Fund		XXXX	127,968,212
Driver Training - SPSF		PRC 012	442,134
School Technology Fund - SPSF		PRC 015	409,924
Vocational Education			
- State Months of Employment		PRC 013	6,630,663
- Program Support Funds		PRC 014	<u>318,215</u>
Total State Public School Fund			<u>135,769,148</u>
Passed-through Pitt County:			
Public School Building Capital Fund		PRC 074	1,600,000
Reimbursement for kindergarten breakfast		XXXX	10,713

Pitt County Board of Education, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2017
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<i>Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Expenditures</i>
STATE AWARDS:			
<u>North Carolina Department of Health and Human Services</u>			
NC Pre-Kindergarten Program		XXXX	2,802,758
Non-cash assistance:			
<u>North Carolina Department of Public Instruction</u>			
School Buses Appropriation		PRC 120	958,123
Total Expenditures of State Awards			<u>141,140,742</u>
Total Expenditures of Federal and State Awards			<u>\$ 167,633,325</u>

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, 2017. 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